

**UNION TOWNSHIP
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2017

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

**UNION TOWNSHIP
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2017

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December 5, 2017

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

Dear Board Members and Constituents of Union Township:

The comprehensive annual financial report of the Union Township School District (district) for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All discourse necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES

Union Township District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the District are included in this report.

The district provides a full range of educational services appropriate to the regular education grade levels of K-8 and additional services for Pre-School Special Needs children aged 3-5. The following table shows the student enrollment and percentage change for the past ten fiscal years.

School Year	Student Enrollment	Percent Change
2017-18	462	+2.6
2016-17	450	-.7
2015-16	453	-8.2
2014-15	495	+.4
2013-14	493	+3.7

2012-13	475	-3.7
2011-12	493	-4.6
2010-11	517	-2.3
2009-10	529	-8.5
2008-09	574	-5.7
2007-08	607	-.16

2) ECONOMIC CONDITION AND OUTLOOK

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

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

3) MAJOR INITIATIVES

The district continues to work hard to expand its continuum of services despite the budgeting limitations imposed by legislation. The major facility issues facing the district is the maintenance and necessary upgrades at the Middle School. These include the playground, roof, and the gymnasium. The district should also consider facilities initiatives at both buildings to increase energy efficiency. The major educational initiatives are related to the five year strategic plan themes for Vision 2023. These three themes are: *College or Career Readiness*, *The School Experience*, and *School Facilities*. The district will support these themes by allocating funds to achieve the goals and objectives determined by the stakeholders. Technology will support the district’s initiative to promote student innovation and collaboration. Technology devices to support these goals include Chromebooks, iPads, 3D printers, etc.

4) INTERNAL ACCOUNTING CONTROLS

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

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

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

As part of the district’s single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial

assistance programs, as well as to determine that the district has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at the end of the fiscal year are recorded as reservations of fund balance and are subsequently added to the following year's budget.

6) ACCOUNTING SYSTEM AND REPORTS

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

7) CASH MANAGEMENT

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

8) RISK MANAGEMENT

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

9) OTHER INFORMATION

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bedard, Kurowicki and Company, CPA's, PC was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the

Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular Letter 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS

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

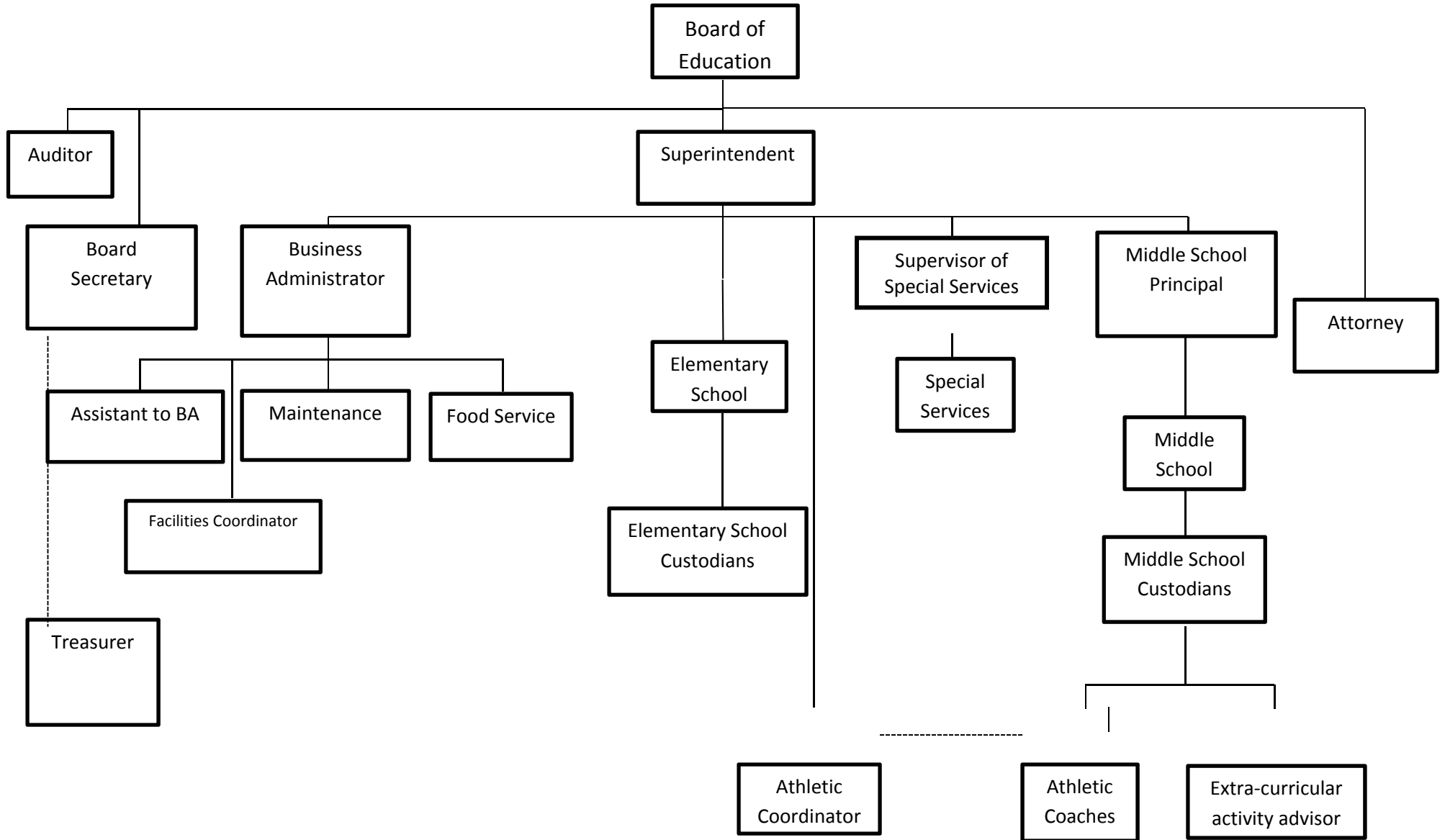
Yours in Education,

A handwritten signature in black ink, appearing to read 'ND', is positioned below the text 'Yours in Education,'.

Nicholas A. Diaz, Superintendent

Union Township School District

Organization Chart



UNION TOWNSHIP BOARD OF EDUCATION

**Roster of Officials
For the Fiscal Year Ending June 30, 2017**

<u>Name</u>		<u>Term</u>
Gary Minsavage	(President)	2019
Lou Palma	(Vice President)	2017
Marcello DaSilva		2019
Michael Fariello		2019
Magnus Gustafsson		2017
Jeff Monsell		2018
Jennifer Sigler		2018
James Teipel		2017
John Zengel		2018

Other Officials

Edward Hoffman	Chief School Administrator
Edward Kent	Business Administrator/ Board Secretary
Frances Suchovic	Principal
Paula Hatch	Treasurer

**UNION TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors**

Auditor Firm

Bedard, Kurowicki and Company, CPS's. P.C.
114 Broad Street
Flemington, NJ 08822

Architect

Settembrino Architects
25 Bridge Ave
Red Bank, NJ 07701

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Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Union Township School District, (the District) in the County of Hunterdon, the State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Union Township School District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, schedule of the District's proportionate share of net pension liability, and schedule of the District's pension contributions, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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


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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

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

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

December 5, 2017
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

The discussion and analysis of Union Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- In total, net position increased \$91,185 which represents a 1.41 percent increase from 2016.
- General revenues accounted for \$12,435,247 in revenue or 95.9 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$530,773 or 4.1 percent to total revenues of \$12,966,020.
- Total assets of governmental activities decreased by \$507,915 as cash and cash equivalents increased by \$33,959, receivables and other assets decreased by \$1,585 and capital assets decreased by \$540,289.
- The School District had \$12,874,835 in expenses; only \$530,773 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$12,435,247 were adequate to provide for these programs.
- Among major funds, the General Fund had \$9,888,818 in revenues, \$9,268,491 in expenditures, and \$387,723 in other financing uses. The General Fund's balance increased \$232,604 from fiscal year 2016. This increase was the result of effective cost-cutting measures implemented by the District and revenues received in excess of amounts anticipated.

Using this Generally Accepted Accounting Principles Report (GAAP)

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

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

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

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question. “How did we do financially during fiscal year 2017?”

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

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

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

Reporting the School District’s Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

The School District as a Whole

Table 1 provides a summary of the District's net position at June 30, 2017 with comparisons to June 30, 2016.

Table 1 Net Position		Variance		
	6/30/17	6/30/16	Dollars	%
ASSETS				
Current & Other Assets	\$ 3,767,081	\$ 3,755,367	\$ 11,714	0.31
Capital Assets	17,396,825	17,931,595	(534,770)	(2.98)
Total Assets	21,163,906	21,686,962	(523,056)	(2.41)
Deferred Pension Activity	913,956	512,862	401,094	78.21
Deferred Amount on Refunding	165,630	-	165,630	*
Total Deferred Outflow of Resources	1,079,586	512,862	566,724	110.50
LIABILITIES				
Long-Term Liabilities	15,238,420	15,068,081	170,339	1.13
Other Liabilities	177,866	480,588	(302,722)	(62.99)
Total Liabilities	15,416,286	15,548,669	(132,383)	(0.85)
Deferred Pension Activity	246,933	162,067	84,866	52.36
Total Deferred Inflow of Resources	246,933	162,067	84,866	52.36
NET POSITION				
Net Investment in Capital Assets	6,266,825	5,476,595	790,230	14.43
Restricted	2,458,045	2,957,192	(499,147)	(16.88)
Unrestricted	(2,144,597)	(1,944,699)	(199,898)	(10.28)
Total Net Position	\$ 6,580,273	\$ 6,489,088	\$ 91,185	1.41

* = undefined

Total assets for district-wide purposes decreased \$523,056. Cash and cash equivalents increased by \$18,674; receivables decreased by \$6,777; capital assets decreased by \$534,770 and other assets decreased by \$183. Unrestricted net position decreased by \$199,898 and represents the part of net position that can be used to finance day to day activities without constraints, established by grants or legal requirements of the School District.

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

Table 2 provides a summary of the School District's changes in net position in fiscal year ending June 30, 2017 with comparisons to June 30, 2016.

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

**Table 2
Changes in Net Position**

	Fiscal Year Ending		Variance	
	6/30/17	6/30/16	Dollars	%
Revenues				
Program Revenues:				
Charges for Services	\$ 328,687	\$ 329,319	\$ (632)	(0.19)
Operating Grants	202,086	289,673	(87,587)	(30.24)
Capital Grants	-	3,935	(3,935)	(100.00)
General Revenues:				
Property Taxes	8,516,596	8,777,206	(260,610)	(2.97)
Unrestricted Grants	3,823,868	2,949,847	874,021	29.63
Other	94,783	58,390	36,393	62.33
Total Revenues	<u>12,966,020</u>	<u>12,408,370</u>	<u>557,650</u>	4.49
Expenses				
Instruction:				
Regular	5,067,528	4,723,401	344,127	7.29
Special	2,256,707	1,978,393	278,314	14.07
Other	428,856	365,481	63,375	17.34
Support Services:				
Tuition	462,871	299,932	162,939	54.33
Student & Instructional Staff	1,442,376	1,501,595	(59,219)	(3.94)
General & Business Administration	897,907	861,935	35,972	4.17
School Administration	341,954	295,439	46,515	15.74
Maintenance	917,918	933,558	(15,640)	(1.68)
Transportation	511,823	480,243	31,580	6.58
Food Service	165,476	131,058	34,418	26.26
Interest on Long-Term Debt	381,419	525,845	(144,426)	(27.47)
Total Expenses	<u>12,874,835</u>	<u>12,096,880</u>	<u>777,955</u>	6.43
Increase (Decrease) in Net Position	<u>\$ 91,185</u>	<u>\$ 311,490</u>	<u>\$(220,305)</u>	(70.73)

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 66.4 percent of revenues for governmental activities for the Union Township School district for fiscal year 2017.

Instruction comprises 61 percent of district expenses. Support services expenses make up 36 percent of the expenses. Interest on long-term debt makes up 3 percent of the expenses.

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

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2017 with comparisons to June 30, 2016.

**Table 3
Cost of Governmental Services**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>6/30/17</u>	<u>6/30/16</u>	<u>6/30/17</u>	<u>6/30/16</u>
Instruction	\$ 7,753,091	\$ 7,067,275	\$ 7,479,843	\$ 6,776,714
Support Services:				
Tuition	462,871	299,932	363,980	150,123
Student & Instructional Staff	1,442,376	1,501,595	1,434,256	1,469,319
General & Business Administration	897,907	861,935	897,907	861,531
School Administration	341,954	295,438	341,954	295,320
Plant Operations & Maintenance	917,918	933,558	913,778	926,063
Pupil Transportation	511,823	480,243	511,823	480,243
Interest on Long-Term Debt	<u>381,419</u>	<u>525,845</u>	<u>381,419</u>	<u>525,845</u>
 Total Expenses	 <u>\$12,709,359</u>	 <u>\$11,965,822</u>	 <u>\$12,324,960</u>	 <u>\$ 11,485,158</u>

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

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

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

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

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

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

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

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

The dependence upon tax revenues is apparent. For all activities tax revenue support is 65.7 percent. The community, as a whole, is the primary support for the Union Township School District.

The School District's Funds

The school district's funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,677,275 and expenditures of \$10,563,512 and other financing sources of \$113,842. The net positive change in fund balance for the year of \$227,605 was most significant in the General Fund, an increase of \$232,604. The increase was the result of effective cost-cutting measures implemented by the District.

General Fund Budgeting Highlights

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

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

For the General Fund, budget basis revenue was \$8,866,009 which was \$173,761 above original budgeted estimates of \$8,692,248. This difference was due primarily to unbudgeted state aid realized of \$102,147.

The General Fund revenues and other financing sources of the School District were more than expenditures and other financing uses by \$236,640.

Capital Assets

At the end of the fiscal year 2017, the School District had \$17,396,825 invested in land, buildings, furniture and equipment, and construction in progress.

Table 4 provides a summary of the School District's capital assets net of depreciation at June 30, 2017 with comparisons to June 30, 2016.

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

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

	6/30/17	6/30/16	Variance	
			Dollars	%
Land	\$ 189,696	\$ 189,696	\$ -	0.00
Construction in Progress	-	1,003,223	(1,003,223)	(100.00)
Land Improvements	145,521	155,594	(10,073)	(6.47)
Buildings & Improvements	16,706,050	16,171,903	534,147	3.30
Vehicles	10,573	17,622	(7,049)	(40.00)
Equipment	344,985	393,557	(48,572)	(12.34)
Total	\$ 17,396,825	\$ 17,931,595	\$ (534,770)	(2.98)

Overall capital assets decreased \$534,770 from fiscal year 2016 to fiscal year 2017. Increases in capital assets (primarily buildings and improvements, machinery and equipment) were offset by depreciation expenses for the year. Major capital asset additions in fiscal year 2017 included the completion of the upgrades to the boiler system at the middle school.

Debt Administration

At June 30, 2017, the School district had \$15,238,420 in long-term liabilities. This amount is detailed in Table 5.

At June 30, 2016, the School District's overall legal debt limit was \$23,937,797 and the legal debt margin was \$12,807,797.

Table 5 provides a summary of the School District's outstanding long-term liabilities at June 30, 2017 with comparisons to June 30, 2016.

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

	6/30/17	6/30/16	Variance	
			Dollars	%
2002 General Obligation Bonds	\$ 395,000	\$ 770,000	\$ (375,000)	(48.70)
2005 General Obligation Bonds	40,000	8,580,000	(8,540,000)	(99.53)
2007 Refunding Bonds	2,970,000	3,105,000	(135,000)	(4.35)
2017 Refunding Bonds	7,725,000	-	7,725,000	*
Net Pension Liability	2,790,469	2,322,030	468,439	20.17
Unamortized Bond Premium	1,150,491	113,902	1,036,589	910.07
Compensated Absences	167,460	177,149	(9,689)	(5.47)
Total	\$ 15,238,420	\$ 15,068,081	\$ 170,339	1.13

* = Undefined

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED**

For the Future

Our available free balance surplus on a budgetary basis is currently \$352,147. The Union Township Public School District is at an excellent financial condition presently. A major concern is future finances with the 2% budget cap and flat state aid.

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

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

Contacting the School District's Financial Management

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

DISTRICT-WIDE FINANCIAL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 827,295	\$ 39,280	\$ 866,575
Internal balances	(1,657)	1,657	-
Receivables, net	440,911	716	441,627
Inventory	-	2,836	2,836
Restricted assets			
Capital reserve account - cash	1,492,407	-	1,492,407
Maintenance reserve account - cash	715,000	-	715,000
Emergency reserve account - cash	248,636	-	248,636
Capital assets, net			
Land and construction in progress	189,696	-	189,696
Other capital assets, net of depreciation	17,199,735	7,394	17,207,129
Total assets	21,112,023	51,883	21,163,906
Deferred outflows of resources			
Deferred amount on pension activity	913,956	-	913,956
Deferred amount on refunding bond issue	165,630	-	165,630
Total deferred outflows of resources	1,079,586	-	1,079,586
Liabilities			
Accounts payable	45,870	3,895	49,765
Payable to state government	11,659	-	11,659
Accrued interest	104,608	-	104,608
Unearned revenue	6,300	4,683	10,983
Other current liabilities	851	-	851
Long-term liabilities			
Due within one year	771,496	-	771,496
Due beyond one year	14,466,924	-	14,466,924
Total liabilities	15,407,708	8,578	15,416,286
Deferred inflows of resources			
Deferred amount on pension liability	246,933	-	246,933
Net position			
Net investment in capital assets	6,259,431	7,394	6,266,825
Restricted for			
Capital reserve fund	1,492,407	-	1,492,407
Maintenance reserve fund	715,000	-	715,000
Emergency reserve fund	248,636	-	248,636
Debt service	2,002	-	2,002
Unrestricted	(2,180,508)	35,911	(2,144,597)
Total net position	\$ 6,536,968	\$ 43,305	\$ 6,580,273

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 2,826,176	\$ 2,241,352	\$ 34,517	\$ 805	\$ -	\$ (5,032,206)	\$ -	\$ (5,032,206)
Special education	1,321,334	935,373	-	3,307	-	(2,253,400)	-	(2,253,400)
Other special instruction	95,743	44,100	-	57,432	-	(82,411)	-	(82,411)
Other instruction	193,675	95,338	177,187	-	-	(111,826)	-	(111,826)
Support services								
Tuition	462,871	-	-	98,891	-	(363,980)	-	(363,980)
Students & instruction related services	887,050	555,326	-	8,120	-	(1,434,256)	-	(1,434,256)
General & business administration services	717,429	180,478	-	-	-	(897,907)	-	(897,907)
School administration services	197,357	144,597	-	-	-	(341,954)	-	(341,954)
Plant operations & maintenance	850,527	67,391	4,140	-	-	(913,778)	-	(913,778)
Pupil transportation	511,823	-	-	-	-	(511,823)	-	(511,823)
Interest on long-term debt	381,419	-	-	-	-	(381,419)	-	(381,419)
Total governmental activities	<u>8,445,404</u>	<u>4,263,955</u>	<u>215,844</u>	<u>168,555</u>	<u>-</u>	<u>(12,324,960)</u>	<u>-</u>	<u>(12,324,960)</u>
Business-type activities								
Food service	165,476	-	112,843	33,531	-	-	(19,102)	(19,102)
Total business-type activities	<u>165,476</u>	<u>-</u>	<u>112,843</u>	<u>33,531</u>	<u>-</u>	<u>-</u>	<u>(19,102)</u>	<u>(19,102)</u>
Total primary government	<u>\$ 8,610,880</u>	<u>\$ 4,263,955</u>	<u>\$ 328,687</u>	<u>\$ 202,086</u>	<u>\$ -</u>	<u>(12,324,960)</u>	<u>(19,102)</u>	<u>(12,344,062)</u>
General revenues, special items & transfers								
Property taxes levied for general purposes						7,896,694	-	7,896,694
Property taxes levied for debt service						619,902	-	619,902
Federal & State aid not restricted						3,823,868	-	3,823,868
Investment earnings						20,632	357	20,989
Miscellaneous income						73,794	-	73,794
Total general revenues & special items						<u>12,434,890</u>	<u>357</u>	<u>12,435,247</u>
Change in net position						109,930	(18,745)	91,185
Net position - beginning						6,427,038	62,050	6,489,088
Net position - ending						<u>\$ 6,536,968</u>	<u>\$ 43,305</u>	<u>\$ 6,580,273</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2017

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 825,293	\$ -	\$ -	\$ 2,002	\$ 827,295
Due from other funds	302,217	-	-	-	302,217
Receivables from other governments					
State	128,813	-	259,662	-	388,475
Federal	-	16,694	-	-	16,694
Local	-	726	-	-	726
Other accounts receivable	1,740	-	-	-	1,740
Restricted cash & equivalents	2,456,043	-	-	-	2,456,043
Total assets	\$ 3,714,106	\$ 17,420	\$ 259,662	\$ 2,002	\$ 3,993,190
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ 1,657	\$ 9,279	\$ 259,662	\$ -	\$ 270,598
Payable to state government	11,659	-	-	-	11,659
Accounts payable	37,729	8,141	-	-	45,870
Unearned revenue	6,300	-	-	-	6,300
Other current liabilities	851	-	-	-	851
Total liabilities	58,196	17,420	259,662	-	335,278

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2017

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Excess surplus	\$ 718,215	\$ -	\$ -	\$ -	\$ 718,215
Excess Surplus - designated for subsequent year's expenditures	112,011	-	-	-	112,011
Capital reserve account	1,492,407	-	-	-	1,492,407
Maintenance reserve account	715,000	-	-	-	715,000
Emergency reserve account	248,636	-	-	-	248,636
Committed fund balance					
Year-end encumbrances	33,658	-	-	-	33,658
Assigned fund balance					
Designated for subsequent year's expenditures	38,677	-	-	2,001	40,678
Debt service fund balance	-	-	-	1	1
Unassigned fund balance	297,306	-	-	-	297,306
Total fund balances	<u>3,655,910</u>	<u>-</u>	<u>-</u>	<u>2,002</u>	<u>3,657,912</u>
Total liabilities and fund balances	<u>\$ 3,714,106</u>	<u>\$ 17,420</u>	<u>\$ 259,662</u>	<u>\$ 2,002</u>	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$25,218,693 and the accumulated depreciation is \$7,829,262.	17,389,431
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.	832,653
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.	(15,238,420)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(104,608)</u>
Total net position of governmental activities	<u>\$ 6,536,968</u>

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 7,896,694	\$ -	\$ -	\$ 619,902	\$ 8,516,596
Tuition - individuals	34,517	-	-	-	34,517
Interest income	20,632	-	-	-	20,632
Before and after school child care service fees	177,187	-	-	-	177,187
Miscellaneous	58,278	726	-	-	59,004
Total	8,187,308	726	-	619,902	8,807,936
State sources	1,701,510	-	-	-	1,701,510
Federal sources	-	167,829	-	-	167,829
Total revenues	9,888,818	168,555	-	619,902	10,677,275
Expenditures					
Current					
Instructional					
Regular instruction	2,820,877	805	-	-	2,821,682
Special education instruction	1,310,304	3,307	-	-	1,313,611
Other special instruction	38,311	57,432	-	-	95,743
Other instruction	200,618	-	-	-	200,618
Support service & undistributed costs					
Tuition	363,980	98,891	-	-	462,871
Student & instruction related services	878,930	8,120	-	-	887,050
General & business administrative services	603,587	-	113,842	-	717,429
School administrative services	197,357	-	-	-	197,357
Plant operations & maintenance	839,147	-	-	-	839,147
Pupil transportation	511,823	-	-	-	511,823
Unallocated benefits	1,379,953	-	-	-	1,379,953

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 95,487	\$ -	\$ -	\$ -	\$ 95,487
Debt service					
Principal	-	-	-	550,000	550,000
Interest & other charges	-	-	-	462,624	462,624
NJ SDA debt service assessment	28,117	-	-	-	28,117
Total expenditures	<u>9,268,491</u>	<u>168,555</u>	<u>113,842</u>	<u>1,012,624</u>	<u>10,563,512</u>
Excess (deficiency) of revenues					
Over (under) expenditures	<u>620,327</u>	<u>-</u>	<u>(113,842)</u>	<u>(392,722)</u>	<u>113,763</u>
Other financing sources (uses)					
Proceeds from refunding bond issue	-	-	7,725,000	-	7,725,000
Proceeds from bond issue premium	-	-	1,050,808	-	1,050,808
Payment to refunding bond					-
Escrow agent	-	-	(8,661,966)	-	(8,661,966)
Transfers in	-	-	-	387,723	387,723
Transfers out	(387,723)	-	-	-	(387,723)
Total other financing sources (uses)	<u>(387,723)</u>	<u>-</u>	<u>113,842</u>	<u>387,723</u>	<u>113,842</u>
Net change in fund balance	232,604	-	-	(4,999)	227,605
Fund balances, July 1	<u>3,423,306</u>	<u>-</u>	<u>-</u>	<u>7,001</u>	<u>3,430,307</u>
Fund balances, June 30	<u>\$ 3,655,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,002</u>	<u>\$ 3,657,912</u>

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
For the Fiscal Year Ended June 30, 2017

Total net changes in fund balances - Governmental fund (from B-2) \$ 227,605

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

Capital outlays are reported in governmental funds as expenditures.

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

Capital outlays	\$ 95,487	
Depreciation expense	<u>(635,776)</u>	(540,289)

Government funds report bond proceeds as financing sources whereas issuing debt increases long-term liabilities in the government-wide statements (7,725,000)

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

Bond principal payments	550,000	
Payment to refunding bond agent	<u>8,661,966</u>	9,211,966

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

Bond premium	(1,050,808)	
Amortization of bond premium	<u>19,656</u>	

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. (1,031,152)

(152,211)

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds (continued)
For the Fiscal Year Ended June 30, 2017

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.	\$ 111,095
In the Statement of Activities, deferred outflows for refunding bond costs are amortized to current year expenses over the amortization period.	(1,773)
In the Statement of Activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	<u>9,689</u>
Change in net position of governmental activities	<u><u>\$ 109,930</u></u>

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Fund Net Position
June 30, 2017

	Food Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 39,280
Due from other funds	1,657
Receivables from other governments	
State	52
Federal	664
Inventory	2,836
Total current assets	44,489
Noncurrent assets	
Capital assets	49,379
Less: accumulated depreciation	41,985
Total noncurrent assets	7,394
Total assets	51,883
LIABILITIES	
Current liabilities	
Accounts payable	3,895
Unearned revenues - commodities	865
Unearned revenues - prepaid sales	3,818
Total liabilities	8,578
NET POSITION	
Net investment in capital assets	7,394
Unrestricted	35,911
Total net position	\$ 43,305

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2017

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 97,465
Daily sales - non-reimbursable programs	15,378
Miscellaneous	112,843
Total operating revenues	
 Operating expenses	
Cost of sales - reimbursable programs	59,686
Cost of sales - non-reimbursable programs	9,733
Salaries	36,903
Employee benefits	7,883
Purchased property services	9,332
Insurance	1,032
Management fee	6,969
Other purchased services	2,880
General supplies	16,056
Commodity food costs	12,107
Depreciation	1,111
Miscellaneous	1,784
Total operating expenses	165,476
 Operating income (loss)	(52,633)
 Non-operating revenues (expenses)	
State sources	
State school lunch program	1,500
Federal sources	
National school lunch program	
Cash assistance	19,924
Non cash assistance (commodities)	12,107
Interest earned on investments	357
Total non-operating revenues (expenses)	33,888
 Change in net position	(18,745)
 Net position, beginning	62,050
 Net position, ending	\$ 43,305

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	<u>Food Service Fund</u>
Cash flows from operating activities	
Receipts from customers (net)	\$ 113,411
Payments to Food Service Management Co.	(122,966)
Payments to vendors (net)	(25,443)
Net cash provided by (used for) operating activities	<u>(34,998)</u>
Cash flows from non-capital financing activities	
State sources	1,851
Federal sources	24,765
Net cash provided by (used for) non-capital financing activities	<u>26,616</u>
Cash flows from capital financing activities	
Acquisition of equipment	<u>(6,630)</u>
Net cash used for capital financing activities	<u>(6,630)</u>
Cash flows from investing activities	
Interest earned on investments	<u>357</u>
Net cash provided by (used for) investing activities	<u>357</u>
Net increase (decrease) in cash and cash equivalents	(14,655)
Cash and cash equivalents, beginning	<u>53,935</u>
Cash and cash equivalents, ending	<u><u>\$ 39,280</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (52,633)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	1,111
Federal food donation program	12,107
(Increase) decrease in inventory	183
Increase (decrease) in accounts payable	3,895
Increase (decrease) in unearned revenues	<u>339</u>
Net cash provided by (used for) operating activities	<u><u>\$ (34,998)</u></u>

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2017

	<u>Unemployment Compensation Fund</u>	<u>Student Activity Agency Fund</u>	<u>Payroll Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$ 63,104	\$ 18,577	\$ 344,165
Due from other funds	66	-	-
Total assets	<u>\$ 63,170</u>	<u>\$ 18,577</u>	<u>\$ 344,165</u>
LIABILITIES			
Due to other funds	\$ 8,845	\$ -	\$ 24,497
Due to student groups	-	18,577	-
Payroll deductions and withholdings	-	-	319,668
Total liabilities	<u>8,845</u>	<u>\$ 18,577</u>	<u>\$ 344,165</u>
NET POSITION	<u>\$ 54,325</u>		

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	Unemployment Compensation Fund
Additions	
Employee contributions	\$ 8,284
Investment earnings - interest	289
Total additions	8,573
Deductions	
Unemployment claims	1,258
Change in net position	7,315
Net position, beginning of the year	47,010
Net position, end of the year	\$ 54,325

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2017 of 436 students.

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

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

The District reports the following major Governmental Funds:

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

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

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

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

Additionally, the District reports the following fund types:

Proprietary Fund types

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

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

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

Fiduciary Fund types

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

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

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

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

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board Resolution. Budget amendments during the fiscal year ended June 30, 2017 were insignificant.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal years 2016 - 2017 and 2015 - 2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable/payables

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the School District until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

J. Capital assets

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

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

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences

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

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

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

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

L. Unearned revenue

Unearned revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund. Unearned revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-term obligations

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. In the government-wide financial statements, net position is classified into the following three components:

- *Net investment in Capital Assets* - This component represents capital assets, less accumulated depreciation and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- *Restricted* - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- *Unrestricted* - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

O. Fund balances - governmental funds

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

P. Comparative data/reclassifications

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

Q. Allocation of indirect expenses

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

R. Deferred outflows and inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has two items that qualify for reporting in this category, which are deferred amount on pension activity and deferred amount on refunding bond issue. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension liability.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

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

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

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

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and investments

Cash, cash equivalents and investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash and cash equivalents regardless of the date of maturity. As of June 30, 2017, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other State statutes permit investments in obligations issued by local authorities and other State agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and investments (continued)

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee's salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2017, the District's bank balances of \$4,030,340 were exposed to custodial credit risk as follows:

Insured by the Federal Deposit Insurance Corporation (FDIC)	\$ 250,000
Collateralized with securities held by pledging financial institutions	3,780,340
Total	<u>\$ 4,030,340</u>

Deposits at June 30, 2017 appear in the financial statements as summarized below:

Cash		<u>\$ 3,748,464</u>
	<u>Ref.</u>	
Unrestricted cash		
Governmental Funds, Balance Sheet	B-1	\$ 827,295
Enterprise Funds, Statement of Net Position	B-4	39,280
Fiduciary Funds, Statement of Net Position	B-7	425,846
Restricted cash		
Governmental Funds, Balance Sheet	B-1	<u>2,456,043</u>
Total cash		<u>\$ 3,748,464</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 189,696	\$ -	\$ -	\$ 189,696
Construction in progress	1,003,223	95,487	1,098,710	-
Total	<u>1,192,919</u>	<u>95,487</u>	<u>1,098,710</u>	<u>189,696</u>
Capital assets, being depreciated				
Land improvements	201,456	-	-	201,456
Building & improvements	22,729,067	1,098,710	-	23,749,377
Vehicles	58,717	-	-	58,717
Furniture & equipment	1,019,447	-	-	1,019,447
Total	<u>24,008,687</u>	<u>1,098,710</u>	<u>-</u>	<u>25,028,997</u>
Accumulated depreciation				
Land improvements	45,862	10,073	-	55,935
Building & improvements	6,478,764	564,563	-	7,043,327
Vehicles	41,095	7,049	-	48,144
Furniture & equipment	627,765	54,091	-	681,856
Total	<u>7,193,486</u>	<u>635,776</u>	<u>-</u>	<u>7,829,262</u>
Total capital assets, being depreciated, net	<u>16,736,801</u>	<u>462,934</u>	<u>-</u>	<u>17,199,735</u>
Transfer	<u>-</u>	<u>(1,098,710)</u>	<u>(1,098,710)</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ 17,929,720</u>	<u>\$ (540,289)</u>	<u>\$ -</u>	<u>\$ 17,389,431</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture and equipment	\$ 42,749	\$ 6,630	\$ -	\$ 49,379
Less: accumulated depreciation	40,874	1,111	-	41,985
Business type activities - capital assets, net	<u>\$ 1,875</u>	<u>\$ 5,519</u>	<u>\$ -</u>	<u>\$ 7,394</u>

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

Instruction	
Regular	\$ 284,749
Special education	131,238
Other special instruction	9,509
Co-curricular activities	19,939
Support services	
Student & instruction	88,103
General & business administration	71,256
School administration	19,602
Plant & maintenance	11,380
Total depreciation expense, governmental activities	<u>\$ 635,776</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 12,455,000	\$ 7,725,000	\$ 9,050,000	\$ 11,130,000	\$ 680,000
Unamortized bond premium	113,902	1,056,245	19,656	1,150,491	78,578
PERS net pension liability	2,322,030	468,439	-	2,790,469	-
Compensated absences payable	177,149	7,535	17,224	167,460	12,918
Total governmental activities long-term liabilities	<u>\$ 15,068,081</u>	<u>\$ 9,257,219</u>	<u>\$ 9,086,880</u>	<u>\$ 15,238,420</u>	<u>\$ 771,496</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2017 including interest payments are listed as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 680,000	\$ 329,550	\$ 1,009,550
2019	550,000	405,725	955,725
2020	580,000	383,125	963,125
2021	585,000	361,275	946,275
2022	605,000	341,725	946,725
2023 - 2027	3,390,000	1,235,781	4,625,781
2028 - 2032	3,985,000	525,050	4,510,050
2032 - 2034	755,000	14,156	769,156
Total	<u>\$ 11,130,000</u>	<u>\$ 3,596,387</u>	<u>\$ 14,726,387</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2017, with their outstanding balances are comprised of the following individual issues:

\$11,962,000 - 2002 general obligation school building bonds, \$8,142,000 defeased on March 22, 2007 and \$850,000 defeased on January 27, 2016, remainder due in annual installments of \$50,000 to \$435,000, beginning July 15, 2004, through July 15, 2017, interest at 4.75%. \$ 395,000

\$8,920,000 - 2007 general obligation refunding bonds, \$8,500,000 defeased on May 3, 2017, remainder due in an installment on July 15, 2017 for \$40,000, interest at 4.00%. 40,000

\$3,105,000 - 2016 refunding school bonds, interest at 2.00% to 3.00%, due in annual installments beginning July 15, 2016 to July 15, 2030. 2,970,000

\$7,725,000 - 2017 refunding school bonds, interest at 2.00% to 5.00%, due in annual installments beginning July 15, 2017 to July 15, 2032. 7,725,000

Totals \$ 11,130,000

The general obligation bonded debt of the District is limited by State law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2017 is \$23,937,797. General obligation debt at June 30, 2017 is \$11,130,000, resulting in a legal debt margin of \$12,807,797.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

Advance Refunding of School Bond Series 2007

On May 3, 2017, the District issued \$7,725,000 in general obligation bonds with an average interest rate of 4.28% and a net interest cost rate of 2.93%. to advance refund \$8,500,000 of outstanding 2007 series bonds with an average coupon rate of 4.09% The net proceeds of \$8,661,966 (issue amount of \$7,725,000, plus the bond premium of \$1,050,808, and less \$113,842 in underwriting fees, insurance and excess issue proceeds) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2007 series bonds. As a result, the portion of the 2007 series bonds to be refunded are considered defeased and both the trust account cash and investment balance asset and the liability for those bonds has been removed from the financial statements. The advance refunding of outstanding callable 2007 series bonds generated \$1,032,630 in gross debt service savings and an economic gain (difference between the present values of the old and new debt service payments plus excess issue funds) of \$848,679.

Operating leases

At June 30, 2017, the District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

Fiscal Year Ending June 30,

2018	\$	12,320
2019		12,084
2020		12,084
2021		12,084
2022		12,084
2023		2,014
Total minimum lease payments	\$	<u>62,670</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans

Description of systems

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

A. Public employees' retirement systems (PERS)

Plan description

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10-years of service, except for medical benefits, which vest after 25-years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Plan description (continued)

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

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2016 are based on the ratio of each employer's contributions to the group for the fiscal years ended June 30, 2016. In accordance with Generally Accepted Accounting Principles, measurement for PERS pension in the District's financial statements is based upon the most recent available information which is for the State fiscal year ended June 30, 2016.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the State fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in the 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.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2016 are as follows:

	2016
Total pension liability	\$ 4,661,411
Plan fiduciary net position	1,870,942
Net pension liability	\$ 2,790,469

Plan fiduciary net position as a percentage of the total pension liability	40.14%
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UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Components of net pension liability (continued)

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.08%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.65%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set-back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set-back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)
A. Public employees' retirement systems (PERS) (continued)
Long-term expected rate of return (continued)

Asset Class	Target Allocations	Long-Term Expected Rate of Return
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grad Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the rate in the most recent State fiscal year. State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

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

The following presents the District's proportionate share of the collective net pension liability of as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>District's Proportionate Share of the Net Pension Liability</u>	<u>2016</u>
At current discount rate (3.98%)	\$ 2,709,469
At a 1% lower rate (2.98%)	3,419,395
At a 1% higher rate (4.98%)	2,271,237

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,894	\$ -
Changes of assumptions	578,036	-
Net difference between projected and actual earnings on pension plan investments	106,403	-
Changes in proportion and differences between District contributions and proportionate share of contributions	93,921	246,933
District contributions subsequent to the measurement date	83,702	-
Total	\$ 913,956	\$ 246,933

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e., for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) of \$83,702 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2016:

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Changes of assumptions and differences between expected and actual experience	\$ 277,591	\$ 501,855	\$ 149,516	\$ 629,930
Difference between projected and actual earnings on pension plan investments	(34,005)	156,671	16,263	106,403
Net of deferred outflows	<u>\$ 243,586</u>	<u>\$ 658,526</u>	<u>\$ 165,779</u>	<u>\$ 736,333</u>

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

State Fiscal Year Ending June 30

2017	\$ 165,779
2018	165,779
2019	192,060
2020	161,358
2021	51,357
Total	<u>\$ 736,333</u>

Pension expense

For the fiscal year ended June 30, 2017, the District recognized net pension expense of \$235,913, which represents the District's proportionate share of allocable plan pension expense of \$266,412, less the net amortization of deferred amounts from changes in proportion of \$35,732, and plus other adjustments to the net pension liability of \$5,233. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2016 are as follows:

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Pension expense (continued)

Service cost	\$	91,069
Interest on total pension liability		198,835
Member contributions		(47,201)
Administrative expense		1,506
Expected investment return net of investment expense		(143,279)
Pension expense related to specific liabilities of individual employers		(297)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		136,173
Amortization of expected versus actual experience		13,344
Amortization of projected versus actual investment earnings on pension plan investments		16,262
Pension expense	\$	266,412

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)
B. Teachers' pension and annuity fund (TPAF)
Plan description (continued)

The following represents the membership Tiers for TPAF:

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2016, the State's pension contribution was less than the actuarial determined amount.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. During the State fiscal year ending June 30, 2016, the State of New Jersey contributed \$285,964 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.20% effective July 1, 2016 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the State's proportionate share of the net pension liability attributable to the employer, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for the fiscal year ending June 30, 2016 is as follows:

	2016
State's proportionate share of net pension liability	\$ 28,246,858
District's proportionate share of net pension liability	0
Employer pension expense and related revenue	2,122,358
Non-employer contribution	285,964
Allocable proportionate percentage	.0359071599%

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Components of net pension liability

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District for the year ending June 30, 2016 are as follows:

Service cost	\$ 837,918
Interest on total pension liability	1,320,627
Member contributions	(272,254)
Administrative expense	4,921
Expected investment return net of investment expense	(676,101)
Pension expense related to specific liabilities of individual employers	(87)
Recognition of deferred inflows/outflows of resources	
Amortization of economic /demographic gains or losses	8,883
Amortization of assumption changes or inputs	830,831
Amortization of investment gains or losses	67,620
Pension expense	<u>\$ 2,122,358</u>

Collective net pension liability and actuarial information

As detailed earlier, the District was not required to report a liability for its proportionate share of net pension expense for TPAF due to a special funding situation. The State's proportionate share of the net pension liability for TPAF as of June 30, 2016 is as follows:

	<u>2016</u>
Total pension liability	\$ 36,366,776
Plan fiduciary net position	8,119,918
Net pension liability	<u>\$ 28,246,858</u>

Plan fiduciary net position as a percentage of the total pension liability 22.33%

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. 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	7.65%

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Components of net pension liability (continued)

Pre-retirement, post retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis on a 60-year average of Social Security data from 1953 to 2013.

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

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Rate of Return
Cash	5.00%	.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign Developed Equity	13.25%	5.91%
Emerging Market Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	.50%	2.87%
Hedge Funds - Multi-Strategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Discount rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the rate in the most recent State fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>District's Proportionate Share of the Net Pension Liability</u>	<u>2016</u>
At current discount rate (3.22%)	\$ 28,246,858
At a 1% lower rate (2.22%)	33,733,061
At a 1% higher rate (4.22%)	23,766,665

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,300 in 2017) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcprp.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year 2017 was \$16,638.

D. Other pension plan information

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$1,041,592 to the TPAF for post-retirement medical benefits, \$43,709 for noncontributory insurance premiums, \$2,972 for long-term disability insurance and \$1,206,361 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$954,519 during the fiscal year ended June 30, 2017 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

Note 7 - Post-retirement benefits

Chapter 384 of P.L. 1987 and Ch. 6 of P.L. 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25-years of credited service or on a disability retirement. PL 2007, Ch. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees eligible for post-retirement medical benefits, and the state contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the state in accordance with Ch. 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch. 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25-years of service. In fiscal year 2016, the State paid \$231.2 million toward Ch. 126 benefits for 20,045 eligible retired members.

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

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

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

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

Note 8 - Deferred compensation

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

AXA Equitable
Lincoln Financial Group
Lincoln Investment Planning Inc.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 9 - Interfund receivable and payables

The composition of interfund balances as of June 30, 2017 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 302,217	\$ 1,657
Special Revenue Fund	-	9,279
Capital Projects Fund	-	259,662
Food Service Enterprise Fund	1,657	
Unemployment Compensation Fund	66	8,845
Payroll Agency Fund	-	24,497
Total	\$ 303,940	\$ 303,940

The balance due from the Payroll Agency Fund to the General Fund represents an imprest balance of \$2,000, a \$5,500 loan and various other activities totaling \$16,931 that have not been transferred to the General Fund. The balance due from the Special Revenue Fund to the General Fund represents a loan from the General Fund of \$9,279 due to cash flow issues related to the delayed receipt of grant revenues. The balance due from the Capital Projects Fund to the General Fund represents a loan from the General Fund of \$259,662 due to cash flow issues related to the delayed receipt of NJ SDA Aid.

The General Fund had an Interfund payable to the Food Service Enterprise Fund for \$1,657 representing subsidy aid that was received in the General Fund but not disbursed to the Food Service Fund. The balance due from the Unemployment Compensation Fund to the General Fund of \$8,845 represents payments made in the General Fund on behalf of the Unemployment Compensation Fund. The balance due from the Payroll Agency Fund to the Unemployment Compensation Fund of \$66 represents employee withholdings not yet transferred at year-end.

All of the interfund balances are expected to be liquidated within one year.

The District transferred \$387,723 from the General Fund to the Debt Service Fund representing a Board contribution from the Capital Reserve Fund.

Note 10 - Inventory

Inventory in the Food Service Fund as of June 30, 2017 consisted of the following:

Food	\$ 1,652
Supplies	1,184
Total	\$ 2,836

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 11 - Contingent liabilities

Litigation

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

Grantor agencies

Receipts and/or receivables from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

Note 12 - Risk management

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

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

Fiscal Year	District Contribution	Interest Earnings	Employee Deposits	Amount Reimbursed	Ending Balance
2016 - 2017	\$ -	\$ 289	\$ 8,284	\$ (1,258)	\$ 54,325
2015 - 2016	-	180	7,970	(8,983)	47,010
2014 - 2015	-	273	9,165	(2,087)	47,843

Note 13 - Legal reserve accounts

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Legal reserve accounts (continued)

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

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the legal reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. The District elected not to make any deposits to their legal reserves for fiscal year 2017.

The following schedule is a summarization of the legal reserve accounts for the current fiscal year:

Reserve Type	Beginning Balance	District Contribution	Interest Earnings	Withdrawals Net of Return	Ending Balance
Capital	\$ 1,874,646	\$ -	\$ 5,484	\$ (387,723)	\$ 1,492,407
Maintenance	715,000	-	-	-	715,000
Emergency	247,545	-	1,091	-	248,636
Total	<u>\$ 2,837,191</u>	<u>\$ -</u>	<u>\$ 6,575</u>	<u>\$ (387,723)</u>	<u>\$ 2,456,043</u>

The amount in the capital reserve account as of June 30, 2017 did not exceed the LRFP balance of local support costs of uncompleted capital projects.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balances - Budgetary basis

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund balance on June 30, 2017 is as follows:

	2017
Restricted	
Excess surplus - Represents amount in excess of allowable percentage. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	\$ 718,215
Excess surplus - Designated for subsequent year's expenditures - Represents amount in excess of allowable percentage appropriated in the succeeding year's budget to reduce tax requirements.	112,011
Capital Reserve Account - Represents funds restricted to capital projects in the Districts long range facilities plan.	1,492,407
Maintenance Reserve Account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:76-9).	715,000
Emergency Reserve Account - Represents funds restricted to finance unanticipated General Fund expenditures required for a thorough and efficient education.	248,636
Committed	
Year-end encumbrance - Represents fund balance assigned for purchase orders that have been issued but goods or services were not received as of June 30,	33,658
Assigned	
Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements	38,677
Unassigned	
Undesignated - Represents fund balance which has not been restricted or designated.	352,147
Total fund balance	\$ 3,710,751

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is \$718,215.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 16 - Subsequent events

The District has evaluated subsequent events through December 5, 2017, which is the date the financial statements were available to be issued and one additional item was noted for disclosure.

Note 17 - Recent accounting pronouncements not yet effective

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report and which are expected to have a material impact on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement, which is effective for reporting periods beginning after June 15, 2017, is expected to have a material impact on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87 "*Leases*". This statement, which is effective for reporting periods beginning after June 15, 2019, is expected to have a material impact on the District's financial reporting.

Note 18 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2017 of \$2,180,508 on Schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 7,896,694	\$ -	\$ 7,896,694	\$ 7,896,694	\$ -
Tuition from individuals	40,000	-	40,000	34,517	(5,483)
Rents and royalties	7,000	-	7,000	4,140	(2,860)
Private contributions	2,000	-	2,000	4,000	2,000
Unrestricted miscellaneous revenues	170,000	-	170,000	241,382	71,382
Interest earned on current expense emergency reserve	-	-	-	1,091	1,091
Interest earned on capital reserve funds	-	-	-	5,484	5,484
Total	8,115,694	-	8,115,694	8,187,308	71,614
State sources					
Categorical transportation aid	211,819	-	211,819	211,819	-
Extraordinary aid	-	-	-	97,017	97,017
Categorical special education aid	297,451	-	297,451	297,451	-
Categorical security aid	36,554	-	36,554	36,554	-
Adjustment aid	17,175	-	17,175	17,175	-
PARCC readiness aid	4,615	-	4,615	4,615	-
Per pupil growth aid	4,615	-	4,615	4,615	-
Professional learning community aid	4,325	-	4,325	4,325	-
Other state aid	-	-	-	5,130	5,130
TPAF pension (on-behalf)	-	-	-	411,032	411,032
TPAF social security (reimbursed)	-	-	-	272,767	272,767
TPAF post retirement benefits (on-behalf)	-	-	-	342,483	342,483
TPAF long-term disability insurance (on-behalf)	-	-	-	563	563
Total	576,554	-	576,554	1,705,546	1,128,992
Total Revenues	\$ 8,692,248	\$ -	\$ 8,692,248	\$ 9,892,854	\$ 1,200,606
EXPENDITURES					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 50,391	\$ 4,849	\$ 55,240	\$ 55,240	\$ -
Grades 1-5	1,276,457	-	1,276,457	1,225,541	50,916
Grades 6-8	1,052,414	(1,006)	1,051,408	972,330	79,078
Home instruction					
Salaries of teachers	-	2,000	2,000	750	1,250
Other salaries for instruction	2,000	(2,000)	-	-	-
Regular programs - undistributed instruction					
Other salaries for instruction	-	1,447	1,447	1,447	-
Purchased technical services	23,000	(1,245)	21,755	20,893	862
Other purchased services	34,127	(30,334)	3,793	3,793	-
General supplies	124,763	(47,366)	77,397	77,333	64
Textbooks	3,259	7,111	10,370	9,505	865
Total	2,566,411	(66,544)	2,499,867	2,366,832	133,035

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 177,100	\$ 1,318	\$ 178,418	\$ 168,011	\$ 10,407
Other salaries for instruction	47,949	1,994	49,943	49,943	-
General supplies	-	66	66	66	-
Total	<u>225,049</u>	<u>3,378</u>	<u>228,427</u>	<u>218,020</u>	<u>10,407</u>
Resource room/resource center					
Salaries of teachers	599,465	-	599,465	560,476	38,989
Other salaries for instruction	87,426	867	88,293	79,097	9,196
General supplies	2,500	(2,500)	-	-	-
Total	<u>689,391</u>	<u>(1,633)</u>	<u>687,758</u>	<u>639,573</u>	<u>48,185</u>
Preschool disabilities - part-time					
Salaries of teachers	88,079	39,652	127,731	126,673	1,058
Other salaries for instruction	51,040	6,468	57,508	56,253	1,255
General supplies	500	(500)	-	-	-
Total	<u>139,619</u>	<u>45,620</u>	<u>185,239</u>	<u>182,926</u>	<u>2,313</u>
Total special education	<u>1,054,059</u>	<u>47,365</u>	<u>1,101,424</u>	<u>1,040,519</u>	<u>60,905</u>
Basic skills/remedial					
Salaries of teachers	40,730	-	40,730	38,311	2,419
General supplies	250	(250)	-	-	-
Total	<u>40,980</u>	<u>(250)</u>	<u>40,730</u>	<u>38,311</u>	<u>2,419</u>
Bilingual education - instruction					
Salaries of teachers	-	912	912	-	912
Total	<u>-</u>	<u>912</u>	<u>912</u>	<u>-</u>	<u>912</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	31,182	6,043	37,225	31,470	5,755
Supplies and materials	400	(64)	336	336	-
Other objects	-	126	126	120	6
Total	<u>31,582</u>	<u>6,105</u>	<u>37,687</u>	<u>31,926</u>	<u>5,761</u>
School-sponsored athletics - instruction					
Salaries	35,365	3,321	38,686	38,686	-
Purchased services	5,500	795	6,295	6,295	-
Supplies and materials	4,000	(27)	3,973	3,973	-
Total	<u>44,865</u>	<u>4,089</u>	<u>48,954</u>	<u>48,954</u>	<u>-</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Before/after school programs - instruction					
Salaries of teachers	\$ 51,510	\$ -	\$ 51,510	\$ 40,868	\$ 10,642
Other salaries of instruction	52,522	5,415	57,937	57,936	1
Supplies and materials	4,728	(2,579)	2,149	2,149	-
Total	<u>108,760</u>	<u>2,836</u>	<u>111,596</u>	<u>100,953</u>	<u>10,643</u>
Summer school - instruction					
Salaries of teachers	8,641	(123)	8,518	5,334	3,184
Other salaries of instruction	3,859	(76)	3,783	2,389	1,394
Total	<u>12,500</u>	<u>(199)</u>	<u>12,301</u>	<u>7,723</u>	<u>4,578</u>
Total summer school	<u>12,500</u>	<u>(199)</u>	<u>12,301</u>	<u>7,723</u>	<u>4,578</u>
Total instruction regular	<u>\$ 3,859,157</u>	<u>\$ (5,686)</u>	<u>\$ 3,853,471</u>	<u>\$ 3,635,218</u>	<u>\$ 218,253</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ 113,600	\$ 195,472	\$ 309,072	\$ 277,976	\$ 31,096
Tuition to priv. school for the disabled w/i State	105,300	(18,406)	86,894	85,784	1,110
Tuition - other	-	220	220	220	-
Total	<u>218,900</u>	<u>177,286</u>	<u>396,186</u>	<u>363,980</u>	<u>32,206</u>
Undistributed expenditures - health services					
Salaries	141,034	1,338	142,372	141,032	1,340
Purchased professional and technical services	2,500	(250)	2,250	2,250	-
Other purchased services	143	(113)	30	19	11
Supplies and materials	4,000	(1,106)	2,894	2,850	44
Other objects	200	-	200	174	26
Total	<u>147,877</u>	<u>(131)</u>	<u>147,746</u>	<u>146,325</u>	<u>1,421</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	103,661	(5,250)	98,411	98,411	-
Purchased professional - educational services	200,000	(36,050)	163,950	161,798	2,152
Supplies and materials	1,500	(889)	611	611	-
Other objects	-	215	215	215	-
Total	<u>305,161</u>	<u>(41,974)</u>	<u>263,187</u>	<u>261,035</u>	<u>2,152</u>
Undistributed expenditures- guidance					
Salaries of other professional staff	94,326	(2,095)	92,231	91,207	1,024
Supplies and materials	750	(109)	641	641	-
Total	<u>95,076</u>	<u>(2,204)</u>	<u>92,827</u>	<u>91,848</u>	<u>1,024</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	282,127	6,381	288,508	181,127	107,381
Salaries of secretarial and clerical assistants	17,320	5,554	22,874	22,874	-
Other purchased professional & technical services	10,000	794	10,794	10,794	-
Other purchased services	600	(6)	594	594	-
Miscellaneous purchased service	8,400	(2,663)	5,737	5,737	-
Supplies and materials	3,000	(885)	2,115	2,115	-
Other objects	1,070	195	1,265	1,265	-
Total	<u>322,517</u>	<u>9,370</u>	<u>331,887</u>	<u>224,506</u>	<u>107,381</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 10,378	\$ -	\$ 10,378	\$ 360	\$ 10,018
Salaries of technology coordinators	49,419	-	49,419	49,210	209
Purchased professional and technical services	22,000	(2,915)	19,085	15,260	3,825
Other purchased services	8,000	(3,442)	4,558	962	3,596
Supplies and materials	3,500	-	3,500	3,125	375
Total	93,297	(6,357)	86,940	68,917	18,023
Undistributed expenditures - instructional staff training services					
Purchased professional - educational services	1,275	-	1,275	1,075	200
Other purchased professional & technical services	975	(330)	645	-	645
Other purchased services	-	330	330	-	330
Total	2,250	-	2,250	1,075	1,175
Undistributed expend. - support service - general admin.					
Salaries	209,290	(16,923)	192,367	172,167	20,200
Legal services	25,000	(3,638)	21,362	21,362	-
Audit fees	19,500	(1,200)	18,300	18,300	-
Architectural/engineering services	15,000	27,073	42,073	33,673	8,400
Other purchased professional services	6,000	17,101	23,101	23,101	-
Communications/telephone	73,041	8,469	81,510	81,489	21
BOE other purchased services	1,000	(1,000)	-	-	-
Misc purch services	28,000	(5,052)	22,948	22,948	-
General supplies	3,000	(614)	2,386	2,386	-
BOE in-house training/meeting supplies	500	(383)	117	117	-
Miscellaneous expenditures	5,500	(281)	5,219	5,219	-
BOE membership dues and fees	1,500	(700)	800	800	-
Total	387,331	22,852	410,183	381,562	28,621
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	128,520	1,260	129,780	129,780	-
Salaries of secretarial and clerical assistants	29,580	(1,260)	28,320	26,193	2,127
Purchased professional and technical services	6,000	(72)	5,928	5,928	-
Other purchased services	750	(145)	605	215	390
Supplies and materials	2,500	397	2,897	2,897	-
Other objects	2,500	(180)	2,320	2,320	-
Total	169,850	-	169,850	167,333	2,517
Undistributed expenditures - central services					
Salaries	151,737	32,267	184,004	184,004	-
Purchased professional services	30,000	(20,052)	9,948	9,948	-
Purchased technical services	9,000	5,420	14,420	14,420	-
Miscellaneous purchased services	1,500	(519)	981	981	-
Supplies and materials	3,000	(1,162)	1,838	1,838	-
Other objects	-	2,360	2,360	2,360	-
Total	195,237	18,314	213,551	213,551	-

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expend. - required maint. for school facilities					
Salaries	\$ 54,060	\$ (21,487)	\$ 32,573	\$ 29,426	\$ 3,147
Cleaning, repair, and maintenance services	105,214	(25,329)	79,885	77,158	2,727
Lead testing of drinking water	-	5,899	5,899	5,899	-
General supplies	10,000	6,922	16,922	15,345	1,577
Other objects	-	1,042	1,042	1,042	-
Total	169,274	(32,953)	136,321	128,870	7,451
Undistributed expenditures - custodial services					
Salaries	222,735	(32,401)	190,334	190,334	-
Purchased professional and technical services	40,500	2,390	42,890	35,961	6,929
Cleaning, repair, and maintenance service	18,578	52,890	71,468	71,468	-
Other purchased property services	500	-	500	182	318
Insurance	66,000	(2,501)	63,499	63,454	45
General supplies	37,758	15,842	53,600	53,012	588
Energy (natural gas)	104,831	(34,092)	70,739	59,543	11,196
Energy (electricity)	120,000	7,271	127,271	127,271	-
Energy (gasoline)	3,000	-	3,000	1,328	1,672
Other objects	400	(226)	174	80	94
Total	614,302	9,173	623,475	602,633	20,842
Undistributed expenditures - care and upkeep of grounds					
Purchased professional and technical services	5,500	-	5,500	4,120	1,380
Cleaning, repair, and maintenance service	11,642	(8,098)	3,544	1,638	1,906
General supplies	4,000	-	4,000	3,703	297
Total	21,142	(8,098)	13,044	9,461	3,583
Undistributed expenditures - student transportation service					
Management fee - ESC and CTSA trans. program	12,000	(12,000)	-	-	-
Other purchased professional and technical service	-	12,485	12,485	12,485	-
Contract service-aid in lieu pymts - non-public schools	7,642	1,385	9,027	9,027	-
Contr. svc.-aid in lieu of pymts. - choice school students	3,884	(790)	3,094	3,094	-
Contr. service (oth. than btw. home & school) - vendors	8,000	961	8,961	8,961	-
Contr. service (btw. home & school) - joint agreements	302,412	(4,332)	298,080	298,080	-
Contract service (reg. students) - ESCs & CTSAAs	27,500	(3,364)	24,136	24,136	-
Contract service (spl. ed. students) - ESCs & CTSAAs	131,684	24,356	156,040	156,040	-
Total	493,122	18,701	511,823	511,823	-
Allocated benefits - employee benefits					
Regular programs - instruction					
Health benefits	532,795	(38,371)	494,424	454,045	40,379
Total	532,795	(38,371)	494,424	454,045	40,379
Special programs - instruction					
Health benefits	337,759	(46,269)	291,490	269,785	21,705
Total	337,759	(46,269)	291,490	269,785	21,705

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Other instructional programs - instruction					
Health benefits	\$ 26,977	\$ -	\$ 26,977	\$ 11,062	\$ 15,915
Total	<u>26,977</u>	<u>-</u>	<u>26,977</u>	<u>11,062</u>	<u>15,915</u>
Health services					
Health benefits	16,448	-	16,448	13,612	2,836
Total	<u>16,448</u>	<u>-</u>	<u>16,448</u>	<u>13,612</u>	<u>2,836</u>
Other supp services - speech, ot, pt & related svc.					
Health benefits	29,452	-	29,452	16,528	12,924
Total	<u>29,452</u>	<u>-</u>	<u>29,452</u>	<u>16,528</u>	<u>12,924</u>
Other supp services - guidance					
Health benefits	9,290	3,606	12,896	9,727	3,169
Total	<u>9,290</u>	<u>3,606</u>	<u>12,896</u>	<u>9,727</u>	<u>3,169</u>
Other supp services - child study teams					
Health benefits	55,334	(17,004)	38,330	21,769	16,561
Total	<u>55,334</u>	<u>(17,004)</u>	<u>38,330</u>	<u>21,769</u>	<u>16,561</u>
Educational media services - school library					
Health benefits	28,838	-	28,838	23,588	5,250
Total	<u>28,838</u>	<u>-</u>	<u>28,838</u>	<u>23,588</u>	<u>5,250</u>
Support services - general administration					
Health benefits	49,612	(39,846)	9,766	7,860	1,906
Total	<u>49,612</u>	<u>(39,846)</u>	<u>9,766</u>	<u>7,860</u>	<u>1,906</u>
Support services - school administration					
Health benefits	31,003	-	31,003	30,024	979
Total	<u>31,003</u>	<u>-</u>	<u>31,003</u>	<u>30,024</u>	<u>979</u>
Support services - central services					
Health benefits	21,388	(10,032)	11,356	614	10,742
Total	<u>21,388</u>	<u>(10,032)</u>	<u>11,356</u>	<u>614</u>	<u>10,742</u>
Operation and maintenance of plant service					
Health benefits	160,798	(62,615)	98,183	98,183	-
Total	<u>160,798</u>	<u>(62,615)</u>	<u>98,183</u>	<u>98,183</u>	<u>-</u>
Total allocated benefits - employees	<u>\$ 1,299,694</u>	<u>\$ (210,531)</u>	<u>\$ 1,089,163</u>	<u>\$ 956,797</u>	<u>\$ 132,366</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Unallocated benefits - employee benefits					
Social security contributions	\$ 87,500	\$ 71,940	\$ 159,440	\$ 95,940	\$ 63,500
Other retirement contributions - PERS	87,500	-	87,500	84,612	2,888
Other retirement contributions - regular	6,000	(4,849)	1,151	1,151	-
Unemployment compensation	5,000	(5,000)	-	-	-
Workmen's compensation	40,000	(1,345)	38,655	35,258	3,397
Health benefits	45,000	(19,298)	25,702	25,702	-
Tuition reimbursement	17,000	52	17,052	17,052	-
Other employee benefits	83,177	(4,820)	78,357	77,393	964
Unused sick payment to terminated/retired staff	-	16,000	16,000	16,000	-
Total	<u>371,177</u>	<u>52,680</u>	<u>423,857</u>	<u>353,108</u>	<u>70,749</u>
On-behalf TPAF pension contribution	-	-	-	411,032	(411,032)
On-behalf TPAF post retirement medical benefits	-	-	-	272,767	(272,767)
Reimbursed TPAF social security contribution	-	-	-	342,483	(342,483)
On-behalf TPAF long-term disability insurance	-	-	-	563	(563)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,026,845</u>	<u>(1,026,845)</u>
Total undistributed expenditures	<u>\$ 4,906,207</u>	<u>\$ 6,128</u>	<u>\$ 4,912,335</u>	<u>\$ 5,509,669</u>	<u>\$ (597,334)</u>
Total current	<u>\$ 8,765,364</u>	<u>\$ 442</u>	<u>\$ 8,765,806</u>	<u>\$ 9,144,887</u>	<u>\$ (379,081)</u>
Capital outlay					
Facilities acquisition and construction service					
Construction services	\$ 134,999	\$ 1	\$ 135,000	\$ 95,487	\$ 39,513
Assessment for debt service on SDA funding	28,117	-	28,117	28,117	-
Total facilities acquisition and construction service	<u>163,116</u>	<u>1</u>	<u>163,117</u>	<u>123,604</u>	<u>39,513</u>
Total capital outlay	<u>\$ 163,116</u>	<u>\$ 1</u>	<u>\$ 163,117</u>	<u>\$ 123,604</u>	<u>\$ 39,513</u>
Total expenditures	<u>\$ 8,928,480</u>	<u>\$ 443</u>	<u>\$ 8,928,923</u>	<u>\$ 9,268,491</u>	<u>\$ (339,568)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (236,232)</u>	<u>\$ (443)</u>	<u>\$ (236,675)</u>	<u>\$ 624,363</u>	<u>\$ 861,038</u>
Other financing sources (uses)					
Capital reserve - transfer to debt service	-	(387,723)	(387,723)	(387,723)	-
Total other financing sources (uses)	<u>-</u>	<u>(387,723)</u>	<u>(387,723)</u>	<u>(387,723)</u>	<u>-</u>
Excess (deficiency) of revenues & other financing sources					
Over (under) expenditures & other financing uses	(236,232)	(388,166)	(624,398)	236,640	861,038
Fund balances, July 1	3,474,111	-	3,474,111	3,474,111	-
Fund balances, June 30	<u>\$ 3,237,879</u>	<u>\$ (388,166)</u>	<u>\$ 2,849,713</u>	<u>\$ 3,710,751</u>	<u>\$ 861,038</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (143,340)	\$ -	\$ (143,340)	\$ (143,340)	\$ -
Interest deposit to capital reserve	-	-	-	5,484	5,484
Withdrawal from capital reserve	-	(387,723)	(387,723)	(387,723)	-
Interest earned on emergency reserve	-	-	-	1,091	1,091
Budgeted fund balance	(92,892)	(443)	(93,335)	761,128	854,463
Total	<u>\$ (236,232)</u>	<u>\$ (388,166)</u>	<u>\$ (624,398)</u>	<u>\$ 236,640</u>	<u>\$ 861,038</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 112,011	
Excess surplus - current year				718,215	
Capital reserve				1,492,407	
Emergency reserve				248,636	
Maintenance reserve				715,000	
Committed fund balance					
Year-end encumbrances				33,658	
Assigned fund balance					
Designated for subsequent year's expenditures				38,677	
Unassigned fund balance				<u>352,147</u>	
Fund balance per budgetary basis				3,710,751	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(54,841)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 3,655,910</u>	

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 726	\$ -	\$ 726	\$ 726	\$ -
Federal sources	167,829	-	167,829	167,829	-
Total revenues	<u>\$ 168,555</u>	<u>\$ -</u>	<u>\$ 168,555</u>	<u>\$ 168,555</u>	<u>\$ -</u>
Expenditures					
Instruction					
Salaries	\$ -	\$ 79	\$ 79	\$ 79	\$ -
Other purchased services	98,891	-	98,891	98,891	-
General supplies	61,544	(79)	61,465	61,465	-
Totals	<u>160,435</u>	<u>-</u>	<u>160,435</u>	<u>160,435</u>	<u>-</u>
Support services					
Other purchased services	-	8,120	8,120	8,120	-
General supplies	8,120	(8,120)	-	-	-
Total	<u>8,120</u>	<u>-</u>	<u>8,120</u>	<u>8,120</u>	<u>-</u>
Total expenditures	<u>\$ 168,555</u>	<u>\$ -</u>	<u>\$ 168,555</u>	<u>\$ 168,555</u>	<u>\$ -</u>

See independent auditors' report.

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

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 9,892,854	\$ 168,555
Differences-Budget to GAAP		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33)		
State aid receivable prior year	50,805	-
State aid receivable current year	<u>(54,841)</u>	<u>-</u>
Total revenues (GAAP basis)	<u><u>\$ 9,888,818</u></u>	<u><u>\$ 168,555</u></u>
 <u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 9,268,491</u>	<u>\$ 168,555</u>
Total expenditures (GAAP basis)	<u><u>\$ 9,268,491</u></u>	<u><u>\$ 168,555</u></u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS (GASB 68) (UNAUDITED)**

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset) - percentage	N/A	0.0094218084%	0.0103440398%	0.0095938120%	0.0105404300%	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ 2,790,469	\$ 2,322,030	\$ 1,796,224	\$ 2,014,486	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	N/A	697,072	734,312	702,442	652,482	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	400.31%	316.22%	255.71%	308.74%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	40.14%	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A

N/A - Information Is Not Available

See independent auditors' report.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 83,702	\$ 88,931	\$ 79,090	\$ 79,420	\$ 77,802	\$ 108,036	\$ 102,924	\$ 64,646	\$ 51,459	\$ 40,230
Contributions in relation to the contractually required contribution	(83,702)	(88,931)	(79,090)	(79,420)	(77,802)	(108,036)	(102,924)	(64,646)	(51,459)	(40,230)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 628,284	\$ 697,072	\$ 734,312	\$ 702,442	\$ 652,482	\$ 717,286	\$ 646,817	\$ 812,383	\$ 869,595	\$ 658,951
Contributions as a percentage of covered employee payroll	13.32%	12.76%	10.77%	11.31%	11.92%	15.06%	15.91%	7.96%	5.92%	6.11%

See independent auditors' report.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	28,246,858	23,239,500	20,016,894	18,139,162	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ 28,246,858	\$ 23,239,500	\$ 20,016,894	\$ 18,139,162	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ -	\$ 3,770,449	\$ 3,870,801	\$ 3,705,859	\$ 3,670,869	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	0.00%	28.71%	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A	N/A

N/A - Information Is Not Available

See independent auditors' report.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 411,032	\$ 287,486	\$ 198,786	\$ 158,438	\$ 231,914	\$ 120,177	\$ 11,927	\$ 12,421	\$ 12,811	\$ 286,505
Contributions in relation to the contractually required contribution	(411,032)	(287,486)	(198,786)	(158,438)	(231,914)	(120,177)	(11,927)	(12,421)	(12,811)	(286,505)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 3,670,358	\$ 3,770,449	\$ 3,870,801	\$ 3,705,859	\$ 3,670,869	\$ 3,638,228	\$ 3,464,639	\$ 3,908,966	\$ 3,702,381	\$ 3,510,258
Contributions as a percentage of covered employee payroll	11.20%	7.62%	5.14%	4.28%	6.32%	3.30%	0.34%	0.32%	0.35%	8.16%

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2017

Note 1 - Special funding situation - TPAF

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

Note 2 - Changes in assumptions - TPAF

The discount rate decreased from 4.13% in State fiscal year 2015 to 3.22% in State fiscal year 2016. The inflation rate was 2.50% for State fiscal years 2015 and 2016.

Note 3 - Changes in assumptions - PERS

The discount rate decreased from 4.90% in State fiscal year 2015 to 3.98% in State fiscal year 2016. The inflation rate increased from 3.04% for State fiscal year 2015 to 3.08% for State fiscal year 2016.

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures -
Budgetary Basis
For the Fiscal Year Ended June 30, 2017

	NCLB Title IA	NCLB Title IIA	IDEA Basic	IDEA Preschool	Small Rural School Achievement	Local Grants	Total
Revenues							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 726	\$ 726
Federal sources	57,432	8,120	98,891	3,307	79	-	167,829
Total revenues	<u>\$ 57,432</u>	<u>\$ 8,120</u>	<u>\$ 98,891</u>	<u>\$ 3,307</u>	<u>\$ 79</u>	<u>\$ 726</u>	<u>\$ 168,555</u>
Expenditures							
Instruction							
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 79	\$ -	\$ 79
Other purchased services	-	-	98,891	-	-	-	98,891
General supplies	57,432	-	-	3,307	-	726	61,465
Total	<u>57,432</u>	<u>-</u>	<u>98,891</u>	<u>3,307</u>	<u>79</u>	<u>726</u>	<u>160,435</u>
Support services							
Other purchased services	-	8,120	-	-	-	-	8,120
Total	<u>-</u>	<u>8,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,120</u>
Total expenditures	<u>\$ 57,432</u>	<u>\$ 8,120</u>	<u>\$ 98,891</u>	<u>\$ 3,307</u>	<u>\$ 79</u>	<u>\$ 726</u>	<u>\$ 168,555</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

Not applicable to this report

PROPRIETARY FUND

DETAIL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
Enterprise Fund
Statement of Fund Net Position
June 30, 2017

	<u>Food Service Fund</u>
ASSETS	
Current assets	
Cash & cash equivalents	\$ 39,280
Due from other funds	1,657
Receivables from other governments	
State	52
Federal	664
Inventory	2,836
Total current assets	<u>44,489</u>
Noncurrent assets	
Capital assets	49,379
Less: accumulated depreciation	41,985
Total noncurrent assets	<u>7,394</u>
Total assets	<u>51,883</u>
LIABILITIES	
Current liabilities	
Accounts payable	3,895
Unearned revenues	4,683
Total liabilities	<u>8,578</u>
NET POSITION	
Net investment in capital assets	7,394
Unrestricted	<u>35,911</u>
TOTAL NET POSITION	<u><u>\$ 43,305</u></u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses, and
Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2017

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 97,465
Daily sales - non-reimbursable programs	15,378
Total operating revenues	112,843
Operating expenses	
Cost of sales - reimbursable programs	59,686
Cost of sales - non-reimbursable programs	9,733
Salaries	36,903
Employee benefits	7,883
Purchased property services	9,332
Insurance	1,032
Management fee	6,969
Other purchased services	2,880
General supplies	16,056
Commodity food costs	12,107
Depreciation	1,111
Miscellaneous	1,784
Total operating expenses	165,476
Operating income (loss)	(52,633)
Non-operating revenues (expenses)	
State sources	
State school lunch program	1,500
Federal sources	
National school lunch program	
Cash assistance	19,924
Non-cash assistance (commodities)	12,107
Interest earned on investments	357
Total non-operating revenues (expenses)	33,888
Change in net position	(18,745)
Net position, beginning	62,050
Net position, ending	\$ 43,305

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Enterprise Fund
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

	<u>Food Service Fund</u>
Cash flows from operating activities	
Receipts from customers (net)	\$ 113,411
Payments to Food Service Management Co.	(122,966)
Payments to vendors (net)	<u>(25,443)</u>
Net cash provided by (used for) operating activities	<u>(34,998)</u>
Cash flows from noncapital financing activities	
State sources	1,851
Federal sources	<u>24,765</u>
Net cash provided by (used for) noncapital financing activities	<u>26,616</u>
Cash flows from capital financing activities	
Acquisition of equipment	<u>(6,630)</u>
Net cash used for capital financing activities	<u>(6,630)</u>
Cash flows from investing activities	
Interest earned on investments	<u>357</u>
Net cash provided by (used for) investing activities	<u>357</u>
Net increase (decrease) in cash and cash equivalents	(14,655)
Cash and cash equivalents, beginning	<u>53,935</u>
Cash and cash equivalents, ending	<u><u>\$ 39,280</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (52,633)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	1,111
Federal food donation program	12,107
(Increase) decrease in inventory	183
Increase (decrease) in accounts payable	3,895
Increase (decrease) in unearned revenues	<u>339</u>
Net cash provided by (used for) operating activities	<u><u>\$ (34,998)</u></u>

See independent auditors' report.

FIDUCIARY FUNDS

DETAIL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fund Net Position
June 30, 2017

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 63,104	\$ 18,577	\$ 344,165	\$ 425,846
Due from other funds	66	-	-	66
Total assets	<u>\$ 63,170</u>	<u>\$ 18,577</u>	<u>\$ 344,165</u>	<u>\$ 425,912</u>
Liabilities				
Due to other funds	\$ 8,845	\$ -	\$ 24,497	\$ 33,342
Due to students groups	-	18,577	-	18,577
Payroll deductions & withholdings	-	-	319,668	319,668
Total liabilities	<u>8,845</u>	<u>18,577</u>	<u>344,165</u>	<u>371,587</u>
Net position				
Held in trust for unemployment claims & other purposes	<u>\$ 54,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,325</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2017

	<u>Unemployment Compensation Fund</u>
Additions	
Employee contributions	\$ 8,284
Investment earnings - interest	289
Total additions	<u>8,573</u>
 Deductions	
Unemployment claims	<u>1,258</u>
 Change in net position	 7,315
 Net position - beginning of the year	 <u>47,010</u>
 Net position - end of the year	 <u><u>\$ 54,325</u></u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> 07/01/16	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 06/30/17
Assets				
Cash and cash equivalents	\$ 25,800	\$ 18,766	\$ 25,989	\$ 18,577
Total assets	<u>\$ 25,800</u>	<u>\$ 18,766</u>	<u>\$ 25,989</u>	<u>\$ 18,577</u>
Liabilities				
Due to student groups	\$ 25,800	\$ 18,766	\$ 25,989	\$ 18,577
Total liabilities	<u>\$ 25,800</u>	<u>\$ 18,766</u>	<u>\$ 25,989</u>	<u>\$ 18,577</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Fiduciary Fund
Payroll Agency Fund Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2017

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Assets				
Cash and cash equivalents	\$ 303,194	\$ 5,804,202	\$ 5,763,231	\$ 344,165
Total assets	\$ 303,194	\$ 5,804,202	\$ 5,763,231	\$ 344,165
Liabilities				
Due to other funds	\$ 11,669	\$ 21,046	\$ 8,218	\$ 24,497
Payroll deductions and withholdings	291,525	2,551,735	2,523,592	319,668
Net payroll	-	3,231,421	3,231,421	-
Total liabilities	\$ 303,194	\$ 5,804,202	\$ 5,763,231	\$ 344,165

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

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

UNION TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/16	Issued	Retired	Balance 6/30/17
			Date	Amount					
New elementary school	07/01/02	\$ 11,962,000	07/15/17	\$ 395,000	4.75%	\$ 770,000	\$ -	\$ 375,000	\$ 395,000
Refunding of 2002 series for new elementary school	07/01/07	8,920,000	07/15/17	40,000	4.00%	8,580,000	-	8,540,000	40,000
Refunding of 2007 series refunding bond issue	05/03/17	7,725,000	07/15/17	110,000	2.00%	-	-	-	-
			07/15/20	440,000	4.00%	-	-	-	-
			07/15/21	455,000	3.43%	-	-	-	-
			07/15/22	470,000	4.00%	-	-	-	-
			07/15/23	495,000	5.00%	-	-	-	-
			07/15/24	520,000	5.00%	-	-	-	-
			07/15/25	550,000	5.00%	-	-	-	-
			07/15/26	580,000	5.00%	-	-	-	-
			07/15/27	610,000	5.00%	-	-	-	-
			07/15/28	640,000	5.00%	-	-	-	-
			07/15/29	670,000	4.00%	-	-	-	-
			07/15/30	700,000	3.75%	-	-	-	-
			07/15/31	730,000	3.75%	-	-	-	-
07/15/32	755,000	3.75%	-	7,725,000	-	7,725,000			

See independent auditor's report.

UNION TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds (continued)
For the Fiscal Year Ended June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/16	Issued	Retired	Balance 6/30/17
			Date	Amount					
Refunding of series 2002 & 2005 for new elementary school	01/27/16	\$ 3,105,000	07/15/17	\$ 135,000	2.000%	\$ -	\$ -	\$ -	\$ -
			07/15/18	550,000	2.000%	-	-	-	-
			07/15/19	580,000	2.000%	-	-	-	-
			07/15/20	145,000	2.000%	-	-	-	-
			07/15/21	150,000	2.000%	-	-	-	-
			07/15/22	150,000	2.000%	-	-	-	-
			07/15/23	155,000	2.000%	-	-	-	-
			07/15/24	155,000	2.000%	-	-	-	-
			07/15/25	155,000	2.125%	-	-	-	-
			07/15/26	160,000	2.125%	-	-	-	-
			07/15/27	160,000	3.000%	-	-	-	-
			07/15/28	155,000	3.000%	-	-	-	-
			07/15/29	160,000	3.000%	-	-	-	-
			07/15/30	160,000	3.000%	3,105,000	-	135,000	2,970,000
						<u>\$ 12,455,000</u>	<u>\$ 7,725,000</u>	<u>\$ 9,050,000</u>	<u>\$ 11,130,000</u>

Analysis of Amount Retired	
Defeasance of 2007 Bonds	\$ 8,500,000
Paid from Budget Appropriation	<u>550,000</u>
	<u>\$ 9,050,000</u>

See independent auditor's report.

UNION TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources					
Local tax levy	\$ 619,902	\$ -	\$ 619,902	\$ 619,902	\$ -
Total revenues	<u>619,902</u>	<u>-</u>	<u>619,902</u>	<u>619,902</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	510,000	40,000	550,000	550,000	-
Interest	114,902	347,722	462,624	462,624	-
Total expenditures	<u>624,902</u>	<u>387,722</u>	<u>1,012,624</u>	<u>1,012,624</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(5,000)	(387,722)	(392,722)	(392,722)	-
Other financing sources and uses					
Transfer in from capital reserve fund	-	387,722	387,722	387,722	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(5,000)	-	(5,000)	(5,000)	-
Fund balance, July 1	<u>7,001</u>	<u>-</u>	<u>7,001</u>	<u>7,001</u>	<u>-</u>
Fund balance, June 30	<u>\$ 2,001</u>	<u>\$ -</u>	<u>\$ 2,001</u>	<u>\$ 2,001</u>	<u>\$ -</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Budgeted fund balance	<u>\$ (5,000)</u>	<u>\$ (387,722)</u>	<u>\$ (392,722)</u>	<u>\$ (392,722)</u>	<u>\$ -</u>

See independent auditors' report.

Statistical Section

UNION TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

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

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

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Government activities										
Net investment in capital assets	\$ 4,259,517	\$ 4,147,013	\$ 4,090,453	\$ 4,172,228	\$ 4,018,600	\$ 4,017,778	\$ 3,976,657	\$ 4,675,761	\$ 5,474,720	\$ 6,259,431
Restricted	247,773	441,050	841,123	1,958,627	2,992,139	3,431,663	3,889,746	3,514,670	2,957,192	2,458,045
Unrestricted	25,191	(26,937)	278,896	83,405	(39,529)	(17,216)	(1,952,064)	(2,063,435)	(2,004,874)	(2,180,508)
Total governmental activities	<u>\$ 4,532,481</u>	<u>\$ 4,561,126</u>	<u>\$ 5,210,472</u>	<u>\$ 6,214,260</u>	<u>\$ 6,971,210</u>	<u>\$ 7,432,225</u>	<u>\$ 5,914,339</u>	<u>\$ 6,126,996</u>	<u>\$ 6,427,038</u>	<u>\$ 6,536,968</u>
Business-type activities										
Net investment in capital assets	\$ 15,507	\$ 12,410	\$ 9,312	\$ 8,387	\$ 6,661	\$ 5,180	\$ 3,840	\$ 2,710	\$ 1,875	\$ 7,394
Unrestricted	10,490	19,330	22,073	25,268	31,257	33,999	36,628	47,892	60,175	35,911
Total business-type activities	<u>\$ 25,997</u>	<u>\$ 31,740</u>	<u>\$ 31,385</u>	<u>\$ 33,655</u>	<u>\$ 37,918</u>	<u>\$ 39,179</u>	<u>\$ 40,468</u>	<u>\$ 50,602</u>	<u>\$ 62,050</u>	<u>\$ 43,305</u>
District-wide										
Net investment in capital assets	\$ 4,275,024	\$ 4,159,423	\$ 4,099,765	\$ 4,180,615	\$ 4,025,261	\$ 4,022,958	\$ 3,980,497	\$ 4,678,471	\$ 5,476,595	\$ 6,266,825
Restricted	247,773	441,050	841,123	1,958,627	2,992,139	3,431,663	3,889,746	3,514,670	2,957,192	2,458,045
Unrestricted	35,681	(7,607)	300,969	108,673	(8,272)	16,783	(1,915,436)	(2,015,543)	(1,944,699)	(2,144,597)
Total district-wide	<u>\$ 4,558,478</u>	<u>\$ 4,592,866</u>	<u>\$ 5,241,857</u>	<u>\$ 6,247,915</u>	<u>\$ 7,009,128</u>	<u>\$ 7,471,404</u>	<u>\$ 5,954,807</u>	<u>\$ 6,177,598</u>	<u>\$ 6,489,088</u>	<u>\$ 6,580,273</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,783,314	\$ 3,951,779	\$ 3,706,061	\$ 3,627,140	\$ 3,576,815	\$ 3,537,318	\$ 3,681,727	\$ 4,511,551	\$ 4,723,401	\$ 5,067,528
Special education	1,270,636	1,229,817	1,339,516	1,245,094	1,228,166	1,314,341	1,469,613	1,704,837	1,978,393	2,256,707
Other special education	88,507	65,758	58,685	81,132	105,320	53,194	51,227	79,159	69,768	139,843
Other instruction	82,490	94,194	232,929	235,532	233,877	239,822	237,072	278,470	295,713	289,013
Support services										
Tuition	441,033	499,416	448,670	449,813	438,775	330,590	234,322	369,987	299,932	462,871
Student & instruction related services	1,073,163	1,205,147	1,203,134	1,078,483	1,350,952	1,438,279	1,341,813	1,480,058	1,501,595	1,442,376
General & business administrative services	898,864	776,494	771,964	746,647	988,032	694,273	679,859	814,440	861,935	897,907
School administration	212,449	221,538	309,074	281,698	261,970	260,203	244,152	276,016	295,439	341,954
Plant operations & maintenance	1,189,226	1,207,912	946,477	963,026	1,000,227	981,392	1,109,528	1,031,921	933,558	917,918
Pupil transportation	640,986	667,414	653,496	531,342	544,943	584,371	481,271	494,475	480,243	511,823
Interest on long-term debt	683,149	668,490	647,346	658,800	625,779	613,821	592,783	570,833	525,845	381,419
Total governmental activities expenses	<u>10,363,817</u>	<u>10,587,959</u>	<u>10,317,352</u>	<u>9,898,707</u>	<u>10,354,856</u>	<u>10,047,604</u>	<u>10,123,367</u>	<u>11,611,747</u>	<u>11,965,822</u>	<u>12,709,359</u>
Business-type activities										
Child care	-	120,038	-	-	-	-	-	-	-	-
Food services	159,073	158,841	148,157	138,119	143,232	125,898	132,256	132,079	130,867	165,476
Total business-type activities	<u>159,073</u>	<u>278,879</u>	<u>148,157</u>	<u>138,119</u>	<u>143,232</u>	<u>125,898</u>	<u>132,256</u>	<u>132,079</u>	<u>130,867</u>	<u>165,476</u>
Total district expenses	<u>\$ 10,522,890</u>	<u>\$ 10,866,838</u>	<u>\$ 10,465,509</u>	<u>\$ 10,036,826</u>	<u>\$ 10,498,088</u>	<u>\$ 10,173,502</u>	<u>\$ 10,255,623</u>	<u>\$ 11,743,826</u>	<u>\$ 12,096,689</u>	<u>\$ 12,874,835</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ -	\$ 165	\$ -	\$ 14,000	\$ 25,200	\$ 36,191	\$ 34,320	\$ 34,500	\$ 42,930	\$ 34,517
Other instruction	-	-	146,267	164,609	169,985	155,587	159,557	160,096	169,099	177,187
Student & instruction related services	-	85	-	-	-	-	-	-	-	-
General & business administrative services	41	\$0	\$0	350	400	-	-	-	-	-
Plant operations & maintenance	\$10,675	\$5,822	2,303	3,597	-	-	7,255	6,463	7,495	4,140
Pupil transportation	-	-	-	-	4,805	11,042	-	-	-	-
Operating grants & contributions	169,258	185,569	262,508	182,601	207,347	170,829	146,061	98,557	257,205	168,555
Capital grants & contributions	77,248	-	-	79,534	-	-	-	255,728	3,935	-
Total governmental activities program revenues	<u>257,222</u>	<u>191,641</u>	<u>411,078</u>	<u>444,691</u>	<u>407,737</u>	<u>373,649</u>	<u>347,193</u>	<u>555,344</u>	<u>480,664</u>	<u>384,399</u>
Business-type activities										
Charges for services										
Child care	-	205,120	-	-	-	-	-	-	-	-
Food service	129,933	132,466	120,979	110,423	110,199	102,822	106,177	112,476	109,795	112,843
Operating grants & contributions	24,147	25,316	26,758	29,932	37,296	24,208	27,218	29,574	32,377	33,531
Total business-type activities program revenues	<u>154,080</u>	<u>362,902</u>	<u>147,737</u>	<u>140,355</u>	<u>147,495</u>	<u>127,030</u>	<u>133,395</u>	<u>142,050</u>	<u>142,172</u>	<u>146,374</u>
Total district-program revenues	<u>\$ 411,302</u>	<u>\$ 554,543</u>	<u>\$ 558,815</u>	<u>\$ 585,046</u>	<u>\$ 555,232</u>	<u>\$ 500,679</u>	<u>\$ 480,588</u>	<u>\$ 697,394</u>	<u>\$ 622,836</u>	<u>\$ 530,773</u>
Net (expense) revenues										
Governmental activities	\$ (10,106,595)	\$ (10,396,318)	\$ (9,906,274)	\$ (9,454,016)	\$ (9,947,119)	\$ (9,673,955)	\$ (9,776,174)	\$ (11,056,403)	\$ (11,485,158)	\$ (12,324,960)
Business-type activities	(4,993)	84,023	(420)	2,236	4,263	1,132	1,139	9,971	11,205	(19,102)
Total district-wide net expenses	<u>\$ (10,111,588)</u>	<u>\$ (10,312,295)</u>	<u>\$ (9,906,694)</u>	<u>\$ (9,451,780)</u>	<u>\$ (9,942,856)</u>	<u>\$ (9,672,823)</u>	<u>\$ (9,775,035)</u>	<u>\$ (11,046,432)</u>	<u>\$ (11,473,953)</u>	<u>\$ (12,344,062)</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 7,543,485	\$ 7,814,862	\$ 8,187,711	\$ 8,335,214	\$ 8,335,219	\$ 7,765,843	\$ 7,665,205	\$ 7,665,205	\$ 7,741,857	\$ 7,896,694
Taxes levied for debt service	1,032,132	1,075,746	1,078,863	1,099,829	1,019,250	909,944	1,039,326	1,042,794	1,035,349	619,902
Unrestricted grants & contributions	1,633,909	1,428,547	1,348,153	1,010,625	1,287,322	1,402,489	1,311,013	2,506,015	2,949,847	3,823,868
Tuition received	19,009	-	-	-	-	-	-	-	-	-
Investment earnings	37,962	5,791	5,284	4,138	26,847	17,073	17,327	16,754	14,616	20,632
Miscellaneous income	30,035	21,723	39,066	33,067	35,431	41,985	14,983	38,292	43,531	73,794
Special item-payment to refunding bond agent	-	-	-	-	-	-	145,500	-	-	-
Special item - loss on sale of capital assets	-	-	-	(23,069)	-	(2,364)	-	-	-	-
Total governmental activities	<u>10,287,993</u>	<u>10,424,963</u>	<u>10,555,620</u>	<u>10,457,804</u>	<u>10,704,069</u>	<u>10,134,970</u>	<u>10,193,354</u>	<u>11,269,060</u>	<u>11,785,200</u>	<u>12,434,890</u>
Business-type activities										
Investment earnings	356	14	65	34	-	129	150	163	243	357
Miscellaneous income	192	-	-	-	-	-	-	-	-	-
Transfers in (out)	8,539	(78,294)	-	-	-	-	-	-	-	-
Total business-type activities	<u>9,087</u>	<u>(78,280)</u>	<u>65</u>	<u>34</u>	<u>-</u>	<u>129</u>	<u>150</u>	<u>163</u>	<u>243</u>	<u>357</u>
Total district-wide	<u>\$ 10,297,080</u>	<u>\$ 10,346,683</u>	<u>\$ 10,555,685</u>	<u>\$ 10,457,838</u>	<u>\$ 10,704,069</u>	<u>\$ 10,135,099</u>	<u>\$ 10,193,504</u>	<u>\$ 11,269,223</u>	<u>\$ 11,785,443</u>	<u>\$ 12,435,247</u>
Change in net position										
Governmental activities	\$ 181,398	\$ 28,645	\$ 649,346	\$ 1,003,788	\$ 756,950	\$ 461,015	\$ 417,180	\$ 212,657	\$ 300,042	\$ 109,930
Business-type activities	4,094	5,743	(355)	2,270	4,263	1,261	1,289	10,134	11,448	(18,745)
Total district	<u>\$ 185,492</u>	<u>\$ 34,388</u>	<u>\$ 648,991</u>	<u>\$ 1,006,058</u>	<u>\$ 761,213</u>	<u>\$ 462,276</u>	<u>\$ 418,469</u>	<u>\$ 222,791</u>	<u>\$ 311,490</u>	<u>\$ 91,185</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Restricted	\$ 237,125	\$ 437,656	\$ 838,661	\$ 1,788,258	\$ 2,821,770	\$ 3,396,996	\$ 3,496,871	\$ 3,500,385	\$ 2,949,202	\$ 3,286,269
Committed	42,958	6,272	244,432	78,528	180,194	96,597	123,043	3,094	143,340	33,658
Assigned	75,000	-	-	-	-	95,822	75,856	65,545	92,892	38,677
Unassigned	161,373	218,564	271,721	270,318	292,830	277,265	262,418	262,326	237,872	297,306
Total general fund	<u>\$ 516,456</u>	<u>\$ 662,492</u>	<u>\$ 1,354,814</u>	<u>\$ 2,137,104</u>	<u>\$ 3,294,794</u>	<u>\$ 3,866,680</u>	<u>\$ 3,958,188</u>	<u>\$ 3,831,350</u>	<u>\$ 3,423,306</u>	<u>\$ 3,655,910</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 28,831	\$ 14,612	\$ 9,312	\$ 40,369	\$ 40,369	\$ 34,667	\$ 392,874	\$ 9,284	\$ -	\$ -
Assigned, reported in										
Debt service fund	5,579	825	825	130,000	130,000	-	1	5,001	7,001	2,002
Total all other governmental funds	<u>\$ 34,410</u>	<u>\$ 15,437</u>	<u>\$ 10,137</u>	<u>\$ 170,369</u>	<u>\$ 170,369</u>	<u>\$ 34,667</u>	<u>\$ 392,875</u>	<u>\$ 14,285</u>	<u>\$ 7,001</u>	<u>\$ 2,002</u>

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 8,575,617	\$ 8,890,608	\$ 9,266,574	\$ 9,435,043	\$ 9,354,469	\$ 8,675,787	\$ 8,704,531	\$ 8,707,999	\$ 8,777,206	\$ 8,516,596
Tuition charges	19,009	-	-	14,000	25,200	33,600	34,320	34,500	42,930	34,517
Interest earnings	37,962	5,791	5,284	4,138	26,847	17,073	17,327	16,754	14,616	20,632
Before/After school child										
Care service fees	-	-	146,267	164,609	169,985	155,587	159,557	160,096	169,099	177,187
Miscellaneous	35,996	29,707	38,184	162,949	36,770	50,282	20,658	40,675	41,878	59,004
State sources	1,634,619	1,428,547	1,307,979	1,010,625	1,259,057	1,402,489	1,311,013	1,428,919	1,530,866	1,701,510
State sources - capital projects	77,248	-	-	79,534	-	-	-	255,727	3,935	-
Federal sources	168,548	176,070	300,887	182,118	235,398	170,735	143,561	98,557	253,698	167,829
Total revenues	10,548,999	10,530,723	11,065,175	11,053,016	11,107,726	10,505,553	10,390,967	10,743,227	10,834,228	10,677,275
Expenditures										
Instruction										
Regular instruction	2,568,771	2,700,717	2,559,376	2,422,697	2,278,533	2,231,357	2,404,009	2,550,128	2,447,086	2,366,832
Special education instruction	807,912	790,261	843,614	769,073	752,085	801,133	895,219	925,663	1,024,839	1,040,519
Other special instruction	58,437	51,519	46,388	62,946	80,395	39,903	39,148	39,148	40,520	38,311
School sponsored/other instructional	67,634	73,214	173,140	168,660	167,730	177,829	172,918	194,890	191,543	189,556
Support services										
Tuition	331,396	386,067	338,319	343,428	332,493	223,510	137,768	305,265	150,123	363,980
Student & inst related services	776,725	887,311	862,244	761,639	952,686	997,920	952,260	967,229	906,917	793,706
General administration	588,785	433,631	423,783	386,198	360,650	344,975	327,719	358,693	341,766	381,562
School administration services	147,343	158,758	221,011	182,384	174,374	171,269	167,694	164,864	165,978	167,333
Central services	153,297	169,788	179,628	176,745	174,870	187,411	199,762	202,888	172,124	213,551
Administrative Information										
Technology	-	-	-	-	207	-	3,451	-	-	-
Plant operations & maintenance	1,069,212	1,071,189	838,824	827,624	835,840	816,587	912,328	813,459	712,286	740,964
Pupil transportation	639,387	665,815	651,897	530,243	544,643	584,371	481,271	494,475	480,243	511,823
Employee benefits	1,164,314	1,241,146	1,226,506	1,280,758	1,381,396	1,346,120	1,386,279	1,429,197	1,447,001	1,309,905
On-behalf TPAF pension & Social Security contribution	782,934	527,825	535,034	518,948	632,365	762,874	687,615	793,268	923,635	1,026,845
Capital outlay	51,814	25,600	9,349	140,231	35,186	139,518	74,522	205,703	924,823	123,604
Special revenue funds	169,258	185,569	262,508	182,601	207,347	170,829	146,061	98,557	257,205	168,555
Capital projects	483,306	14,219	5,300	203,077	-	5,702	31,285	639,317	85,445	113,842
Debt service										
Principal	424,000	422,000	441,000	482,000	405,000	445,000	465,000	485,000	505,000	550,000
Interest & other charges	630,005	677,325	656,775	669,242	634,236	623,061	602,442	580,911	558,467	462,624
Total expenditures	10,914,530	10,481,954	10,274,696	10,108,494	9,950,036	10,069,369	10,086,751	11,248,655	11,335,001	10,563,512

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Excess (deficiency) of revenues over (under) expenditures	\$ (365,531)	\$ 48,769	\$ 790,479	\$ 944,522	\$ 1,157,690	\$ 436,184	\$ 304,216	\$ (505,428)	\$ (500,773)	\$ 113,763
Other financing sources (uses)										
Proceeds from refunding bond issue	-	-	-	-	-	-	-	-	3,105,000	7,725,000
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	(3,147,418)	(8,661,966)
Premium (discount) on bond issue	-	-	-	-	-	-	-	-	127,863	1,050,808
Insurance claim proceeds for chiller damage	-	-	-	-	-	-	145,500	-	-	-
Transfers in (out)	(8,539)	78,294	(103,457)	(2,000)	-	-	-	-	-	-
Total other financing sources (uses)	(8,539)	78,294	(103,457)	(2,000)	-	-	145,500	-	85,445	113,842
Net change in fund balances	\$ (374,070)	\$ 127,063	\$ 687,022	\$ 942,522	\$ 1,157,690	\$ 436,184	\$ 449,716	\$ (505,428)	\$ (415,328)	\$ 227,605
Debt service as a percentage of non-capital expenditures	11.30%	11.77%	11.98%	13.36%	11.71%	12.06%	11.98%	11.42%	11.48%	10.87%

Source: District Records

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

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Interest income	\$ 35,920	\$ 5,466	\$ 5,014	\$ 4,126	\$ 26,847	\$ 26,847	\$ 17,327	\$ 16,754	\$ 14,616	\$ 20,632
Tuition	19,009	-	-	14,000	25,200	25,200	34,320	34,500	42,930	34,517
Prior year accounts payable canceled	-	2,225	1,356	302	522	2,420	-	14	1,690	5,665
Insurance rebates	-	5,981	-	7,938	-	-	-	-	-	-
Bid spec fees	-	-	-	350	400	-	-	-	-	-
Prior year refund	20,751	-	8,668	-	-	-	-	1,360	18,201	2,158
Rentals	10,000	2,480	1,403	3,129	4,805	11,042	7,255	6,463	7,990	4,140
Miscellaneous other	41	161	349	342	3,561	1,988	860	1,462	2,771	346
Sale of surplus assets	-	-	-	-	-	-	-	2,400	-	-
Sale of property	-	-	-	130,000	-	-	-	-	-	-
Donations/Contributions	5,074	-	2,500	3,000	6,453	7,100	3,600	88	1,701	4,000
Textbook sales	-	-	495	271	245	42	132	-	-	-
Miscellaneous account balances canceled	-	-	193	-	49	2,155	-	-	-	9,340
E-Rate rebates	-	9,343	8,854	15,284	20,452	24,941	5,311	15,817	2,400	17,939
Before/After school child care service fees	-	-	146,267	164,609	169,985	169,985	159,557	160,096	169,099	177,187
FEMA storm reimbursement	-	-	-	-	-	-	-	-	-	11,490
Copier lease buy out	-	-	9,321	-	-	-	-	-	-	-
Miscellaneous grants/awards	-	-	2,503	-	-	500	1,000	12,300	1,000	3,200
Outstanding checks voided	130	18	747	1,850	69	-	-	771	617	-
Annual totals	\$ 90,925	\$ 25,674	\$ 187,670	\$ 345,201	\$ 258,588	\$ 272,220	\$ 229,362	\$ 252,025	\$ 263,015	\$ 290,614

Source: District Records

See independent auditors' report.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Vacant land	\$ 17,071,053	\$ 17,789,004	\$ 14,951,504	\$ 14,685,104	\$ 14,061,208	\$ 13,500,308	\$ 15,073,108	\$ 16,553,308	\$ 16,134,508	\$ 13,952,608
Residential	519,230,400	531,265,200	534,714,400	529,159,100	528,658,100	526,448,800	522,049,700	524,247,100	525,993,900	528,600,700
Farm regular	32,247,700	32,804,500	32,635,000	34,593,000	35,197,800	35,317,200	37,591,100	36,133,300	36,774,000	37,425,800
Q farm	1,073,165	1,074,115	1,077,841	1,114,981	1,116,136	1,119,036	1,082,411	1,072,111	1,031,611	1,036,261
Commercial	93,292,800	93,143,200	92,890,900	88,414,100	89,743,200	89,705,600	88,792,500	104,475,132	107,510,532	113,430,532
Industrial	14,192,100	14,192,100	14,192,100	10,386,700	10,386,700	10,386,700	10,386,700	10,386,700	10,386,700	4,498,800
Apartment	230,900	230,900	230,900	230,900	230,900	230,900	230,900	230,900	230,900	230,900
Total assessed value	677,338,118	690,499,019	690,692,645	678,583,885	679,394,044	676,708,544	675,206,419	693,098,551	698,062,151	699,175,601
Public utilities (a)	6,213,305	6,213,177	6,213,177	6,624,752	6,624,752	6,744,963	4,909,700	97	95	95
Net valuation taxable	\$ 683,551,423	\$ 696,712,196	\$ 696,905,822	\$ 685,208,637	\$ 686,018,796	\$ 683,453,507	\$ 680,116,119	\$ 693,098,648	\$ 698,062,246	\$ 699,175,696
Estimated actual county equalized value	\$ 1,039,966,366	\$ 1,018,649,790	\$ 930,199,976	\$ 879,826,191	\$ 851,139,945	\$ 819,980,212	\$ 782,462,171	\$ 801,919,065	\$ 809,910,948	\$ 809,699,596
Percentage of net valuation to estimated actual equalized value	65.73%	68.40%	74.92%	77.88%	80.60%	83.35%	86.92%	86.43%	86.19%	86.35%
Total direct school tax rate (b)	\$ 1.30	\$ 1.33	\$ 1.35	\$ 1.37	\$ 1.26	\$ 1.27	\$ 1.28	\$ 1.27	\$ 1.22	\$ 1.25

Source: Municipal Tax Assessor

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

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

See independent auditors' report.

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

Assessment Year	School District Direct Rate			Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate		Municipality	County	
2008	\$ 1.14	\$ 0.16	\$ 1.30	\$ 0.69	\$ 0.18	\$ 0.51	\$ 2.68
2009	1.18	0.15	1.33	0.74	0.20	0.50	2.77
2010	1.19	0.16	1.35	0.75	0.21	0.46	2.77
2011	1.22	0.15	1.37	0.74	0.22	0.44	2.77
2012	1.13	0.13	1.26	0.74	0.23	0.44	2.67
2013	1.12	0.15	1.27	0.75	0.22	0.44	2.68
2014	1.13	0.15	1.28	0.70	0.25	0.42	2.65
2015	1.12	0.15	1.27	0.67	0.26	0.44	2.64
2016	1.13	0.09	1.22	0.68	0.33	0.43	2.66
2017	1.16	0.09	1.25	0.68	0.29	0.43	2.65

Sources: Municipal Tax Collector

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

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

See independent auditors' report.

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

	2017			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Energy (NJ)	\$ 31,240,250	1	4.47%	\$ 31,240,251	1
Transcontinental Gas Pipeline Company	15,682,632	2	2.24%	4,909,700	4	0.72%
Crown Perryville LLC	15,000,000	3	2.15%	19,000,000	2	2.78%
Kramer Electronic Holdings LLC	5,750,000	4	0.82%	-	-	-
FW LLC/FW Realty	5,341,950	5	0.76%	3,484,750	7	0.51%
County Arch Care Center	4,690,800	6	0.67%	4,618,500	5	0.68%
Amsdell Storage Ventures XXXVII LLC	3,642,400	7	0.52%	-	-	-
Evergreen Associates	3,464,965	8	0.50%	4,099,100	6	0.60%
Fallone at Union LLC	2,730,000	9	0.39%	-	-	-
Pilot Trvl Cntrs, Property Tax Dept.	2,502,200	10	0.36%	-	-	-
INO Therapeutics Inc	-	-	-	8,610,000	3	1.26%
Clinton Block LLC	-	-	-	3,445,400	8	0.50%
FDRA LLC	-	-	-	2,513,000	9	0.37%
Perryville III Associates LP	-	-	-	2,080,300	10	0.30%
	<u>\$ 90,045,197</u>		<u>12.88%</u>	<u>\$ 84,001,001</u>		<u>12.29%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

<u>Year Ending December 31,</u>	<u>Taxes Levied for the Year</u>	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2007	\$ 17,944,383	\$ 17,539,149	97.74%
2008	18,587,529	18,257,565	98.22%
2009	19,364,904	19,012,814	98.18%
2010	19,413,460	18,855,017	97.12%
2011	19,059,250	18,642,164	97.81%
2012	18,298,891	17,966,651	98.18%
2013	18,368,253	18,150,939	98.81%
2014	18,100,940	17,904,428	98.91%
2015	18,335,189	18,064,248	98.52%
2016	18,207,655	18,039,144	99.07%

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

(a)

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2008	\$ 16,085,000	\$ -	\$ 14,271	\$ -	\$ -	\$ 16,099,271	3.77%	\$ 2,572
2009	15,663,000	-	9,692	-	-	15,672,692	3.41%	2,510
2010	15,222,000	-	4,937	-	-	15,226,937	3.43%	2,454
2011	14,740,000	-	-	-	-	14,740,000	3.51%	2,503
2012	14,335,000	-	-	-	-	14,335,000	3.36%	2,450
2013	13,890,000	-	-	-	-	13,890,000	3.17%	2,397
2014	13,425,000	-	-	-	-	13,425,000	3.08%	2,321
2015	12,940,000	-	-	-	-	12,940,000	2.88%	2,261
2016	12,455,000	-	-	-	-	12,455,000	2.73%	2,202
2017	11,905,000	-	-	-	-	11,905,000	N/A	2,137

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

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

See independent auditors' report.

**Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
2008	\$ 16,085,000	\$ -	\$ 16,085,000	2.35%	2,570
2009	15,663,000	-	15,663,000	2.25%	2,508
2010	15,222,000	-	15,222,000	2.18%	2,454
2011	14,740,000	-	14,740,000	2.15%	2,503
2012	14,335,000	-	14,335,000	2.09%	2,450
2013	13,890,000	-	13,890,000	2.03%	2,397
2014	13,425,000	-	13,425,000	1.97%	2,321
2015	12,940,000	-	12,940,000	1.87%	2,261
2016	12,455,000	-	12,455,000	1.78%	2,202
2017	11,130,000	-	11,130,000	1.59%	1,997

NOTES: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2016

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Governmental Unit			
Debt repaid with property taxes			
Municipality	\$ 4,214,523	100.00%	\$ 4,214,523
Regional High School	755,000	9.85%	74,331
County general obligation debt	75,793,752	3.78%	2,868,411
Subtotal, overlapping debt			7,157,265
School district direct debt			11,905,000
Total direct and overlapping debt			\$ 19,062,265

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized Valuation Basis
	2016 \$ 808,410,134
	2015 804,151,933
	2014 781,217,655
	\$2,393,779,722
Average equalized valuation of taxable property	\$ 797,926,574
Debt limit (3.0% of average equalization value)	\$ 23,937,797
Total net debt applicable to limit	11,130,000
Legal debt margin	\$ 12,807,797

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt limit	\$ 25,438,931	\$ 24,355,671	\$ 23,748,693	\$ 23,639,114	\$ 23,937,797
Total net debt applicable	13,890,000	13,425,000	12,940,000	12,435,000	11,130,000
Legal debt margin	\$ 11,548,931	\$ 10,930,671	\$ 10,808,693	\$ 11,204,114	\$ 12,807,797
Total net debt applicable to the limit as a percentage of debt limit	54.60%	55.12%	54.49%	52.60%	46.50%

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt limit	\$ 27,127,201	\$ 28,594,843	\$ 28,625,717	\$ 27,897,391	\$ 26,504,317
Total net debt applicable	16,085,000	15,663,000	15,222,000	14,740,000	14,335,000
Legal debt margin	\$ 11,042,201	\$ 12,931,843	\$ 13,403,717	\$ 13,157,391	\$ 12,169,317
Total net debt applicable to the limit as a percentage of debt limit	59.29%	54.78%	53.18%	52.84%	54.09%

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

(a) Limit Set by N.J.S.A. 18A:24-19

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2008	6,245	\$ 460,225,275	\$ 73,695	3.8%
2009	6,204	443,759,712	71,528	7.0%
2010	5,890	419,715,510	71,259	7.2%
2011	5,852	426,183,604	72,827	7.0%
2012	5,794	438,310,306	75,649	7.2%
2013	5,783	435,835,795	75,365	6.0%
2014	5,722	449,102,614	78,487	4.5%
2015	5,657	456,853,663	80,759	4.5%
2016	5,572	N/A	N/A	3.8%
2017	N/A	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

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

2017

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

2008

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

See independent auditors' report.

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	46.0	39.0	39.0	38.5	34.5	35.3	37.0	35.0	35.0	38.0
Special education	10.0	9.0	7.0	16.5	16.0	15.5	16.5	19.2	20.0	20.0
Other instruction	-	-	2	1	2	1	1	-	-	-
Support services										
Student and instruction related services	4	6	13	9	8	10	9	8	8	8
General administration	2	2	2	2	2	2	2	2	2	2
School administration services	4	2	2	2	2	1	2	2	2	2
Other administration services	4	4	2	2	3	2	-	-	-	-
Central services	2	2	3	3	3	2	3	3	3	3
Plant operations and maintenance	8	7	7	8	7	7	8	8	6	8
Before & after care	-	-	7	4	3	2	3	3	3	6
Total	79.8	71.0	82.5	84.5	79.9	77.9	80.4	80.2	78.2	87.0

Source: District Personnel Records

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (b)</u>	<u>Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) (c)</u>	<u>Average Daily Attendance (ADA) (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2008	607	\$ 9,325,405	\$ 15,363	3.61%	54	1 to 11.22	606.7	581.7	0.56%	95.88%
2009	574	9,342,810	16,277	5.95%	48	1 to 11.95	554.4	531.0	-8.62%	95.78%
2010	535	9,162,272	17,126	5.22%	46	1 to 11.63	533.3	511.4	-3.81%	95.89%
2011	516	8,613,944	16,694	-2.52%	46	1 to 11.34	514.4	493.5	-3.54%	95.94%
2012	493	8,875,614	18,003	7.84%	43	1 to 11.41	526.5	506.7	2.35%	96.24%
2013	495	8,856,088	17,891	-0.62%	41	1 to 12.07	447.5	427.9	-15.00%	95.62%
2014	493	8,913,502	18,080	1.06%	43	1 to 11.46	495.3	478.7	10.69%	96.64%
2015	495	9,337,724	18,864	4.34%	44	1 to 11.25	471.0	452.9	-4.91%	96.16%
2016	449	9,261,266	20,626	9.34%	45	1 to 9.98	452.7	436.1	-3.89%	96.33%
2017	436	9,313,442	21,361	3.56%	48	1 to 9.08	449.6	431.0	-0.68%	95.86%

Source: District Records

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

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Middle School (1954)										
Square feet	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Capacity (students)	550	550	550	550	550	550	550	550	550	550
Enrollment	300	277	242	333	243	251	249	240	234	230
Elementary School (2007)										
Square feet	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	306	303	282	187	250	244	249	255	215	208
Number of Schools at June 30, 2017										
Elementary & Middle =		2								

Source: District Facilities Office

N/A = Not Available

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

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ending</u>	<u>School Facilities*</u>		<u>Total</u>
	<u>Elementary School</u>	<u>Middle School</u>	
2008	\$ 60,587	\$ 61,884	\$ 122,471
2009	50,413	149,760	200,173
2010	39,175	58,709	97,884
2011	19,390	70,875	90,265
2012	92,881	159,680	252,561
2013	59,456	137,332	196,788
2014	30,944	110,352	141,296
2015	113,054	69,906	182,960
2016	82,329	51,878	134,207
2017	62,279	66,591	128,870
Total school facilities	<u>\$ 610,508</u>	<u>\$ 936,967</u>	<u>\$ 1,547,475</u>

* School Facilities As Defined Under E.F.C.F.A.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2017
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy - NJ Schools		
Insurance Group		
Property - Building Blanket and Contents (Fund Limit)	\$ 450,000,000	\$ 2,500
General Liability	6,000,000	-
Equipment Breakdown	100,000,000	2,500
Crime Public Employee Dishonesty	250,000	1,000
Auto Liability	6,000,000	-
Auto Physical Damage	Actual Cash Value	1,000
 School Board Legal Liability - NJ Schools Insurance Group		
Errors and Omissions	6,000,000	5,000
 Workers Compensation - NJ Schools Insurance Group		
Per accident per employee	2,000,000	-
Per disease per employee	2,000,000	-
Disease Policy Limit	2,000,000	-
 Public Employees' Faithful Performance - NJ Schools		
Insurance Group		
Treasurer of School Monies	180,000	1,000
School Board Secretary	180,000	1,000
 Student Accident Insurance - BMI benefits through Berkeley		
Policy Limit	1,000,000	Full Excess
 Pollution Policy - NJ Schools Insurance Group		
through Zurich American Insurance Company		
Claim Limit	1,000,000	25,000

Source: District Records

See independent auditors' report.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Union Township School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 2017.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies as findings number 2017-001, 2017-002, 2017-003, and 2017-004.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying Schedule of Findings and Questioned Costs as findings number 2017-001, 2017-002, 2017-003, and 2017-004.

Union Township School Districts Response to Findings

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

Purpose of this Report

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

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

William Colantano

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

December 5, 2017
Flemington, New Jersey



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

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

Report on Compliance for Each Major State Program

We have audited the Union Township School District's, (the District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey OMB Circular Letter 15-08 that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2017. Union Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08. Those standards, the Uniform Guidance and OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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 state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major 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 state programs for the fiscal year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08 and which is described in the accompanying schedule of findings and questioned costs as findings number 2017-001, 2017-002 and 2017-004. Our opinion on each major state program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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 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 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 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as findings number 2017-001, 2017-002 and 2017-004 which we consider to be a significant deficiency.

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

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

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



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

December 5, 2017
Flemington, New Jersey

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2017

Grantor/Program Title	Federal		Program				Balance 06/30/16	Carryover Amount	Cash Received	Budgetary Expenditure	Adjust- ment	Repayment of Prior Year Balance	Balance June 30, 2017		
	CFDA Number	FAIN Number	Project Number	or Award Amount	Grant Period								Accounts Receivable	Deferred Revenue	Due to Grantor
					From	To									
U.S. Department of Education passed through State Department of Education															
Special revenue fund															
NCLB Title I A	84.010A	S010S160030	NCLB-527017	\$ 57,432	7/1/2016	6/30/2017	\$ -	\$ -	\$ 57,432	\$ 57,432	\$ -	\$ -	\$ -	\$ -	\$ -
NCLB Title II A	84.367A	S367A150029	NCLB-527013	8,517	7/1/2012	6/30/2013	(1,084)	-	-	-	1,084	-	-	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-527014	8,433	7/1/2013	6/30/2014	(1,276)	-	-	-	1,276	-	-	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-527015	8,574	7/1/2014	6/30/2015	(8,574)	-	-	-	-	-	(8,574)	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-527017	8,120	7/1/2016	6/30/2017	-	-	-	8,120	-	-	(8,120)	-	-
Rural education achievement program	84.358A	S358B150030	S358A15-7757	51,426	7/1/2015	6/30/2016	79	-	-	79	-	-	-	-	-
IDEA Basic	84.027	H027A160100	IDEA-527017	98,891	7/1/2016	6/30/2017	-	-	98,891	98,891	-	-	-	-	-
IDEA Basic	84.027	H027A150100	IDEA-527016	108,104	7/1/2015	6/30/2016	(79,383)	-	79,383	-	-	-	-	-	-
IDEA Preschool	84.173	H173S160114	IDEA-527017	3,307	7/1/2016	6/30/2017	-	-	3,307	3,307	-	-	-	-	-
IDEA Preschool	84.173	H173S150114	IDEA-527016	3,332	7/1/2015	6/30/2016	(2,332)	-	2,332	-	-	-	-	-	-
Total special revenue fund							<u>(92,570)</u>	<u>-</u>	<u>241,345</u>	<u>167,829</u>	<u>2,360</u>	<u>-</u>	<u>(16,694)</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture passed through State Department of Agriculture															
Enterprise fund															
Child nutrition center															
National school lunch program non-cash assistance (commodities)	10.555	1616NJ304N1099	N/A	10,836	7/1/2015	6/30/2016	1,094	-	-	1,094	-	-	-	-	-
National school lunch program non-cash assistance (commodities)	10.555	171NJ304N1099	N/A	11,877	10/1/2016	9/30/2017	-	-	11,877	11,013	-	-	-	864	-
National school lunch program cash assistance	10.555	1616NJ304N1099	N/A	20,690	7/1/2015	6/30/2016	(5,505)	-	5,505	-	-	-	-	-	-
National school lunch program cash assistance	10.555	171NJ304N1099	N/A	19,924	10/1/2016	9/30/2017	-	-	19,260	19,924	-	-	(664)	-	-
Total interprise fund							<u>(4,411)</u>	<u>-</u>	<u>36,642</u>	<u>32,031</u>	<u>-</u>	<u>-</u>	<u>(664)</u>	<u>864</u>	<u>-</u>
Total Federal financial assistance							<u>\$ (96,981)</u>	<u>\$ -</u>	<u>\$ 277,987</u>	<u>\$ 199,860</u>	<u>\$ 2,360</u>	<u>\$ -</u>	<u>\$ (17,358)</u>	<u>\$ 864</u>	<u>\$ -</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2017

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016			Budgetary Expenditure	Adjustments	Balance June 30, 2017			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received			Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General fund														
Special education categorical aid	17-495-034-5120-089	\$ 297,451	7/1/2016	6/30/2017	\$ -	\$ -	\$ 269,158	\$ 297,451	\$ -	\$ -	\$ -	\$ -	\$ 28,293	\$ 297,451
Security aid	17-495-034-5120-084	36,554	7/1/2016	6/30/2017	-	-	33,077	36,554	-	-	-	-	3,477	36,554
Transportation aid	17-495-034-5120-014	211,819	7/1/2016	6/30/2017	-	-	191,671	211,819	-	-	-	-	20,148	211,819
Adjustment aid	17-495-034-5120-085	17,175	7/1/2016	6/30/2017	-	-	15,541	17,175	-	-	-	-	1,634	17,175
PARCC readiness aid	17-495-034-5120-098	4,615	7/1/2016	6/30/2017	-	-	4,176	4,615	-	-	-	-	439	4,615
Per pupil growth aid	17-495-034-5120-097	4,615	7/1/2016	6/30/2017	-	-	4,176	4,615	-	-	-	-	439	4,615
Professional learning community aid	17-495-034-5120-101	4,325	7/1/2016	6/30/2017	-	-	3,914	4,325	-	-	-	-	411	4,325
Extraordinary aid	16-495-034-5120-044	35,455	7/1/2015	6/30/2016	(35,455)	-	35,455	-	-	-	-	-	-	35,455
Extraordinary aid	17-495-034-5120-044	97,017	7/1/2016	6/30/2017	-	-	-	97,017	-	(97,017)	-	-	-	97,017
Non-public transportation aid	16-495-034-5120-014	3,222	7/1/2015	6/30/2016	(3,222)	-	3,222	-	-	-	-	-	-	3,222
Non-public transportation aid	17-495-034-5120-014	5,130	7/1/2016	6/30/2017	-	-	-	5,130	-	(5,130)	-	-	-	5,130
TPAF - post retirement medical	17-495-034-5094-001	342,483	7/1/2016	6/30/2017	-	-	342,483	342,483	-	-	-	-	-	342,483
TPAF - non contributory insurance	17-495-034-5094-004	14,372	7/1/2016	6/30/2017	-	-	14,372	14,372	-	-	-	-	-	14,372
TPAF - long term disability insurance	17-495-034-5094-004	563	7/1/2016	6/30/2017	-	-	563	563	-	-	-	-	-	563
TPAF pension	17-495-034-5094-002	396,660	7/1/2016	6/30/2017	-	-	396,660	396,660	-	-	-	-	-	396,660
TPAF Social Security aid	16-495-034-5094-003	293,833	7/1/2015	6/30/2016	(26,975)	-	26,975	-	-	-	-	-	-	293,833
TPAF Social Security aid	17-495-034-5094-003	272,767	7/1/2016	6/30/2017	-	-	246,101	272,767	-	(26,666)	-	-	-	272,767
Total general fund					(65,652)	-	1,587,544	1,705,546	-	(128,813)	-	-	54,841	2,038,056
NJ School Development Authority														
Capital projects fund														
Middle school HVAC/Security upgrades	5270-050-14-1001	212,049		Unavailable	(212,049)	-	-	-	-	(212,049)	-	-	-	212,049
Elementary school security upgrades	5270-060-14-2002	47,613		Unavailable	(47,613)	-	-	-	-	(47,613)	-	-	-	47,613
Total capital projects fund					(259,662)	-	-	-	-	(259,662)	-	-	-	259,662
State Department of Agriculture														
Enterprise fund														
State school lunch program	16-100-010-3350-023	1,544	7/1/2015	6/30/2016	(403)	-	403	-	-	-	-	-	-	1,544
State school lunch program	17-100-010-3350-023	1,500	7/1/2016	6/30/2017	-	-	1,448	1,500	-	(52)	-	-	-	1,500
Total enterprise fund					(403)	-	1,851	1,500	-	(52)	-	-	-	3,044
Total State financial assistance					\$ (325,717)	\$ -	\$ 1,589,395	1,707,046	\$ -	\$ (388,527)	\$ -	\$ -	\$ 54,841	\$ 2,300,762
Less: On behalf TPAF pension system contributions								(754,078)						
Total for State financial assistance - major program determination								\$ 952,968						

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
June 30, 2017

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all Federal and State financial assistance of the Board of Education, Union Township School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

Note 3 - Relationship to basic financial statements

The financial statements present the General Fund and Special Revenue Fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the General Fund and Special Revenue Fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$4,036) for the General Fund. For a reconciliation of the budgetary basis to the modified accrual basis of accounting, please refer to Exhibit C-3 in this report.

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
June 30, 2017

Note 3 - Relationship to basic financial statements (continued)

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ -	\$ 1,701,510	\$ 1,701,510
Special Revenue Fund	726	167,829	-	168,555
Food Service Fund	-	32,031	1,500	33,531
 Total	 <u>\$ 726</u>	 <u>\$ 199,860</u>	 <u>\$ 1,703,010</u>	 <u>\$ 1,903,596</u>

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2017. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2017.

Note 6 - Adjustments on Schedule of Expenditures of Federal Awards

On Schedule A, for the NCLB Title IIA program for the fiscal year 2013, the adjustment of \$1,084 represents a canceled receivable. For the NCLB Title IIA program for the fiscal year 2014, the adjustment of \$1,276 represents a canceled receivable.

Note 7 - Indirect Costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

**UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

- 1. Were material weakness(es) identified? Yes No
- 2. Were significant deficiencies identified? Yes None reported

Noncompliance material to basic financial statements noted?

Yes No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes No
- 2. Were significant deficiencies identified? Yes None reported

What was the type of auditor's report issued on compliance for major programs?

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)?

Yes No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs?

Did the auditee qualify as a low-risk auditee?

Yes No

**UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Section I
For the Fiscal Year Ended June 30, 2017**

Section I - Summary of Auditor's Results (continued)
State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? Yes No

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? Yes No

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<u>17-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>17-495-034-5120-078</u>	<u>Adjustment Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness aid</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>17-495-034-5120-014</u>	<u>Transportation Aid</u>

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2017

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding 2017-001

Criteria

N.J.A.C. 6A:23A-16.10 prohibits a school district from incurring any obligation or approve any payment in excess of the amount appropriated in the applicable line item account or program category account and also requires the Board of Education to certify that no over-expenditures occurred.

Condition

Reports of the Board Secretary submitted to the Board of Education for approval included over-expenditures.

Context

Our review of the approved monthly financial reports disclosed several instances of over-expenditures of appropriation line-items in the General Fund Board Secretary report for the months of July through May.

Cause

Unknown

Effect

The District did not certify that their financial statements are free of any over-expenditures of appropriation line items. Furthermore, the risk of misappropriation of funds is increased when purchase orders are processed in accounts that do not have adequate available balances.

Recommendation

The District should take measures to ensure that over-expenditures of appropriation line item accounts do not occur as required by N.J.A.C. 6A:23A-16.10.

Views of Responsible Officials and Planned Corrective Action (unaudited)

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

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2017

Section II - Financial Statement Findings (continued)

Finding 2017-002

Criteria

The District must submit all required documentation to the NJ Schools Development Authority (SDA) to facilitate the collection of State Aid funding for their completed facility projects in the capital projects fund.

Condition

The District has not received NJ SDA funding for two completed facility projects.

Context

The first project is a HVAC and security upgrade project at the Middle School with a SDA Award amount of \$212,049. The second is a security upgrade project at the Elementary School with a SDA Award amount of \$47,613. The Grant Award date for both projects was January 6, 2014 and both projects were completed as of June 30, 2015.

Cause

Unknown

Effect

By not collecting the SDA Award funding, the District had to take an interfund loan from the General Fund to complete the project. Also, as more time elapses, there is an increased risk that the District will be unable to obtain the required documentation required by NJ SDA in order to collect the funds.

Recommendation

The District should take measures to collect the NJ Schools Development Authority Award Funds receivable for two completed facility projects in the Capital Projects Fund.

Views of Responsible Officials and Planned Corrective Action (unaudited)

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

Finding 2017-003

Criteria

The District is required to approve and submit a Comprehensive Maintenance Plan including Form M-1 annually by November 15th as required by N.J.A.C. 6A:26-20.5.

Condition

The District did not approve and submit a Comprehensive Maintenance Plan to the State of New Jersey in a timely manner.

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2017

Section II - Financial Statement Findings (continued)

Context

Our review of the Board minutes disclosed that the required approval of the Comprehensive Maintenance Plan was not performed and the document along with the Board of Education Resolution approving the submission was not sent to the Executive County Superintendent by November 15th as required by N.J.A.C. 6A:26-20.5.

Cause

Unknown

Effect

The District failed to submit the aforementioned documents in violation of N.J.A.C. 6A:26-20.5.

Recommendation

The District should take measures to ensure that the proper approval and submission of the Comprehensive Maintenance Plan is performed annually by November 15th as required by N.J.A.C. 6A:26-20.5.

Views of Responsible Officials and Planned Corrective Action (unaudited)

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

Finding 2017-004

Criteria

The Local Public Contracts Law as stated in N.J.S.A. 40A:11-1 requires that every contract awarded by the District, the cost of which exceeds the bid threshold, shall only be awarded by Board Resolution to the lowest responsible bidder after public advertising for bids is performed.

Condition

The District contracted for custodial services in excess of the bid threshold without public advertising for bids as required by the Local Public Contracts Law.

Context

Our review of purchasing disclosed that the District contracted for custodial services with Servicemaster by Round the Clock Cleaning with expenditures in fiscal year 2017 of \$54,060 without performing public advertising for bids as required by N.J.S.A 40A:11-1.

Cause

Unknown

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2017

Section II - Financial Statement Findings (continued)

Effect

The District did not comply with the requirements of the Local Public Contracts Law as stated in N.J.S.A. 40A:11-1.

Recommendation

The District should take measures to ensure that every contract, the cost of which exceeds the bid threshold, shall only be awarded by board resolution to the lowest responsible bidder after public advertising for bids is performed unless a viable exception exists.

Views of Responsible Officials and Planned Corrective Action (unaudited)

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

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal and State programs, as required by the Uniform Guidance and by the State of New Jersey OMB Circular 15-08.

Federal Awards

There were no findings or questioned costs for the year ended June 30, 2017

State Financial Assistance

Finding 2017-001

Information on the State Program

State Aid Public Cluster:

<i>Special Education Categorical Aid</i>	<i>GMIS Number 495-034-5120-089</i>
<i>Adjustment Aid</i>	<i>GMIS Number 495-034-5120-085</i>
<i>Security Aid</i>	<i>GMIS Number 495-034-5120-084</i>
<i>Per Pupil Growth Aid</i>	<i>GMIS Number 495-034-5120-097</i>
<i>PARCC Readiness Aid</i>	<i>GMIS Number 495-034-5120-098</i>
<i>Professional Learning Community Aid</i>	<i>GMIS Number 495-034-5120-101</i>

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2017

Section III - State Financial Assistance Findings and Questioned Costs (continued)

Criteria

N.J.A.C. 6A:23A-16.10 prohibits a school district from incurring any obligation or approve any payment in excess of the amount appropriated in the applicable line item account or program category account and also requires the Board of Education to certify that no over-expenditures occurred.

Condition

Reports of the Board Secretary submitted to the Board of Education for approval included over-expenditures.

Questioned Costs

None

Context

Our review of the approved monthly financial reports disclosed several instances of over-expenditures of appropriation line items in the General Fund Board Secretary report for the months of July through May.

Cause

Unknown

Cause

Unknown

Effect

The District did not certify that their financial statements are free of any over-expenditures of appropriation line items. Furthermore, the risk of misappropriation of funds is increased when purchase orders are processed in accounts that do not have adequate available balances.

Recommendation

The District should take measures to ensure that over-expenditures of appropriation line item accounts do not occur as required by N.J.A.C. 6A:23A-16.10.

Views of Responsible Officials and Planned Corrective Action (unaudited)

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

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2017

Section III - State Financial Assistance Findings and Questioned Costs (continued)
Finding 2017-002

Information on the State Program

State Aid Public Cluster:

<i>Special Education Categorical Aid</i>	<i>GMIS Number 495-034-5120-089</i>
<i>Adjustment Aid</i>	<i>GMIS Number 495-034-5120-085</i>
<i>Security Aid</i>	<i>GMIS Number 495-034-5120-084</i>
<i>Per Pupil Growth Aid</i>	<i>GMIS Number 495-034-5120-097</i>
<i>PARCC Readiness Aid</i>	<i>GMIS Number 495-034-5120-098</i>
<i>Professional Learning Community Aid</i>	<i>GMIS Number 495-034-5120-101</i>

Criteria

The District must submit all required documentation to the NJ Schools Development Authority (SDA) to facilitate the collection of state aid funding for their completed facility projects in the capital projects fund.

Condition

The District has not received NJ SDA funding for two completed facility projects.

Questioned Costs

None

Context

The first project is a HVAC and security upgrade project at the Middle School with a SDA Award amount of \$212,049. The second is a security upgrade project at the Elementary School with a SDA Award amount of \$47,613. The Grant Award date for both projects was January 6, 2014 and both projects were completed as of June 30, 2015.

Cause

Unknown

Effect

By not collecting the SDA Award funding, the District had to take an interfund loan from the General Fund to complete the project. Also, as more time elapses, there is an increased risk that the District will be unable to obtain the required documentation required by NJ SDA in order to collect the funds.

Recommendation

The District should take measures to collect the NJ Schools Development Authority award funds receivable for two completed facility projects in the Capital Projects Fund.

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2017

Section III - State Financial Assistance Findings and Questioned Costs (continued)

Views of Responsible Officials and Planned Corrective Action (unaudited)

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

Finding 2017-004

Information on the State Program:

<i>Special Education Categorical Aid</i>	<i>GMIS Number 495-034-5120-089</i>
<i>Adjustment Aid</i>	<i>GMIS Number 495-034-5120-085</i>
<i>Security Aid</i>	<i>GMIS Number 495-034-5120-084</i>
<i>Per Pupil Growth Aid</i>	<i>GMIS Number 495-034-5120-097</i>
<i>PARCC Readiness Aid</i>	<i>GMIS Number 495-034-5120-098</i>
<i>Professional Learning Community Aid</i>	<i>GMIS Number 495-034-5120-101</i>

Criteria

The Local Public Contracts Law as stated in N.J.S.A. 40A:11-1 requires that every contract awarded by the District, the cost of which exceeds the bid threshold, shall only be awarded by Board Resolution to the lowest responsible bidder after public advertising for bids is performed.

Condition

The District contracted for custodial services in excess of the bid threshold without public advertising for bids as required by the Local Public Contracts Law.

Questioned Costs

None

Context

Our review of purchasing disclosed that the District contracted for custodial services with Servicemaster by Round the Clock Cleaning with expenditures in fiscal year 2017 of \$54,060 without any evidence of public advertising for bids as required by N.J.S.A 40A:11-1.

Cause

Unknown

Effect

The District did not comply with the requirements of the Local Public Contracts Law as stated in N.J.S.A. 40A:11-1.

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Sections II and III
For the Fiscal Year Ended June 30, 2017

Section III - State Financial Assistance Findings and Questioned Costs (continued)

Recommendation

The District should take measures to ensure that every contract, the cost of which exceeds the bid threshold, shall only be awarded by Board Resolution to the lowest responsible bidder after public advertising for bids is performed unless a viable exception exists.

Views of Responsible Officials and Planned Corrective Action (unaudited)

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

UNION TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2017

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with Government Auditing Standards, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey OMB Circular 15-08.

Financial Statement Findings

Finding 2016-001

Condition

The District's approved budget for the Debt Service Fund for fiscal year ending June 30, 2017 was understated by \$387,722.

Current Status

The condition has been corrected.

Finding 2016-002

Condition

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

Current Status

The condition has been corrected.

State Financial Assistance Findings

Finding 2016-001

Information on the State Program:

Special Education Aid

GMIS Number 495-034-5120-089

Condition

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

Current Status

The condition has been corrected.