

**UNION TOWNSHIP
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2020

**Responsibility of the Management of
Union Township School District
Hunterdon County, New Jersey**



**UNION TOWNSHIP
SCHOOL DISTRICT**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

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UNION TOWNSHIP SCHOOLS

Nicholas A. Diaz, Superintendent

Union Township Elementary School
149 Perryville Road, Hampton, NJ 08827
E: NDiaz@uniontwpschool.org P: 908-735-5511
www.uniontwpschool.org #TigerPride #TheU

January 14, 2021

Honorable President and
Members of the Board of Education
Union Township School District, Hunterdon County
149 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, 2020, 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
2019 - 2020	436	+9
2018 - 2019	432	-6.5
2017 - 2018	462	+2.6
2016 - 2017	450	-.7
2015 - 2016	453	-8.2
2014 - 2015	495	+4
2013 - 2014	493	+3.7
2012 - 2013	475	-3.7
2011 - 2012	493	-4.6
2010 - 2011	517	-2.3

2) ECONOMIC CONDITION AND OUTLOOK

Twenty five percent of the land in Union Township is state owned. The state-owned land includes 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 is a new proposed residential development site located across the street from the Elementary School. This proposed development is slated to contain 74 single family homes and is still in the planning phase.

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.

During the 2019-20 school year the roof at the Middle School was completely replaced and/or repaired, the gymnasium was painted, and a new floor was installed, as well as new kitchen and cafeteria flooring. Energy efficiencies were also implemented through the Direct Install program at both buildings.

Some of the major facility issues still facing the district include:

Middle School:

- Kitchen requires an exhaust hood over the stove.
- Fire Suppression System needs to be completely replaced.
- Access Road needs repair to stop it from washing out in rainstorms.
- Parking lot repairs/resurfacing.
- Offices and other areas need carpet replaced.
- Exterior stairs to the boiler room need to be replaced.

Elementary School:

- Boiler controls (actuators and controllers).
- Parking lot repairs/resurfacing.
- Catch basin repairs.
- Offices and other areas need carpet replaced.

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 continue to 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 statements 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, special revenue fund, and 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 BKC, CPAs, 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 have greatly contributed to the financial state of the District.

Yours in Education,

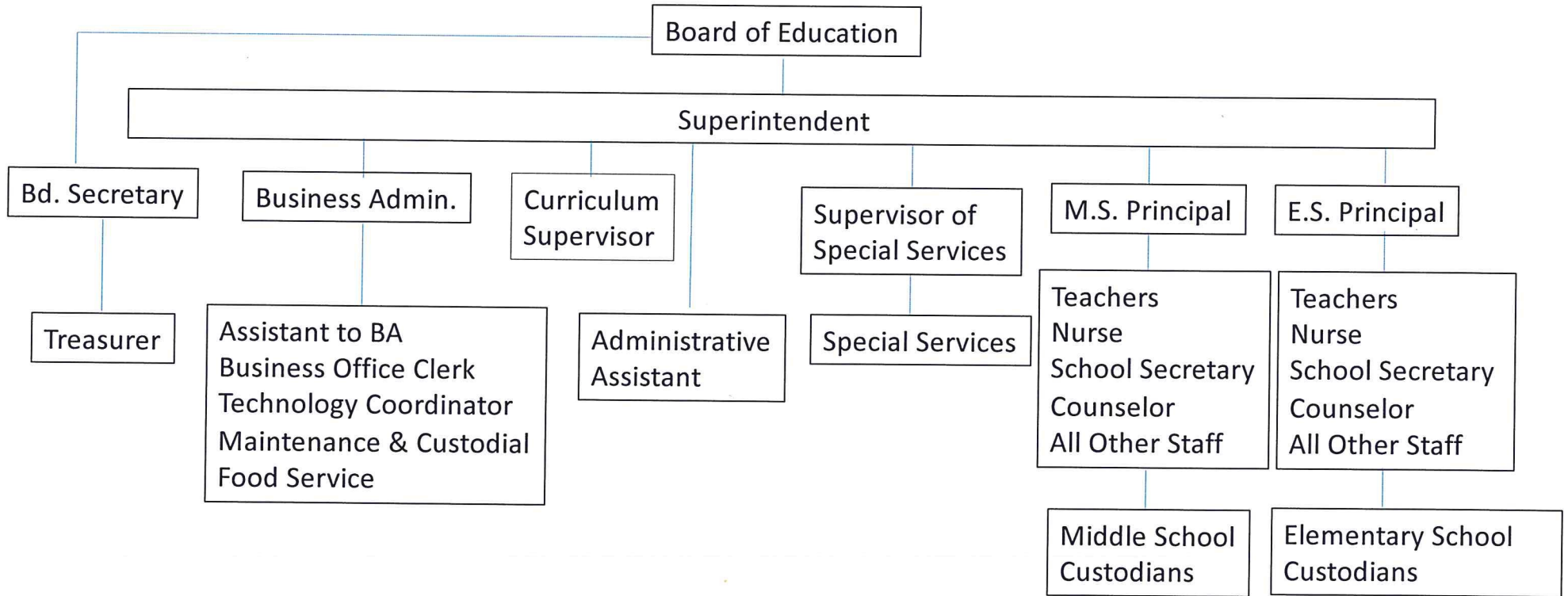


Nicholas Diaz
Superintendent



Patricia Martucci
Business Administrator/Board Secretary

Union Township School District Organizational Chart



UNION TOWNSHIP SCHOOL DISTRICT
Roster of Officials
June 30, 2020

Members of the Board of Education	Title	Term Expires
Lou Palma	President	2020
Jennifer Sigler	Vice-President	2022
Amelia Lamonde		2020
James Teipel		2020
Marcello DaSilva		2021
Julie Korson		2021
Jeff Monsell		2021
Kara Cherney		2022
Mary Ellen Folsom		2022
Other Officials	Title	
Nicholas Diaz	Superintendent	
Patricia Martucci	Board Secretary/School Business Administrator	
Paula Hatch	Treasurer	

UNION TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors
June 30, 2020

AUDIT FIRM

BKC, CPAs, P.C.
39 State Route 12, Ste 2
Flemington, NJ 08822

ATTORNEY

Schenck, Price, Smith & King
220 Park Avenue
Florham Park, NJ 07932

ARCHITECT

SSP Architectural Group, Inc.
1011 Route 22 W - Suite 203
Bridgewater, NJ 08807

OFFICIAL DEPOSITRY

Investors Bank



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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Union Township School District, (the District) in the County of Hunterdon, the State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2020, 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.

Change in Accounting Principle

The District adopted new accounting guidance, *GASB Statement No. 87, Leases*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits 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 an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The introduction section, combining and individual non-major fund financial statements, long term debt statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are 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.

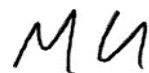
The introduction and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report January 14, 2021 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 solely 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 the effectiveness of 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.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

January 14, 2021
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, 2020
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, 2020. 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 2020 are as follows:

- In total, net position increased \$792,912 which represents a 12.26% increase from 2019.
- General revenues accounted for \$13,435,073 in revenue or 96.71% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$457,169 or 3.29% to total revenues of \$13,892,242.
- Total assets of governmental activities increased by \$1,337,196 as cash and cash equivalents increased by \$207,696, receivables and other assets increased by \$282,589 and capital assets increased by \$846,911.
- The School District had \$13,099,330 in expenses; only \$457,169 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$13,435,073 were adequate to provide for these programs.
- Among major funds, the general fund had \$10,964,371 in revenues, \$11,695,105 in expenditures, and \$1,187,942 in other financing sources. The general fund's balance increased \$457,208 from fiscal year 2019.

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, 2020
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 2020?"

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 measure and report the operating results by measuring cash on hand and other assets that can be easily 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.

UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

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.

The School District as a Whole

Table 1 provides a summary of the District's net position at June 30, 2020 with comparisons to June 30, 2019.

Table 1
Net Position

	06/30/20	06/30/19	Variance	
			Dollars	%
Assets				
Current & other assets	\$ 3,924,424	\$ 3,433,973	\$ 490,451	14.28%
Capital assets	17,301,423	16,455,238	846,185	5.14%
Total assets	<u>21,225,847</u>	<u>19,889,211</u>	<u>1,336,636</u>	<u>6.72%</u>
Deferred pension activity	561,672	664,082	(102,410)	-15.42%
Deferred amount on refunding	133,922	145,083	(11,161)	-7.69%
Total deferred outflow of resources	<u>695,594</u>	<u>809,165</u>	<u>(113,571)</u>	<u>-14.04%</u>
Liabilities				
Long-term liabilities	13,399,079	12,959,490	439,589	3.39%
Other liabilities	393,754	350,757	42,997	12.26%
Total liabilities	<u>13,792,833</u>	<u>13,310,247</u>	<u>482,586</u>	<u>3.63%</u>
Deferred pension activity	868,326	920,759	(52,433)	-5.69%
Total deferred inflow of resources	<u>868,326</u>	<u>920,759</u>	<u>(52,433)</u>	<u>-5.69%</u>
Net position				
Net investment in capital assets	7,981,423	6,555,238	1,426,185	21.76%
Restricted	2,595,447	2,075,828	519,619	25.03%
Unrestricted	(3,316,588)	(2,163,696)	(1,152,892)	-53.28%
Total net position	<u>\$ 7,260,282</u>	<u>\$ 6,467,370</u>	<u>\$ 792,912</u>	<u>12.26%</u>

Total assets for district-wide purposes increased \$1,336,636. Cash and cash equivalents increased by \$229,000; receivables and other assets increased by \$261,451 and capital assets increased by \$846,185. Unrestricted net position decreased by \$1,152,892 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.

UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The negative balance in unrestricted net position 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 for the fiscal year ended June 30, 2020 with comparisons to the fiscal year ended June 30, 2019.

Table 2
Changes in Net Position

	Fiscal Year Ending		Variance	
	06/30/20	06/30/19	Dollars	%
Revenues				
Program revenues				
Charges for services	\$ 240,917	\$ 303,691	\$ (62,774)	-20.67%
Operating grants	216,252	262,021	(45,769)	-17.47%
General revenues				
Property taxes	9,339,618	9,171,446	168,172	1.83%
Unrestricted grants	3,908,062	4,150,412	(242,350)	-5.84%
Other	187,393	76,671	110,722	144.41%
Total revenues	<u>13,892,242</u>	<u>13,964,241</u>	<u>(71,999)</u>	-0.52%
Expenses				
Instruction				
Regular	4,948,697	5,130,049	(181,352)	-3.54%
Special	1,934,496	2,195,217	(260,721)	-11.88%
Other	361,902	568,900	(206,998)	-36.39%
Support services				
Tuition	344,343	335,463	8,880	2.65%
Student & instructional staff	2,202,756	2,147,503	55,253	2.57%
General & business administration	558,843	963,351	(404,508)	-41.99%
School administration	492,382	364,857	127,525	34.94%
Maintenance	1,178,939	1,118,714	60,225	5.38%
Transportation	607,272	533,144	74,128	13.90%
Special schools	25,561	25,653	(92)	-0.36%
Food service	96,167	130,018	(33,851)	-26.04%
Interest on long-term debt	347,972	356,341	(8,369)	-2.35%
Total expenses	<u>13,099,330</u>	<u>13,869,210</u>	<u>(769,880)</u>	-5.55%
Increase (decrease) in net position	<u>\$ 792,912</u>	<u>\$ 95,031</u>	<u>\$ 697,881</u>	734.37%

UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
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 69.52% of revenues for governmental activities for the Union Township School District for fiscal year 2020.

Instruction comprises 55.31% of district expenses. Support services expenses make up 42.03% of the expenses. Interest on long-term debt makes up 2.66% 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 for the fiscal year ended June 30, 2020 with comparisons to the fiscal year ended June 30, 2019.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/20	06/30/19	06/30/20	06/30/19
Instruction	\$ 7,245,095	\$ 7,894,166	\$ 7,016,503	\$ 7,549,050
Support services				
Tuition	344,343	335,463	219,710	269,111
Student & instructional staff	2,202,756	2,147,503	2,197,312	2,134,487
General & business administration	558,843	963,351	558,843	963,351
School administration	492,382	364,857	492,382	364,857
Plant operations & maintenance	1,178,939	1,118,714	1,174,711	1,105,429
Pupil transportation	607,272	533,144	606,041	533,144
Special schools	25,561	25,653	25,561	25,653
Food service	96,167	130,018	3,126	2,075
Interest on long-term debt	347,972	356,341	347,972	356,341
Total expenses	<u>\$ 13,099,330</u>	<u>\$ 13,869,210</u>	<u>\$ 12,642,161</u>	<u>\$ 13,303,498</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.

UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

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

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

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

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 67.23 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 \$12,109,832, expenditures of \$12,844,107, and other financing use of \$1,187,942. The net positive change in fund balance for the year of \$453,666 occurred in the general fund.

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 fiscal year 2020, 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 \$9,553,895 which was \$161,368 above original budgeted estimates of \$9,392,527. This difference was due primarily to unbudgeted state aid realized of \$101,559.

The general fund revenues of the School District were greater than expenditures and other financing uses by \$456,732

UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Capital Assets

At the end of the fiscal year 2020, the School District had \$17,301,423 invested in land, buildings, vehicles, and furniture and equipment.

Table 4 provides a summary of the School District's capital assets net of depreciation at June 30, 2020 with comparisons to June 30, 2019.

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

	06/30/20	06/30/19	Variance	
			Dollars	%
Land	\$ 189,696	\$ 189,696	\$ -	0.00%
Construction in progress	-	338,687	(338,687)	100.00%
Land improvements	134,265	145,123	(10,858)	-7.48%
Buildings & improvements	15,056,626	15,446,820	(390,194)	-2.53%
Leased building improvements	1,187,500	-	1,187,500	*
Vehicles	28,274	36,352	(8,078)	-22.22%
Furniture and equipment	705,062	298,560	406,502	136.15%
Total	\$ 17,301,423	\$ 16,455,238	\$ 846,185	5.14%

* = Undefined

Overall capital assets increased \$846,185 from fiscal year 2019 to fiscal year 2020. Increases in capital assets (primarily buildings and improvements and furniture and equipment) were offset by depreciation expenses for the year.

UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Debt Administration

At June 30, 2020, the School District had \$13,399,079 in long-term liabilities. This amount is detailed in Table 5.

At June 30, 2020, the School District's overall legal debt limit was \$25,325,808 and the legal debt margin was \$16,005,808.

Table 5 provides a summary of the School District's outstanding long-term liabilities at June 30, 2020 with comparisons to June 30, 2019.

Table 5
Long-Term Liabilities at Year-End

	06/30/20	06/30/19	Variance	
			Dollars	%
General obligation bonds	\$ 9,320,000	\$ 9,900,000	\$ (580,000)	-5.86%
Net pension liability	1,871,693	1,934,691	(62,998)	-3.26%
Unamortized bond premium	914,757	993,335	(78,578)	-7.91%
Capital lease payable	1,250,000	-	1,250,000	*
Compensated absences	42,629	131,464	(88,835)	-67.57%
	<u>\$ 13,399,079</u>	<u>\$ 12,959,490</u>	<u>\$ 439,589</u>	3.39%

* = Undefined

For the Future

The Union Township Public School District is presently in a good financial condition with funds in capital reserve, maintenance reserve, and emergency reserve accounts. A constant concern with future finances is the 2% cap on the tax levy and continual flat state aid.

Union Township is primarily a residential community with very few ratables which places the tax burden on residential homeowners. During the 2019-20 school year, the district plans to replace a large section of the Middle School roof; install security film on the windows at both the Middle and Elementary Schools; make energy upgrades to the lighting and HVAC systems in both schools; in addition to maintaining all other building functions.

The Union Township School District commits itself to financial excellence every year and 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 challenges of the future.

UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

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 Patricia Martucci, Union Township Board of Education, 149 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, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 536,596	\$ 35,752	\$ 572,348
Due from other funds	97,118	-	97,118
Receivables, net	653,893	723	654,616
Inventory	-	4,895	4,895
Restricted assets			
Capital reserve account - cash	1,630,447	-	1,630,447
Maintenance reserve account - cash	715,000	-	715,000
Emergency reserve account - cash	250,000	-	250,000
Capital assets, net			
Land and construction in progress	189,696	-	189,696
Other capital assets, net of depreciation	17,106,595	5,132	17,111,727
Total assets	21,179,345	46,502	21,225,847
Deferred outflows of resources			
Deferred amount on pension activity	561,672	-	561,672
Deferred amount on refunding bond issue	133,922	-	133,922
Total deferred outflows of resources	695,594	-	695,594
Liabilities			
Accounts payable	179,738	-	179,738
Accrued interest	185,063	-	185,063
Unearned revenue	20,837	8,116	28,953
Long-term liabilities			
Due within one year	917,380	-	917,380
Due beyond one year	12,481,699	-	12,481,699
Total liabilities	13,784,717	8,116	13,792,833
Deferred inflows of resources			
Deferred amount on pension liability	868,326	-	868,326
Net position			
Net investment in capital assets	7,976,291	5,132	7,981,423
Restricted for			
Capital reserve fund	1,630,447	-	1,630,447
Maintenance reserve fund	715,000	-	715,000
Emergency reserve fund	250,000	-	250,000
Unrestricted	(3,349,842)	33,254	(3,316,588)
Total net position	\$ 7,221,896	\$ 38,386	\$ 7,260,282

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2020

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	\$ 2,877,678	\$ 2,071,019	\$ 84,709	\$ 52,581	\$ -	\$ (4,811,407)	\$ -	\$ (4,811,407)
Special education	1,184,127	750,369	-	-	-	(1,934,496)	-	(1,934,496)
Other special instruction	72,109	30,354	-	3,219	-	(99,244)	-	(99,244)
Other instruction	195,305	64,134	88,083	-	-	(171,356)	-	(171,356)
Support services								
Tuition	344,343	-	-	124,633	-	(219,710)	-	(219,710)
Students and instruction related services	1,362,426	840,330	-	5,444	-	(2,197,312)	-	(2,197,312)
General and business administration services	392,544	166,299	-	-	-	(558,843)	-	(558,843)
School administration services	302,909	189,473	-	-	-	(492,382)	-	(492,382)
Plant operations and maintenance	1,066,499	112,440	4,228	-	-	(1,174,711)	-	(1,174,711)
Pupil transportation	583,142	24,130	1,231	-	-	(606,041)	-	(606,041)
Special schools	25,561	-	-	-	-	(25,561)	-	(25,561)
Interest on long-term debt	347,972	-	-	-	-	(347,972)	-	(347,972)
Total governmental activities	<u>8,754,615</u>	<u>4,248,548</u>	<u>178,251</u>	<u>185,877</u>	<u>-</u>	<u>(12,639,035)</u>	<u>-</u>	<u>(12,639,035)</u>
Business-type activities								
Food service	96,167	-	62,666	30,375	-	-	(3,126)	(3,126)
Total business-type activities	<u>96,167</u>	<u>-</u>	<u>62,666</u>	<u>30,375</u>	<u>-</u>	<u>-</u>	<u>(3,126)</u>	<u>(3,126)</u>
Total primary government	<u>\$ 8,850,782</u>	<u>\$ 4,248,548</u>	<u>\$ 240,917</u>	<u>\$ 216,252</u>	<u>\$ -</u>	<u>(12,639,035)</u>	<u>(3,126)</u>	<u>(12,642,161)</u>
General revenues, special items and transfers								
Property taxes levied for general purposes						8,380,035	-	8,380,035
Property taxes levied for debt service						959,583	-	959,583
Federal and state aid not restricted						3,908,062	-	3,908,062
Investment earnings						34,271	335	34,606
Miscellaneous income						152,787	-	152,787
Total general revenues and special items						<u>13,434,738</u>	<u>335</u>	<u>13,435,073</u>
Change in net position						795,703	(2,791)	792,912
Net position - beginning						6,426,193	-	6,467,370
Net position - ending						<u>\$ 7,221,896</u>	<u>\$ 38,386</u>	<u>\$ 7,260,282</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, 2020

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 511,673	\$ 24,923	\$ -	\$ -	\$ 536,596
Due from other funds	97,118	726	-	-	97,844
Receivables from other governments					
State	167,239	-	-	-	167,239
Other accounts receivable	486,654	-	-	-	486,654
Restricted cash and equivalents	2,595,447	-	-	-	2,595,447
Total assets	\$ 3,858,131	\$ 25,649	\$ -	\$ -	\$ 3,883,780
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ 726	\$ -	\$ -	\$ -	\$ 726
Accounts payable	174,926	4,812	-	-	179,738
Unearned revenue	-	20,837	-	-	20,837
Total liabilities	175,652	25,649	-	-	201,301
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	197,437	-	-	-	197,437
Capital reserve account	1,630,447	-	-	-	1,630,447
Maintenance reserve account	715,000	-	-	-	715,000
Emergency reserve account	250,000	-	-	-	250,000
Committed fund balance					
Year-end encumbrances	498,942	-	-	-	498,942
Assigned fund balance					
Designated for subsequent year's expenditures	97,303	-	-	-	97,303
Unassigned fund balance	293,350	-	-	-	293,350
Total fund balances	3,682,479	-	-	-	3,682,479
Total liabilities and fund balances	\$ 3,858,131	\$ 25,649	\$ -	\$ -	

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2020

	<u>Total Governmental Funds</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 \$27,206,203 and the accumulated depreciation is \$9,909,912.	\$ 17,296,291
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.	(172,732)
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.	(13,399,079)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(185,063)</u>
Total net position of governmental activities	<u><u>\$ 7,221,896</u></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, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 8,380,035	\$ -	\$ -	\$ 959,583	\$ 9,339,618
Tuition - individuals	43,798	-	-	-	43,798
Tuition - other LEAs	40,911	-	-	-	40,911
Transportation fees	1,231	-	-	-	1,231
Interest income	34,271	-	-	-	34,271
Before and after school child care service fees	88,083	-	-	-	88,083
Rents and royalties	4,228	-	-	-	4,228
Miscellaneous	152,787	17,855	-	-	170,642
Total local sources	8,745,344	17,855	-	959,583	9,722,782
State sources	2,219,027	-	-	-	2,219,027
Federal sources	-	168,022	-	-	168,022
Total revenues	10,964,371	185,877	-	959,583	12,109,831
Expenditures					
Current					
Instructional					
Regular instruction	2,825,097	52,581	-	-	2,877,678
Special education instruction	1,184,127	-	-	-	1,184,127
Other special instruction	68,890	3,219	-	-	72,109
Other instruction	195,305	-	-	-	195,305
Support service and undistributed costs					
Tuition	219,710	124,633	-	-	344,343
Student and instruction related services	1,356,982	5,444	-	-	1,362,426
General and business administrative services	392,544	-	-	-	392,544
School administrative services	302,909	-	-	-	302,909
Plant operations and maintenance	1,066,499	-	-	-	1,066,499
Pupil transportation	583,142	-	-	-	583,142
Unallocated benefits	1,827,085	-	-	-	1,827,085

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, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 1,619,137	\$ -	\$ -	\$ -	\$ 1,619,137
Special schools	25,561	-	-	-	25,561
Debt service					
Principal	-	-	-	580,000	580,000
Interest and other charges	-	-	-	383,125	383,125
NJ SDA debt service assessment	28,117	-	-	-	28,117
Total expenditures	<u>11,695,105</u>	<u>185,877</u>	<u>-</u>	<u>963,125</u>	<u>12,844,107</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(730,734)</u>	<u>-</u>	<u>-</u>	<u>(3,542)</u>	<u>(734,276)</u>
Other financing sources (uses)					
Capital lease proceeds	1,250,000	-	-	-	1,250,000
Transfers out	(62,058)	-	-	-	(62,058)
Total other financing sources (uses)	<u>1,187,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,187,942</u>
Net change in fund balance	457,208	-	-	(3,542)	453,666
Fund balances, July 1	<u>3,225,271</u>	<u>-</u>	<u>-</u>	<u>3,542</u>	<u>3,228,813</u>
Fund balances, June 30	<u>\$ 3,682,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,682,479</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 to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

Total net changes in fund balances - Governmental fund (from B-2) \$ 453,666

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 capital outlays exceeds depreciation in the period:

Capital outlays	\$ 1,619,137	
Depreciation and amortization expense	<u>(772,226)</u>	
		846,911

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		580,000
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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:

Amortization of bond premium		78,578
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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.

13,021

UNION TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2020

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.	\$ (4,147)
In the Statement of Activities, deferred outflows for refunding bond costs are amortized to current year expenses over the amortization period.	(11,161)
Governmental funds report capital lease proceeds as financing sources whereas issuing debt increased long-term liabilities in the government-wide statements.	(1,250,000)
In the Statement of Activities, compensated absences and 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>88,835</u>
Change in net position of governmental activities	<u><u>\$ 795,703</u></u>

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Fund Net Position
June 30, 2020

	Food Service Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 35,752
Other accounts receivable	193
Receivables from other governments	
State	8
Federal	522
Inventory	4,895
Total current assets	41,370
Noncurrent assets	
Capital assets	49,379
Less: accumulated depreciation	44,247
Total noncurrent assets	5,132
Total assets	46,502
Liabilities	
Current liabilities	
Unearned revenues - commodities	1,186
Unearned revenues - prepaid sales	6,930
Total liabilities	8,116
Net position	
Net investment in capital assets	5,132
Unrestricted	33,254
Total net position	\$ 38,386

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, 2020

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 49,834
Daily sales - non-reimbursable programs	12,832
Total operating revenues	62,666
 Operating expenses	
Cost of sales - reimbursable programs	25,306
Cost of sales - non-reimbursable programs	9,999
Commodity food costs	9,090
Salaries	26,093
Employee benefits	3,640
Purchased professional/technical services	1,238
Purchased property services	2,404
Other purchased services	
Insurance	3,508
Management fee	7,521
General supplies	409
Depreciation	726
Miscellaneous	6,233
Total operating expenses	96,167
 Operating income (loss)	(33,501)
 Non-operating revenues (expenses)	
State sources	
State school lunch program	992
Federal sources	
National school lunch program	
Cash assistance	14,276
Non cash assistance (commodities)	9,090
Miscellaneous	6,017
Interest earned on investments	335
Total non-operating revenues (expenses)	30,710
 Change in net position	(2,791)
 Net position, beginning	41,177
 Net position, ending	\$ 38,386

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

	Food Service Fund
Cash flows from operating activities	
Receipts from customers (net)	\$ 66,832
Payments to Food Service Management Company	(82,608)
Payments to vendors (net)	(7,047)
Net cash provided by (used for) operating activities	(22,823)
Cash flows from non-capital financing activities	
State sources	1,035
Federal sources	14,319
General fund interfund activity	22,421
Miscellaneous	6,017
Net cash provided by (used for) non-capital financing activities	43,792
Cash flows from investing activities	
Interest earned on investments	335
Net cash provided by (used for) investing activities	335
Net increase (decrease) in cash and cash equivalents	21,304
Cash and cash equivalents, beginning	14,448
Cash and cash equivalents, ending	\$ 35,752
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (33,501)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	726
Federal food donation program	9,090
(Increase) decrease in inventory	(1,176)
Increase (decrease) in accounts receivable	(193)
Increase (decrease) in accounts payable	(1,807)
Increase (decrease) in unearned revenues	4,038
Net cash provided by (used for) operating activities	\$ (22,823)

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2020

	<u>Unemployment Compensation Fund</u>	<u>Student Activity Agency Fund</u>	<u>Payroll Agency Fund</u>
Assets			
Cash and cash equivalents	\$ 272,238	\$ 18,455	\$ 17,656
Due from other funds	48	-	-
Total assets	<u>\$ 272,286</u>	<u>\$ 18,455</u>	<u>\$ 17,656</u>
Liabilities			
Due to other funds	\$ 87,942	\$ -	\$ 9,224
Due to student groups	-	18,455	-
Payroll deductions and withholdings	-	-	8,432
Total liabilities	<u>87,942</u>	<u>\$ 18,455</u>	<u>\$ 17,656</u>
Net position			
Held in trust for unemployment claims and other purposes	<u>\$ 184,344</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, 2020

	Unemployment Compensation Fund
Additions	
Employee contributions	\$ 9,477
Operating transfer in	62,058
Investment earnings - interest	1,368
Total additions	72,903
 Deductions	
Unemployment claims	55,342
 Change in net position	17,561
 Net position, beginning of the year	166,783
 Net position, end of the year	\$ 184,344

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

The financial statements 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 District's 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, 2020 of 443 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 Activities) 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 postemployment 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 resource's 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
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Fiduciary Fund types

Trust and Agency Funds - This fund is 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. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

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 year 2019-2020 are 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, 2020.

J. Capital assets

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

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

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

Assets	Years
Buildings	40
Building improvements & portable classroom	20 - 40
Land improvements	20
Furniture	20
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 sum of assets and deferred outflows of resources, and the sum 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.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When 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. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

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.

Note 3 - Deposits and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2020, 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.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and investments

N.J.S.A. 17:9-41 et. 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.

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.

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, 2020, the District's bank balances of \$3,401,463 were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	3,151,463
Total	\$ 3,401,463

Deposits at June 30, 2020 appear in the financial statements as summarized below:

Cash		\$ 3,476,144
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 536,596
Enterprise funds, Statement of Net Position	B-4	35,752
Fiduciary funds, Statement of Net Position	B-7	308,349
Restricted cash		
Governmental funds, Balance Sheet	B-1	2,595,447
Total cash		\$ 3,476,144

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2020 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	338,687	91,862	430,549	-
Total	<u>528,383</u>	<u>91,862</u>	<u>430,549</u>	<u>189,696</u>
Capital assets, being depreciated				
Land improvements	222,656	-	-	222,656
Building & improvements	23,749,377	230,025	-	23,979,402
Leased building improvements (intangible assets)	-	1,250,000	-	1,250,000
Vehicles	99,109	-	-	99,109
Furniture & equipment	1,050,527	477,799	62,986	1,465,340
Total	<u>25,121,669</u>	<u>1,957,824</u>	<u>62,986</u>	<u>27,016,507</u>
Accumulated depreciation and amortization				
Land improvements	77,533	10,858	-	88,391
Building & improvements	8,302,557	620,219	-	8,922,776
Leased building improvements (intangible assets)	-	62,500	-	62,500
Vehicles	62,757	8,078	-	70,835
Furniture & equipment	757,825	70,571	62,986	765,410
Total	<u>9,200,672</u>	<u>772,226</u>	<u>62,986</u>	<u>9,909,912</u>
Total capital assets, being depreciated, net	<u>15,920,997</u>	<u>1,185,598</u>	<u>-</u>	<u>17,106,595</u>
Transfers	<u>-</u>	<u>(430,549)</u>	<u>(430,549)</u>	<u>-</u>
Governmental activities capital assets, net	<u>\$ 16,449,380</u>	<u>\$ 846,911</u>	<u>\$ -</u>	<u>\$ 17,296,291</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 49,379	\$ -	\$ -	\$ 49,379
Less: accumulated depreciation	43,521	726	-	44,247
Business type activities capital assets, net	<u>\$ 5,858</u>	<u>\$ (726)</u>	<u>\$ -</u>	<u>\$ 5,132</u>

Depreciation and amortization expense were charged to governmental functions in the current year as follows:

Instruction		
Regular	\$ 350,878	
Special education	137,645	
Other special instruction	8,382	
Co-curricular activities	23,483	
Support services		
Student & instruction	158,370	
General & business administration	45,629	
School administration	35,211	
Plant & maintenance	12,628	
Total depreciation and amortization expense, governmental activities	<u>\$ 772,226</u>	

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 9,900,000	\$ -	\$ 580,000	\$ 9,320,000	\$ 585,000
Unamortized bond premium	993,335	-	78,578	914,757	78,578
Capital leases payable	-	1,250,000	-	1,250,000	253,802
PERS net pension liability	1,934,691	-	62,998	1,871,693	-
Compensated absences payable	131,464	-	88,835	42,629	-
Total governmental activities long-term liabilities	<u>\$ 12,959,490</u>	<u>\$ 1,250,000</u>	<u>\$ 810,411</u>	<u>\$ 13,399,079</u>	<u>\$ 917,380</u>

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.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2020 including interest payments are listed as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2021	\$ 585,000	\$ 361,275	\$ 946,275
2022	605,000	341,725	946,725
2023	620,000	321,525	941,525
2024	650,000	296,700	946,700
2025	675,000	268,128	943,128
2026 - 2030	3,840,000	856,409	4,696,409
2031 - 2034	2,345,000	127,369	2,472,369
Total	<u>\$ 9,320,000</u>	<u>\$ 2,573,131</u>	<u>\$ 11,893,131</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2020, with their outstanding balances are comprised of the following individual issues:

\$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.	\$ 7,615,000
\$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.	<u>1,705,000</u>
Total	<u>\$ 9,320,000</u>

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2020 is \$25,325,808. General obligation debt at June 30, 2020 is \$9,320,000, resulting in a legal debt margin of \$16,005,808.

Capital lease payable

Commencing April 3, 2020, the District entered into a \$1,250,000 capital lease financing contract with TD Equipment Finance, Inc. for capital projects involving installation of new roof, roof restoration, renovations and improvements. The financing is due in five annual installments of \$262,671, including interest at 2.165%, beginning August 1, 2020 through August 1, 2024.

The annual requirements for the capital lease payable as of June 30, 2020, including interest payments are listed as follows:

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)
Capital lease payable (continued)

Fiscal Year Ended June 30	Principal	Interest	Total
2021	\$ 253,802	\$ 8,869	\$ 262,671
2022	241,107	21,564	262,671
2023	246,326	16,345	262,671
2024	251,659	11,012	262,671
2025	257,106	5,565	262,671
Total	<u>\$ 1,250,000</u>	<u>\$ 63,355</u>	<u>\$ 1,313,355</u>

Note 6 - Pension plans
Description of systems

Substantially all of the Board's employees participate in one of the following 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 TPAF retirement system is considered a 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.

A. Public employees' retirement system (PERS)

Plan description

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

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.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Plan description (continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members enrolled prior to July 1, 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.

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 and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2019 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2019 measurement date.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Allocation methodology and reconciliation to financial statements (continued)

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. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2019, 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 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 District's contractually required contribution rate for the year ended June 30, 2020 was 10.15% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate 7.50% of base salary effective July 1, 2018.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of measurement date June 30, 2019:

Net pension liability	\$ 1,871,693
Proportionate share	0.0103876257%

Plan fiduciary net position as a percentage of the total pension liability	56.27%
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The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%

Salary increases (based on age)	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%

Investment rate of return	7.00%
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Preretirement mortality rates were based on the Pub-10 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2019.

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

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

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019 measurement date) 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, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2019 measurement date, 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:

District's proportionate share of the net pension liability

At current discount rate (6.28%)	\$	1,871,693
At a 1% lower rate (5.28%)		2,380,699
At a 1% higher rate (7.28%)		1,466,775

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2019 measurement date, 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	\$ 33,594	\$ 8,268
Changes of assumptions	186,895	649,659
Net difference between projected and actual earnings on pension plan investments	-	29,545
Changes in proportion and differences between District contributions and proportionate share of contributions	240,142	180,854
District contributions subsequent to the measurement date	101,041	-
Total	<u>\$ 561,672</u>	<u>\$ 868,326</u>

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)

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 ended June 30, 2020, the plan measurement date is June 30, 2019) of \$101,041 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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, 2019 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 36,895	\$ (3,301)	\$ 33,594
Changes of assumptions	318,805	(131,910)	186,895
Differences between projected and actual investment earnings on pension plan investments	-	-	-
Deferred inflows of resources			
Differences between expected and actual experience	(9,976)	1,708	(8,268)
Changes of assumptions	(618,611)	(31,048)	(649,659)
Differences between projected and actual investment earnings on pension plan investments	(18,147)	(11,398)	(29,545)
Net of deferred outflows	<u>\$ (291,034)</u>	<u>\$ (175,949)</u>	<u>\$ (466,983)</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 Ended June 30

2019	\$ (54,046)
2020	(175,324)
2021	(156,554)
2022	(73,510)
2023	(7,549)
Total	<u>\$ (466,983)</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Pension expense

For the fiscal year ended June 30, 2020, the District recognized net pension expense of \$88,014, which represents the District's proportionate share of allocable plan pension expense of \$86,775, plus the net amortization of deferred amounts from changes in proportion of \$4,543, less other adjustments to the net pension liability of \$3,304. 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 fiscal year ended June 30, 2020 measurement date are as follows:

Service cost	\$	72,086
Interest on total pension liability		213,655
Member contributions		(49,651)
Administrative expense		1,315
Expected investment return net of investment expense		(132,571)
Pension expense related to specific liabilities of individual employers		(621)
Recognition of deferred inflows/outflows of resources		
Amortization of assumption changes or inputs		16,086
Amortization of expected versus actual experience		(49,164)
Amortization of projected versus actual investment earnings on pension plan investments		15,640
Pension expense	\$	86,775

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.

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. 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) (continued)
Plan description (continued)

The following represents the membership Tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members enrolled prior to July 1, 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 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The 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 2019, 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. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

During the state fiscal year ended June 30, 2019, the State of New Jersey contributed \$755,040 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2019 measurement date is as follows:

District proportionate share of net pension liability	\$ 31,548,722
Less: State proportionate share of net pension liability	8,502,592
Net pension liability	\$ 23,046,130
 Proportionate share	 0.0375521847%
 Plan fiduciary net position as a percentage of the total pension liability	 26.95%

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	
Through 2026	1.55 - 4.45%
Thereafter	2.75 - 5.65%
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019 measurement date) 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, 2019 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount rate

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Discount rate (continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2019 measurement date, 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:

District's proportionate share of the net pension liability

At current discount rate (5.60%)	\$ 23,046,130
At a 1% lower rate (4.60%)	27,176,488
At a 1% higher rate (6.60%)	19,619,237

Pension expense

The components of allocable pension expense, which pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2019 measurement date are as follows:

Service cost	\$ 705,059
Interest on total pension liability	1,574,020
Member contributions	(316,989)
Administrative expense	5,216
Expected investment return net of investment expense	(577,991)
Pension expense related to specific liabilities of individual employers	(112)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	66,767
Amortization of expected versus actual experience	(223,523)
Amortization of projected versus actual investment earnings on pension plan investments	126,875
Pension expense	<u>\$ 1,359,322</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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 (\$8,400 in 2020) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's net contribution to the DCRP for fiscal year ended 2020 was \$7,521.

D. Other pension plan information

During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$311,102 to the TPAF for postretirement medical benefits, \$14,766 for non-contributory insurance premiums, \$663 for long-term disability insurance, and \$823,826 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 \$259,643 during the year ended June 30, 2020 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 Statement No. 68.

Note 7 - Postretirement benefits

The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternative Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In fiscal year 2019, the State paid PRM benefits for 153,893 State and local retirees.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

The State funds postretirement medical benefits on a pay-as-you-go basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have remained consistent with fiscal year 2019 amounts. The State has appropriated 1.612 billion in fiscal year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The fiscal year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in fiscal year 2018.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Total OPEB liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District. Note that actual numbers will be published in the NJ State CAFR at <https://www.nj.gov/treasury/omb/cafr.shtml>.

Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2019 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 41,729,081,045
District's proportionate share of the State's OPEB liability	16,371,530
Employer OPEB expense and related revenue	329,713
Allocable proportionate percentage	0.0392329033%

Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2018	\$ 17,897,426
Service cost	581,719
Interest cost	705,796
Change of benefit terms	-
Differences between expected and actual experiences	(2,569,852)
Changes of assumptions	244,101
Member contributions	14,897
Gross benefit payments	(502,557)
Total OPEB liability at June 30, 2019	<u>\$ 16,371,530</u>

There were no changes of the benefit terms from June 30, 2018 to June 30, 2019.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

The total non-employer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	<u>TPAF</u>	<u>PERS</u>
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 3.05%	2.00% - 6.00%
Thereafter	1.55% - 3.05%	3.00% - 7.00%

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

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

Health care trend assumptions

For Pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2019 measurement date, using the District’s allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (3.50%)	\$ 16,371,530
At a 1% lower rate (2.50%)	19,341,247
At a 1% higher rate (4.50%)	14,012,550

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$	16,371,530
At a 1% lower rate (1% decrease)		13,489,411
At a 1% higher rate (1% increase)		20,186,864

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$329,713 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

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

Note 9 - Interfund receivable and payables

The composition of interfund balances as of June 30, 2020 is as follows:

Fund	Receivable Fund	Payable Fund
General fund	\$ 97,118	\$ 726
Special revenue fund	726	-
Unemployment compensation fund	48	87,942
Payroll agency fund	-	9,224
Total	\$ 97,892	\$ 97,892

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 9 - Interfund receivable and payables (continued)

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 \$1,676 that have not been transferred to the general fund. The general fund has an interfund payable for \$726 due to the special revenue fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues. The balance due from the unemployment compensation fund to the general fund of \$87,942 represents duplicate transfer from the general fund on behalf of the unemployment compensation fund in error. The balance due from the payroll agency fund to the unemployment compensation fund of \$48 represents employee withholdings not yet transferred at year-end.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2020 consisted of the following:

Food	\$	3,415
Supplies		1,480
Total		\$ 4,895

Note 11 - Contingent liabilities

Grantor agencies

Amounts received, or are receivables, from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in 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.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Risk management (continued)

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
2019 - 2020	\$ 62,058	\$ 1,368	\$ 9,477	\$ 55,342	\$ 184,344
2018 - 2019	100,000	973	9,458	861	166,783
2017 - 2018	-	743	9,101	6,956	57,213

Note 13 - Reserve accounts

A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long-Range Facilities Plan (LRFP) and updated annually in the Quality Single Accountability Continuum (QSAC). 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) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$738,084 to their capital reserve account and \$34,940 to their maintenance reserve account by Board resolution in June 2020.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Reserve accounts (continued)

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

Reserve Type	Beginning Balance	District Contribution	Interest Earnings	Withdrawals Net of Return	Ending Balance
Capital	\$ 1,107,286	\$ 738,084	\$ 10,077	\$ 225,000	\$ 1,630,447
Maintenance	715,000	34,940	-	34,940	715,000
Emergency	250,000	-	-	-	250,000
Total	<u>\$ 2,072,286</u>	<u>\$ 773,024</u>	<u>\$ 10,077</u>	<u>\$ 259,940</u>	<u>\$ 2,595,447</u>

Note 14 - Fund balance

As described in Note 1 (O) fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2020 is as follows:

Restricted

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.	\$ 197,437
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	1,630,447
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.	250,000

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.	498,942
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Assigned

Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	97,303
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Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	354,059
Total fund balance - Budgetary basis (Exhibit C-1)	<u>3,743,188</u>
Last state aid payments not recognized on GAAP basis	(60,709)
Total fund balance - GAAP basis (Exhibit B-1)	<u>\$ 3,682,479</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund, fund balance at the fiscal year-end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$0.

Note 16 - Recent accounting pronouncements not yet effective

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

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement is effective for reporting periods beginning after December 15, 2019 as amended by GASB Statement No. 95. The District is evaluating the effect of the pronouncement on financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for reporting periods beginning after June 15, 2022. The District is evaluating the effect of the pronouncement on financial reporting.

Note 17 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2020 of (\$3,349,842) 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.

Note 18 - Risks and uncertainties

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The "COVID-19 outbreak") and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations.

Note 19 - Subsequent events

The District has evaluated subsequent events through January 14, 2021, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenue					
Local sources					
Local tax levy	\$ 8,380,035	\$ -	\$ 8,380,035	\$ 8,380,035	\$ -
Other local governmental units - unrestricted	81,500	-	81,500	-	(81,500)
Tuition from individuals	49,000	-	49,000	43,798	(5,202)
Tuition from other LEAs within the state	-	-	-	40,911	40,911
Transportation fees from other LEAs	-	-	-	1,231	1,231
Private contributions	5,000	-	5,000	-	(5,000)
Unrestricted miscellaneous revenues	170,000	-	170,000	269,292	99,292
Interest earned on capital reserve funds	-	-	-	10,077	10,077
Total	8,685,535	-	8,685,535	8,745,344	59,809
State sources					
Categorical transportation aid	233,413	-	233,413	233,413	-
Extraordinary aid	61,693	-	61,693	165,752	104,059
Categorical special education aid	358,106	-	358,106	358,106	-
Categorical security aid	36,554	-	36,554	36,554	-
Adjustment aid	14,726	-	14,726	14,726	-
Other state aid	2,500	-	2,500	-	(2,500)
TPAF Pension (on-behalf)	-	-	-	838,592	838,592
TPAF Social Security (reimbursed)	-	-	-	259,643	259,643
TPAF Postretirement benefits	-	-	-	311,102	311,102
TPAF Long-term disability insurance	-	-	-	663	663
Total	706,992	-	706,992	2,218,551	1,511,559
Total revenues	\$ 9,392,527	\$ -	\$ 9,392,527	\$ 10,963,895	\$ 1,571,368
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 129,122	\$ 1,691	\$ 130,813	\$ 124,413	\$ 6,400
Grades 1-5	1,218,708	(159,995)	1,058,713	1,011,492	47,221
Grades 6-8	1,069,231	-	1,069,231	978,239	90,992
Home instruction					
Salaries of teacher	25,000	(5,000)	20,000	1,410	18,590
Purchased professional - educational services	-	5,000	5,000	1,380	3,620
Regular programs - undistributed instruction					
Purchased professional - educational services	2,000	(1,700)	300	300	-
Purchased technical services	24,000	-	24,000	17,352	6,648
Other purchased services	32,000	(20,829)	11,171	2,371	8,800
General supplies	155,000	(6,668)	148,332	93,424	54,908
Textbooks	27,000	29,369	56,369	56,369	-
Other objects	8,500	(8,220)	280	280	-
Total	2,690,561	(166,352)	2,524,209	2,287,030	237,179

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 194,036	\$ 1,949	\$ 195,985	\$ 195,985	\$ -
Other salaries for instruction	54,851	727	55,578	55,578	-
General supplies	6,400	(500)	5,900	4,005	1,895
Total	<u>255,287</u>	<u>2,176</u>	<u>257,463</u>	<u>255,568</u>	<u>1,895</u>
Resource room/resource center					
Salaries of teachers	559,883	(11,885)	547,998	516,348	31,650
Other salaries for instruction	110,547	(4,268)	106,279	95,068	11,211
General supplies	7,900	-	7,900	6,125	1,775
Total	<u>678,330</u>	<u>(16,153)</u>	<u>662,177</u>	<u>617,541</u>	<u>44,636</u>
Preschool disabilities - part-time					
Salaries of teachers	51,639	(95)	51,544	51,544	-
Other salaries for instruction	25,695	72	25,767	25,767	-
Total	<u>77,334</u>	<u>(23)</u>	<u>77,311</u>	<u>77,311</u>	<u>-</u>
Total special education	<u>1,010,951</u>	<u>(14,000)</u>	<u>996,951</u>	<u>950,420</u>	<u>46,531</u>
Basic skills/remedial					
Salaries of teachers	60,000	-	60,000	42,324	17,676
General supplies	800	(214)	586	586	-
Total	<u>60,800</u>	<u>(214)</u>	<u>60,586</u>	<u>42,910</u>	<u>17,676</u>
Bilingual education - instruction					
Salaries of teachers	23,478	300	23,778	23,778	-
General supplies	500	(120)	380	380	-
Total	<u>23,978</u>	<u>180</u>	<u>24,158</u>	<u>24,158</u>	<u>-</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	30,264	8,894	39,158	39,158	-
Supplies and materials	1,000	(521)	479	479	-
Total	<u>31,264</u>	<u>8,373</u>	<u>39,637</u>	<u>39,637</u>	<u>-</u>
School-sponsored athletics - instruction					
Salaries	35,659	(4,466)	31,193	29,736	1,457
Purchased services	8,000	(4,780)	3,220	3,220	-
Supplies and materials	4,000	345	4,345	4,345	-
Total	<u>47,659</u>	<u>(8,901)</u>	<u>38,758</u>	<u>37,301</u>	<u>1,457</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Before/after school programs - instruction					
Other salaries of instruction	\$ 98,736	\$ 16,496	\$ 115,232	\$ 115,232	\$ -
Supplies and materials	4,800	(1,754)	3,046	3,046	-
Total	<u>103,536</u>	<u>14,742</u>	<u>118,278</u>	<u>118,278</u>	<u>-</u>
Summer school - instruction					
Salaries of teachers	9,092	-	9,092	-	9,092
Other salaries of instruction	4,006	-	4,006	-	4,006
General supplies	800	-	800	-	800
Total	<u>13,898</u>	<u>-</u>	<u>13,898</u>	<u>-</u>	<u>13,898</u>
Total instruction regular	<u>\$ 3,982,647</u>	<u>\$ (166,172)</u>	<u>\$ 3,816,475</u>	<u>\$ 3,499,734</u>	<u>\$ 316,741</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ 25,000	\$ 41,390	\$ 66,390	\$ 66,235	\$ 155
Tuition to priv. school for the disabled w/i state	182,364	(22,945)	159,419	153,475	5,944
Total	<u>207,364</u>	<u>18,445</u>	<u>225,809</u>	<u>219,710</u>	<u>6,099</u>
Undistributed expenditures - health services					
Salaries	157,015	-	157,015	140,612	16,403
Purchased professional and technical services	5,000	-	5,000	2,250	2,750
Other purchased services	900	-	900	248	652
Supplies and materials	7,500	-	7,500	2,823	4,677
Other objects	225	-	225	149	76
Total	<u>170,640</u>	<u>-</u>	<u>170,640</u>	<u>146,082</u>	<u>24,558</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	78,398	30,861	109,259	109,259	-
Purchased professional - educational services	175,000	(758)	174,242	85,888	88,354
Supplies and materials	4,000	(3,009)	991	991	-
Other objects	800	(6)	794	794	-
Total	<u>258,198</u>	<u>27,088</u>	<u>285,286</u>	<u>196,932</u>	<u>88,354</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	145,200	-	145,200	133,170	12,030
Other purchased professional & technical services	800	(800)	-	-	-
Supplies and materials	-	800	800	715	85
Total	<u>146,000</u>	<u>-</u>	<u>146,000</u>	<u>133,885</u>	<u>12,115</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - child study teams					
Salaries of other professional staff	\$ 293,313	\$ 26,691	\$ 320,004	\$ 320,004	\$ -
Salaries of secretarial and clerical assistants	41,551	1,949	43,500	43,500	-
Other purchased professional & technical services	17,000	-	17,000	16,135	865
Other purchased services	8,585	(3,222)	5,363	4,434	929
Supplies and materials	7,000	(4,668)	2,332	2,332	-
Other objects	2,500	-	2,500	2,094	406
Total	369,949	20,750	390,699	388,499	2,200
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	63,000	(1,650)	61,350	-	61,350
Salaries of other professional staff	67,912	(1,949)	65,963	53,302	12,661
Salaries of facilitators, math & literacy coaches	15,000	-	15,000	-	15,000
Total	145,912	(3,599)	142,313	53,302	89,011
Undistributed expenditures - edu. media service/sch. library					
Salaries	57,163	5,196	62,359	62,359	-
Salaries of technology coordinators	63,345	285	63,630	63,630	-
Purchased professional and technical services	45,000	(18,457)	26,543	26,543	-
Other purchased services	9,300	(8,000)	1,300	1,216	84
Supplies and materials	104,000	(5,113)	98,887	98,887	-
Other objects	1,000	(824)	176	176	-
Total	279,808	(26,913)	252,895	252,811	84
Undistributed expenditures - instructional staff training services					
Purchased professional - educational services	2,000	-	2,000	330	1,670
Other purchased professional & technical services	1,000	-	1,000	455	545
Total	3,000	-	3,000	785	2,215
Undistributed expenditures - support service - general admin.					
Salaries	171,346	(74,094)	97,252	89,777	7,475
Legal services	22,000	-	22,000	17,548	4,452
Audit fees	20,000	-	20,000	20,000	-
Architectural/engineering services	20,000	-	20,000	3,483	16,517
Other purchased professional services	6,000	(640)	5,360	5,360	-
Communications/telephone	40,000	5,864	45,864	45,111	753
BOE other purchased services	-	540	540	540	-
Misc purch services	28,000	(6,648)	21,352	16,829	4,523
General supplies	1,500	-	1,500	1,500	-
BOE in-house training/meeting supplies	900	(166)	734	734	-
Miscellaneous expenditures	10,500	-	10,500	8,180	2,320
BOE membership dues and fees	4,500	(1,342)	3,158	3,003	155
Total	324,746	(76,486)	248,260	212,065	36,195

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - support service - school admin.					
Salaries of principals/assistant principals	\$ 138,863	\$ 61,137	\$ 200,000	\$ 200,000	\$ -
Salaries of secretarial and clerical assistants	42,379	18	42,397	42,397	-
Purchased professional and technical services	6,050	(845)	5,205	-	5,205
Other purchased services	4,150	(375)	3,775	1,777	1,998
Supplies and materials	6,250	-	6,250	5,182	1,068
Other objects	5,000	1,200	6,200	5,169	1,031
Total	202,692	61,135	263,827	254,525	9,302
Undistributed expenditures - central services					
Salaries	134,309	(82,500)	51,809	25,380	26,429
Purchased professional services	11,650	71,527	83,177	82,751	426
Purchased technical services	9,000	(27)	8,973	5,985	2,988
Miscellaneous purchased services	2,500	-	2,500	303	2,197
Supplies and materials	3,255	-	3,255	3,253	2
Other objects	3,000	-	3,000	3,000	-
Total	163,714	(11,000)	152,714	120,672	32,042
Undistributed expenditures - required maint. for school facilities					
Salaries	63,561	-	63,561	63,345	216
Cleaning, repair, and maintenance services	438,444	(212,119)	226,325	132,122	94,203
Lead testing in water	2,520	-	2,520	-	2,520
General supplies	17,000	-	17,000	6,344	10,656
Other objects	3,400	-	3,400	510	2,890
Total	524,925	(212,119)	312,806	202,321	110,485
Undistributed expenditures - custodial services					
Salaries	300,699	(21,144)	279,555	270,655	8,900
Purchased professional and technical services	95,000	(13,369)	81,631	75,224	6,407
Cleaning, repair, and maintenance service	25,000	(6,349)	18,651	17,330	1,321
Other purchased property services	500	(318)	182	182	-
Insurance	70,000	(2,476)	67,524	67,524	-
Miscellaneous purchased services	1,000	-	1,000	630	370
General supplies	45,000	13,138	58,138	47,193	10,945
Energy (natural gas)	106,950	(40,454)	66,496	65,996	500
Energy (electricity)	122,500	-	122,500	116,723	5,777
Energy (gasoline)	3,000	-	3,000	1,514	1,486
Other objects	400	(25)	375	375	-
Total	770,049	(70,997)	699,052	663,346	35,706
Undistributed expenditures - care and upkeep of grounds					
Salaries	56,567	(5,325)	51,242	51,242	-
Purchased professional and technical services	6,500	(3,005)	3,495	2,430	1,065
Cleaning, repair, and maintenance service	6,500	-	6,500	5,350	1,150
General supplies	5,000	3,005	8,005	8,005	-
Total	74,567	(5,325)	69,242	67,027	2,215

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	\$ 86,393	\$ (86,393)	\$ -	\$ -	\$ -
Salaries for pupil trans, (between home & school) - reg.	-	87,000	87,000	87,000	-
Management fee - esc & ctsa trans. program	12,000	10,250	22,250	22,250	-
Contract serv. - aid in lieu pymts. - non-public schools	9,000	13,600	22,600	16,773	5,827
Contract serv. - aid in lieu pymts. - choice school students	4,500	(1,600)	2,900	1,000	1,900
Contract serv. (oth. than between home & school) - vend.	9,000	-	9,000	6,372	2,628
Contract serv. (between home & school) - joint agreements	321,864	(321,864)	-	-	-
Contract serv. (reg. students) - escs & ctsas	28,050	240,936	268,986	268,986	-
Contract serv. (spl. ed. students) - escs & ctsas	113,776	70,003	183,779	180,761	3,018
Total	584,583	11,932	596,515	583,142	13,373
Allocated benefits - employee benefits					
Regular programs - instruction					
Health benefits	577,375	(21,824)	555,551	538,067	17,484
Total	577,375	(21,824)	555,551	538,067	17,484
Special programs - instruction					
Health benefits	258,998	(25,469)	233,529	233,529	-
Unused sick payment for terminated/retired staff	-	2,000	2,000	2,000	-
Total	258,998	(23,469)	235,529	235,529	-
Other instructional programs - instruction					
Health benefits	-	89	89	89	-
Total	-	89	89	89	-
Health services					
Health benefits	18,204	(5,000)	13,204	13,204	-
Total	18,204	(5,000)	13,204	13,204	-
Other support services - speech/ot/pt & related services					
Health benefits	18,308	(2,545)	15,763	15,763	-
Total	18,308	(2,545)	15,763	15,763	-
Other support services - guidance					
Health benefits	42,032	-	42,032	42,032	-
Total	42,032	-	42,032	42,032	-
Other support services - child study teams					
Health benefits	57,731	-	57,731	57,731	-
Tuition reimbursement	5,000	(5,000)	-	-	-
Total	62,731	(5,000)	57,731	57,731	-
Improvement of instruction services					
Tuition reimbursement	-	3,000	3,000	3,000	-
Total	-	3,000	3,000	3,000	-
Educational media services - sch. library					
Health benefits	52,956	-	52,956	52,956	-
Tuition reimbursement	5,000	(5,000)	-	-	-
Total	57,956	(5,000)	52,956	52,956	-

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Support services - general administration					
Health benefits	\$ 20,596	\$ (5,000)	\$ 15,596	\$ 15,596	\$ -
Tuition reimbursement	5,000	2,412	7,412	7,412	-
Total	<u>25,596</u>	<u>(2,588)</u>	<u>23,008</u>	<u>23,008</u>	<u>-</u>
Support services - school administration					
Health benefits	49,054	(5,089)	43,965	43,965	-
Tuition reimbursement	8,000	-	8,000	4,419	3,581
Total	<u>57,054</u>	<u>(5,089)</u>	<u>51,965</u>	<u>48,384</u>	<u>3,581</u>
Support services - central services					
Health benefits	46,799	(10,000)	36,799	36,799	-
Tuition reimbursement	5,000	(5,000)	-	-	-
Total	<u>51,799</u>	<u>(15,000)</u>	<u>36,799</u>	<u>36,799</u>	<u>-</u>
Required maintenance for school facilities					
Health benefits	25,713	-	25,713	25,713	-
Total	<u>25,713</u>	<u>-</u>	<u>25,713</u>	<u>25,713</u>	<u>-</u>
Custodial services					
Health benefits	108,092	-	108,092	108,092	-
Total	<u>108,092</u>	<u>-</u>	<u>108,092</u>	<u>108,092</u>	<u>-</u>
Total allocated benefits - employees	<u>\$ 1,303,858</u>	<u>\$ (82,426)</u>	<u>\$ 1,221,432</u>	<u>\$ 1,200,367</u>	<u>\$ 21,065</u>
Unallocated benefits - employee benefits					
Social Security contributions	\$ 119,000	\$ 120,847	\$ 239,847	\$ 239,847	\$ -
Other retirement contributions - PERS	115,698	(115,698)	-	-	-
Other retirement contributions - regular	5,208	1,176	6,384	6,384	-
Workmen's compensation	44,374	8,099	52,473	52,473	-
Health benefits	-	7,022	7,022	6,209	813
Tuition reimbursement	17,000	(9,759)	7,241	7,241	-
Other employee benefits	92,395	15,826	108,221	104,931	3,290
Total	<u>393,675</u>	<u>27,513</u>	<u>421,188</u>	<u>417,085</u>	<u>4,103</u>
On-behalf TPAF Pension contribution	-	-	-	838,592	(838,592)
On-behalf TPAF Postretirement medical benefits	-	-	-	311,102	(311,102)
On-behalf TPAF Long-term disability insurance	-	-	-	663	(663)
Reimbursed TPAF Social Security contribution	-	-	-	259,643	(259,643)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,410,000</u>	<u>(1,410,000)</u>
Total undistributed expenditures	<u>\$ 5,923,680</u>	<u>\$ (322,002)</u>	<u>\$ 5,601,678</u>	<u>\$ 6,522,556</u>	<u>\$ (920,878)</u>
Total current	<u>\$ 9,906,327</u>	<u>\$ (488,174)</u>	<u>\$ 9,418,153</u>	<u>\$ 10,022,290</u>	<u>\$ (604,137)</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ -	\$ 94,447	\$ 94,447	\$ 46,839	\$ 47,608
Undistributed expend. - support service - students	3,550	(3,550)	-	-	-
Undistributed expend. - support service - related & extra.	-	2,819	2,819	2,819	-
Undistributed expenditures - care and upkeep of grounds	-	14,730	14,730	6,539	8,191
Undistributed expenditures - security	-	66,230	66,230	-	66,230
Total equipment	<u>3,550</u>	<u>174,676</u>	<u>178,226</u>	<u>56,197</u>	<u>122,029</u>
Facilities acquisition and construction service					
Legal services	-	17,478	17,478	-	17,478
Architectural/engineering services	-	95,500	95,500	7,557	87,943
Other purchased professional and technology services	-	3,250	3,250	-	3,250
Construction services	91,863	1,800,867	1,892,730	305,383	1,587,347
Assessment for debt service on SDA funding	28,117	-	28,117	28,117	-
Total facilities acquisition and construction service	<u>119,980</u>	<u>1,917,095</u>	<u>2,037,075</u>	<u>341,057</u>	<u>1,696,018</u>
Assets acquired under capital leases (non-budgeted)					
Undistributed					
Undistributed expend. - required maint. for school facilities	-	1,250,000	1,250,000	1,250,000	-
Total assets acquired under capital leases	<u>-</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>
Total capital outlay	<u>\$ 123,530</u>	<u>\$ 3,341,771</u>	<u>\$ 3,465,301</u>	<u>\$ 1,647,254</u>	<u>\$ 1,818,047</u>
Special schools					
Summer school - instruction					
Salaries of teachers	\$ 20,000	\$ (192)	\$ 19,808	\$ 19,808	\$ -
Other salaries for instruction	6,600	(847)	5,753	5,753	-
Total	<u>26,600</u>	<u>(1,039)</u>	<u>25,561</u>	<u>25,561</u>	<u>-</u>
Total special schools	<u>\$ 26,600</u>	<u>\$ (1,039)</u>	<u>\$ 25,561</u>	<u>\$ 25,561</u>	<u>\$ -</u>
Total expenditures	<u>\$ 10,056,457</u>	<u>\$ 2,852,558</u>	<u>\$ 12,909,015</u>	<u>\$ 11,695,105</u>	<u>\$ 1,213,910</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (663,930)</u>	<u>\$ (2,852,558)</u>	<u>\$ (3,516,488)</u>	<u>\$ (731,210)</u>	<u>\$ 2,785,278</u>
Other financing sources (uses)					
Operating transfer out					
Transfer to fiduciary fund - board contribution	(5,500)	(56,558)	(62,058)	(62,058)	-
Capital leases (non-budgeted)	-	-	-	1,250,000	1,250,000
Total other financing sources (uses)	<u>(5,500)</u>	<u>(56,558)</u>	<u>(62,058)</u>	<u>1,187,942</u>	<u>1,250,000</u>
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	(669,430)	(2,909,116)	(3,578,546)	456,732	4,035,278
Fund balances, July 1	3,286,456	-	3,286,456	3,286,456	-
Fund balances, June 30	<u>\$ 2,617,026</u>	<u>\$ (2,909,116)</u>	<u>\$ (292,090)</u>	<u>\$ 3,743,188</u>	<u>\$ 4,035,278</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2020

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (91,863)	\$ -	\$ (91,863)	\$ (91,863)	\$ -
Increase in capital reserve	-	738,084	738,084	738,084	-
Interest deposit to capital reserve	-	-	-	10,077	10,077
Withdrawal from capital reserve	-	-	-	(225,000)	(225,000)
Increase in maintenance reserve	-	34,940	34,940	34,940	-
Withdrawal from maintenance reserve	-	(34,940)	(34,940)	(34,940)	-
Budgeted fund balance	(577,567)	(3,647,200)	(4,224,767)	25,434	4,250,201
Total	\$ (669,430)	\$ (2,909,116)	\$ (3,578,546)	\$ 456,732	\$ 4,035,278
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 197,437	
Capital reserve				1,630,447	
Emergency reserve				250,000	
Maintenance reserve				715,000	
Committed fund balance					
Year-end encumbrances				498,942	
Assigned fund balance					
Designated for subsequent year's expenditures				97,303	
Unassigned fund balance				<u>354,059</u>	
Fund balance per budgetary basis				3,743,188	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(60,709)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 3,682,479</u>	

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited		Actual	Variance Final to Actual
	Original Budget	Budget Transfers		
Revenues				
Local sources	\$ 55,804	\$ -	\$ 55,804	\$ (19,123)
Federal sources	168,599	-	168,599	(288)
Total revenues	<u>\$ 224,403</u>	<u>\$ -</u>	<u>\$ 224,403</u>	<u>\$ (19,411)</u>
Expenditures				
Instruction				
Salaries	\$ 3,169	\$ (180)	\$ 2,989	\$ -
General supplies	55,331	(50)	55,281	3,029
Other objects	-	-	-	(618)
Totals	<u>58,500</u>	<u>(230)</u>	<u>58,270</u>	<u>2,411</u>
Support services				
Tuition	124,633	-	124,633	-
Employee benefits	-	230	230	-
Purchased professional and technical services	3,399	-	3,399	-
Other purchased services	35,826	-	35,826	17,000
Other objects	2,045	-	2,045	-
Total	<u>165,903</u>	<u>230</u>	<u>166,133</u>	<u>17,000</u>
Total expenditures	<u>\$ 224,403</u>	<u>\$ -</u>	<u>\$ 224,403</u>	<u>\$ 19,411</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part II
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2020

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	\$ 10,963,895	\$ 204,992
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - current year	-	(19,115)
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	61,185	-
State aid receivable current year	(60,709)	-
Total revenues (GAAP basis)	<u>\$ 10,964,371</u>	<u>\$ 185,877</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 11,695,105	\$ 204,992
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - current year	-	(19,115)
Total expenditures (GAAP basis)	<u>\$ 11,695,105</u>	<u>\$ 185,877</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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - percentage	N/A	0.0103876257%	0.0098260000%	0.0106296117%	0.0094218084%	0.0103440398%	0.0095938120%	0.01054043%	N/A	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 1,871,693	\$ 1,934,691	\$ 2,474,404	\$ 2,790,469	\$ 2,322,030	\$ 1,796,224	\$ 2,014,486	N/A	N/A
District's covered employee payroll	995,444	800,916	725,948	628,284	697,072	734,312	702,442	652,482	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	233.69%	266.51%	393.84%	400.31%	316.22%	255.71%	308.74%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	N/A	N/A

N/A - Information Is Not Available

See independent auditors' report.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 101,041	\$ 97,737	\$ 98,472	\$ 83,702	\$ 88,931	\$ 79,090	\$ 79,420	\$ 77,802	\$ 108,036	\$ 102,924
Contributions in relation to the contractually required contribution	<u>(101,041)</u>	<u>(97,737)</u>	<u>(98,472)</u>	<u>(83,702)</u>	<u>(88,931)</u>	<u>(79,090)</u>	<u>(79,420)</u>	<u>(77,802)</u>	<u>(108,036)</u>	<u>(102,924)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 995,444	\$ 800,916	\$ 725,948	\$ 628,284	\$ 697,072	\$ 734,312	\$ 702,442	\$ 652,482	\$ 717,286	\$ 646,817
Contributions as a percentage of covered employee payroll	10.15%	12.20%	13.56%	13.32%	12.76%	10.77%	11.31%	11.92%	15.06%	15.91%

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	23,046,130	22,709,997	24,638,317	28,246,858	23,239,500	20,016,894	18,139,162	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ 23,046,130</u>	<u>\$ 22,709,997</u>	<u>\$ 24,638,317</u>	<u>\$ 28,246,858</u>	<u>\$ 23,239,500</u>	<u>\$ 20,016,894</u>	<u>\$ 18,139,162</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 3,665,014	\$ 3,892,776	\$ 4,003,983	\$ 3,670,358	\$ 3,770,449	\$ 3,870,801	\$ 3,705,859	\$ -	\$ -	\$ -
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%	0.00%	0.00%	0.00%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	26.95%	26.49%	25.41%	28.71%	28.71%	33.64%	33.76%	N/A	N/A

N/A - Information Is Not Available

See independent auditors' report.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 755,040	\$ 754,020	\$ 538,456	\$ 411,032	\$ 287,486	\$ 198,786	\$ 158,438	\$ 231,914	\$ 120,177	\$ 11,927
Contributions in relation to the contractually required contribution	<u>(755,040)</u>	<u>(754,020)</u>	<u>(538,456)</u>	<u>(411,032)</u>	<u>(287,486)</u>	<u>(198,786)</u>	<u>(158,438)</u>	<u>(231,914)</u>	<u>(120,177)</u>	<u>(11,927)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 3,665,014	\$ 3,892,776	\$ 4,003,983	\$ 3,670,358	\$ 3,770,449	\$ 3,870,801	\$ 3,705,859	\$ 3,670,869	\$ 3,638,228	\$ 3,464,639
Contributions as a percentage of covered employee payroll	20.60%	19.37%	13.45%	11.20%	7.62%	5.14%	4.28%	6.32%	3.30%	0.34%

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other
Postemployment Employee Benefits Liability
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011		
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A		
District's proportionate share of the other postemployment employee benefits liability (asset) - value	N/A	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A		
State's proportionate share of the other postemployment employee benefits liability (asset) associated with the District	N/A	16,371,530	17,897,426	20,767,732	N/A	N/A	N/A	N/A	N/A	N/A		
Total	\$ -	\$ 16,371,530	\$ 17,897,426	\$ 20,767,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
District's covered employee payroll	N/A	\$ 4,693,692	\$ 4,729,931	\$ 4,298,642	N/A	N/A	N/A	N/A	;-	N/A	;-	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A		
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A		

N/A - Information Is Not Available

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2020

- Note 1 - Special funding situation - TPAF and other postretirement benefits
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 and other postretirement benefits (OPEB) 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 and OPEB 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 and for OPEB 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 was 4.86% in State fiscal year 2018 and 5.60% in State fiscal year 2019. The inflation rate was 2.25% for State fiscal years 2018 and 2.75% in State fiscal year 2019.
- Note 3 - Changes in assumptions - PERS
The discount rate was 5.66% in State fiscal year 2018 and 6.28% in State fiscal year 2019. The inflation rate was 2.25% for State fiscal year 2018 and 2.75% for State fiscal year 2019.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate decreased from 3.87% in State fiscal year 2018 to 3.50% in State fiscal year 2019. The inflation rate was 2.50% for State fiscal year 2018 and 2019.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For Pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits
There were no changes of the benefit terms from June 30, 2018 to June 30, 2019.

SPECIAL REVENUE FUND

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, 2020

	ESSA Title IA	ESSA Title IIA	REAP	IDEA Basic	IDEA Preschool	Local Grants	Total
Revenues							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,681	\$ 36,681
Federal sources	3,219	2,045	31,618	124,633	6,796	-	168,311
Total revenues	<u>\$ 3,219</u>	<u>\$ 2,045</u>	<u>\$ 31,618</u>	<u>\$ 124,633</u>	<u>\$ 6,796</u>	<u>\$ 36,681</u>	<u>\$ 204,992</u>
Expenditures							
Instruction							
Salaries	\$ 2,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,989
General supplies	-	-	31,000	-	3,397	17,855	52,252
Other objects	-	-	618	-	-	-	618
Total	<u>2,989</u>	<u>-</u>	<u>31,618</u>	<u>-</u>	<u>3,397</u>	<u>17,855</u>	<u>55,859</u>
Support services							
Tuition	-	-	-	124,633	-	-	124,633
Employee benefits	230	-	-	-	-	-	230
Purchased professional and technical services	-	-	-	-	3,399	-	3,399
Other purchased services	-	-	-	-	-	18,826	18,826
Other objects	-	2,045	-	-	-	-	2,045
Total	<u>230</u>	<u>2,045</u>	<u>-</u>	<u>124,633</u>	<u>3,399</u>	<u>18,826</u>	<u>149,133</u>
Total expenditures	<u>\$ 3,219</u>	<u>\$ 2,045</u>	<u>\$ 31,618</u>	<u>\$ 124,633</u>	<u>\$ 6,796</u>	<u>\$ 36,681</u>	<u>\$ 204,992</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

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

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.

See Statements B-4, B-5, and B-6.

FIDUCIARY FUNDS

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, 2020

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 272,238	\$ 18,455	\$ 17,656	\$ 308,349
Due from other funds	48	-	-	48
Total assets	<u>\$ 272,286</u>	<u>\$ 18,455</u>	<u>\$ 17,656</u>	<u>\$ 308,397</u>
Liabilities				
Due to other funds	\$ 87,942	\$ -	\$ 9,224	\$ 97,166
Due to students groups	-	18,455	-	18,455
Payroll deductions and withholdings	-	-	8,432	8,432
Total liabilities	<u>87,942</u>	<u>18,455</u>	<u>17,656</u>	<u>124,053</u>
Net position				
Held in trust for unemployment claims and other purposes	<u>\$ 184,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,344</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	<u>Unemployment Compensation Fund</u>
Additions	
Employee contributions	\$ 9,477
Operating transfer in	62,058
Investment earnings - interest	1,368
Total additions	<u>72,903</u>
Deductions	
Unemployment claims	<u>55,342</u>
Change in net position	17,561
Net position - beginning of the year	<u>166,783</u>
Net position - end of the year	<u><u>\$ 184,344</u></u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	Balance 07/01/19	Additions	Reductions	Balance 06/30/20
Assets				
Cash and cash equivalents	\$ 15,342	\$ 14,719	\$ 11,606	\$ 18,455
Due from other funds	633	-	633	-
Total assets	<u>\$ 15,975</u>	<u>\$ 14,719</u>	<u>\$ 12,239</u>	<u>\$ 18,455</u>
Liabilities				
Due to student groups	\$ 15,975	\$ 14,719	\$ 12,239	\$ 18,455
Total liabilities	<u>\$ 15,975</u>	<u>\$ 14,719</u>	<u>\$ 12,239</u>	<u>\$ 18,455</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Fiduciary Fund
Payroll Agency Fund Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2020

	Balance 07/01/19	Additions	Reductions	Balance 06/30/20
Assets				
Cash and cash equivalents	\$ 37,075	\$ 5,819,677	\$ 5,839,096	\$ 17,656
Total assets	<u>\$ 37,075</u>	<u>\$ 5,819,677</u>	<u>\$ 5,839,096</u>	<u>\$ 17,656</u>
Liabilities				
Due to other funds	\$ 22,204	\$ -	\$ 12,980	\$ 9,224
Payroll deductions and withholdings	14,871	2,361,552	2,367,991	8,432
Net payroll	<u>-</u>	<u>3,458,125</u>	<u>3,458,125</u>	<u>-</u>
Total liabilities	<u>\$ 37,075</u>	<u>\$ 5,819,677</u>	<u>\$ 5,839,096</u>	<u>\$ 17,656</u>

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, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/19	Issued	Retired	Balance 06/30/20
			Date	Amount					
Refunding of 2007 series refunding bond issue	05/03/17	\$ 7,725,000	07/15/20	\$ 440,000	2.00%	\$ 7,615,000	\$ -	\$ -	\$ 7,615,000
			07/15/21	455,000	4.00%	-	-	-	-
			07/15/22	470,000	3.43%	-	-	-	-
			07/15/23	495,000	4.00%	-	-	-	-
			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	5.00%	-	-	-	-
			07/15/30	700,000	4.00%	-	-	-	-
			07/15/31	730,000	3.75%	-	-	-	-
			07/15/32	755,000	3.75%	-	-	-	-

See independent auditor's report.

UNION TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds (continued)
For the Fiscal Year Ended June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/19	Issued	Retired	Balance 06/30/20
			Date	Amount					
Refunding of series 2002 & 2005 for new elementary school	01/27/16	\$ 3,105,000	07/15/20	\$ 145,000	2.000%	\$ 2,285,000	\$ -	\$ 580,000	\$ 1,705,000
			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%	-	-	-	-
								<u>\$ 9,900,000</u>	<u>\$ -</u>

See independent auditor's report.

UNION TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2020

Issue	Interest Rate	Amount of Original Issue	Balance 07/01/19	Issued	Retired	Balance 06/30/20
Installation of new roof, roof restoration, renovations and improvements	2.165%	\$ 1,250,000	\$ -	\$ 1,250,000	\$ -	\$ 1,250,000
			\$ -	\$ 1,250,000	\$ -	\$ 1,250,000

See independent auditor's report.

UNION TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	Unaudited		Actual	Variance Final to Actual
	Original Budget	Budget Transfers		
Revenues				
Local sources				
Local tax levy	\$ 959,583	\$ -	\$ 959,583	\$ -
Total revenues	<u>959,583</u>	<u>-</u>	<u>959,583</u>	<u>-</u>
Expenditures				
Regular debt service				
Redemption of principal	580,000	-	580,000	-
Interest	383,125	-	383,125	-
Total expenditures	<u>963,125</u>	<u>-</u>	<u>963,125</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(3,542)	-	(3,542)	-
Fund balance, July 1	<u>3,542</u>	<u>-</u>	<u>3,542</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><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 are 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 Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Government activities										
Net investment in capital assets	\$ 4,172,228	\$ 4,018,600	\$ 4,017,778	\$ 3,976,657	\$ 4,675,761	\$ 5,474,720	\$ 6,259,431	\$ 6,249,882	\$ 6,549,380	\$ 7,976,291
Restricted	1,958,627	2,992,139	3,431,663	3,889,746	3,514,670	2,957,192	2,458,045	1,956,818	2,075,828	2,595,447
Unrestricted	83,405	(39,529)	(17,216)	(1,952,064)	(2,063,435)	(2,004,874)	(2,180,508)	(1,877,321)	(2,199,015)	(3,349,842)
Total governmental activities	\$ 6,214,260	\$ 6,971,210	\$ 7,432,225	\$ 5,914,339	\$ 6,126,996	\$ 6,427,038	\$ 6,536,968	\$ 6,329,379	\$ 6,426,193	\$ 7,221,896
Business-type activities										
Net investment in capital assets	\$ 8,387	\$ 6,661	\$ 5,180	\$ 3,840	\$ 2,710	\$ 1,875	\$ 7,394	\$ 6,584	\$ 5,858	\$ 5,132
Unrestricted	25,268	31,257	33,999	36,628	47,892	60,175	35,911	36,376	35,319	33,254
Total business-type activities	\$ 33,655	\$ 37,918	\$ 39,179	\$ 40,468	\$ 50,602	\$ 62,050	\$ 43,305	\$ 42,960	\$ 41,177	\$ 38,386
District-wide										
Net investment in capital assets	\$ 4,180,615	\$ 4,025,261	\$ 4,022,958	\$ 3,980,497	\$ 4,678,471	\$ 5,476,595	\$ 6,266,825	\$ 6,256,466	\$ 6,555,238	\$ 7,981,423
Restricted	1,958,627	2,992,139	3,431,663	3,889,746	3,514,670	2,957,192	2,458,045	1,956,818	2,075,828	2,595,447
Unrestricted	108,673	(8,272)	16,783	(1,915,436)	(2,015,543)	(1,944,699)	(2,144,597)	(1,840,945)	(2,163,696)	(3,316,588)
Total district-wide	\$ 6,247,915	\$ 7,009,128	\$ 7,471,404	\$ 5,954,807	\$ 6,177,598	\$ 6,489,088	\$ 6,580,273	\$ 6,372,339	\$ 6,467,370	\$ 7,260,282

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,627,140	\$ 3,576,815	\$ 3,537,318	\$ 3,681,727	\$ 4,511,551	\$ 4,723,401	\$ 5,067,528	\$ 5,667,409	\$ 5,130,049	\$ 4,948,697
Special education	1,245,094	1,228,166	1,314,341	1,469,613	1,704,837	1,978,393	2,256,707	2,251,725	2,195,217	1,934,496
Other special education	81,132	105,320	53,194	51,227	79,159	69,768	139,843	197,239	152,865	102,463
Other instruction	235,532	233,877	239,822	237,072	278,470	295,713	289,013	264,957	416,035	259,439
Support services										
Tuition	449,813	438,775	330,590	234,322	369,987	299,932	462,871	410,297	335,463	344,343
Student and instruction related services	1,078,483	1,350,952	1,438,279	1,341,813	1,480,058	1,501,595	1,442,376	1,940,579	2,147,503	2,202,756
General and business administrative services	746,647	988,032	694,273	679,859	814,440	861,935	897,907	947,118	963,351	558,843
School administration	281,698	261,970	260,203	244,152	276,016	295,439	341,954	369,795	364,857	492,382
Plant operations and maintenance	963,026	1,000,227	981,392	1,109,528	1,031,921	933,558	917,918	1,117,581	1,118,714	1,178,939
Pupil transportation	531,342	544,943	584,371	481,271	494,475	480,243	511,823	490,138	533,144	607,272
Special schools	-	-	-	-	-	-	-	-	25,653	25,561
Interest on long-term debt	658,800	625,779	613,821	592,783	570,833	525,845	381,419	374,867	356,341	347,972
Total governmental activities expenses	<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>	<u>14,031,705</u>	<u>13,739,192</u>	<u>13,003,163</u>
Business-type activities										
Food services	138,119	143,232	125,898	132,256	132,079	131,058	165,476	141,317	130,018	96,167
Total business-type activities	<u>138,119</u>	<u>143,232</u>	<u>125,898</u>	<u>132,256</u>	<u>132,079</u>	<u>131,058</u>	<u>165,476</u>	<u>141,317</u>	<u>130,018</u>	<u>96,167</u>
Total district expenses	<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>\$ 12,096,880</u>	<u>\$ 12,874,835</u>	<u>\$ 14,173,022</u>	<u>\$ 13,869,210</u>	<u>\$ 13,099,330</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 14,000	\$ 25,200	\$ 36,191	\$ 34,320	\$ 34,500	\$ 42,930	\$ 34,517	\$ 70,490	\$ 61,600	\$ 84,709
Other instruction	164,609	169,985	155,587	159,557	160,096	169,099	177,187	145,960	130,356	88,083
General and business administrative services	350	\$400	-	-	-	-	-	-	-	-
Plant operations and maintenance	\$3,597	-	-	7,255	6,463	7,495	4,140	1,715	13,285	4,228
Pupil transportation	-	4,805	11,042	-	-	-	-	-	-	1,231
Operating grants and contributions	182,601	207,347	170,829	146,061	98,557	257,205	168,555	150,769	232,528	185,877
Capital grants and contributions	79,534	-	-	-	255,728	3,935	-	-	-	-
Total governmental activities program revenues	<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>	<u>368,934</u>	<u>437,769</u>	<u>364,128</u>
Business-type activities										
Charges for services										
Food service	110,423	110,199	102,822	106,177	112,476	109,795	112,843	107,988	98,450	62,666
Operating grants and contributions	29,932	37,296	24,208	27,218	29,574	32,468	33,531	31,828	29,493	30,375
Total business-type activities program revenues	<u>140,355</u>	<u>147,495</u>	<u>127,030</u>	<u>133,395</u>	<u>142,050</u>	<u>142,263</u>	<u>146,374</u>	<u>139,816</u>	<u>127,943</u>	<u>93,041</u>
Total district-program revenues	<u>\$ 585,046</u>	<u>\$ 555,232</u>	<u>\$ 500,679</u>	<u>\$ 480,588</u>	<u>\$ 697,394</u>	<u>\$ 622,927</u>	<u>\$ 530,773</u>	<u>\$ 508,750</u>	<u>\$ 565,712</u>	<u>\$ 457,169</u>
Net (expense) revenues										
Governmental activities	\$ (9,454,016)	\$ (9,947,119)	\$ (9,673,955)	\$ (9,776,174)	\$ (11,056,403)	\$ (11,485,158)	\$ (12,324,960)	\$ (13,662,771)	\$ (13,301,423)	\$ (12,639,035)
Business-type activities	2,236	4,263	1,132	1,139	9,971	11,205	(19,102)	(1,501)	(2,075)	(3,126)
Total district-wide net expenses	<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>	<u>\$ (13,664,272)</u>	<u>\$ (13,303,498)</u>	<u>\$ (12,642,161)</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 8,335,214	\$ 8,335,219	\$ 7,765,843	\$ 7,665,205	\$ 7,665,205	\$ 7,741,857	\$ 7,896,694	\$ 8,054,628	\$ 8,215,721	\$ 8,380,035
Taxes levied for debt service	1,099,829	1,019,250	909,944	1,039,326	1,042,794	1,035,349	619,902	661,090	955,725	959,583
Unrestricted grants and contributions	1,010,625	1,287,322	1,402,489	1,311,013	2,506,015	2,949,847	3,823,868	4,688,705	4,150,412	3,908,062
Investment earnings	4,138	26,847	17,073	17,327	16,754	14,616	20,632	44,841	50,539	34,271
Miscellaneous income	33,067	35,431	41,985	14,983	38,292	43,531	73,794	5,918	25,840	152,787
Special item-payment to refunding bond agent	-	-	-	145,500	-	-	-	-	-	-
Special item - loss on sale of capital assets	(23,069)	-	(2,364)	-	-	-	-	-	-	-
Transfers in (out)	(2,000)	-	-	-	-	-	-	-	-	-
Total governmental activities	<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>	<u>13,455,182</u>	<u>13,398,237</u>	<u>13,434,738</u>
Business-type activities										
Investment earnings	34	-	129	150	163	243	357	534	292	335
Miscellaneous income	-	-	-	-	-	-	-	622	-	-
Total business-type activities	<u>34</u>	<u>-</u>	<u>129</u>	<u>150</u>	<u>163</u>	<u>243</u>	<u>357</u>	<u>1,156</u>	<u>292</u>	<u>335</u>
Total district-wide	<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>	<u>\$ 13,456,338</u>	<u>\$ 13,398,529</u>	<u>\$ 13,435,073</u>
Change in net position										
Governmental activities	\$ 1,003,788	\$ 756,950	\$ 461,015	\$ 417,180	\$ 212,657	\$ 300,042	\$ 109,930	\$ (207,589)	\$ 96,814	\$ 795,703
Business-type activities	2,270	4,263	1,261	1,289	10,134	11,448	(18,745)	(345)	(1,783)	(2,791)
Total district	<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>	<u>\$ (207,934)</u>	<u>\$ 95,031</u>	<u>\$ 792,912</u>

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Restricted	\$ 1,788,258	\$ 2,821,770	\$ 3,396,996	\$ 3,496,871	\$ 3,500,385	\$ 2,949,202	\$ 3,286,269	\$ 2,947,931	\$ 2,546,163	\$ 2,792,884
Committed	78,528	180,194	96,597	123,043	3,094	143,340	33,658	24,457	91,863	498,942
Assigned	-	-	95,822	75,856	65,545	92,892	38,677	316,485	301,127	97,303
Unassigned	270,318	292,830	277,265	262,418	262,326	237,872	297,306	262,544	286,118	293,350
Total general fund	<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>	<u>\$ 3,551,417</u>	<u>\$ 3,225,271</u>	<u>\$ 3,682,479</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 40,369	\$ 40,369	\$ 34,667	\$ 392,874	\$ 9,284	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned, reported in										
Debt service fund	130,000	130,000	-	1	5,001	7,001	2,002	3,542	3,542	-
Total all other governmental funds	<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>	<u>\$ 3,542</u>	<u>\$ 3,542</u>	<u>\$ -</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 Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 9,435,043	\$ 9,354,469	\$ 8,675,787	\$ 8,704,531	\$ 8,707,999	\$ 8,777,206	\$ 8,516,596	\$ 8,715,718	\$ 9,171,446	\$ 9,339,618
Tuition charges	14,000	25,200	33,600	34,320	34,500	42,930	34,517	70,490	61,600	84,709
Transportation fees	-	-	-	-	-	-	-	-	-	1,231
Interest earnings	4,138	26,847	17,073	17,327	16,754	14,616	20,632	44,841	50,539	34,271
Before/After school child care service fees	164,609	169,985	155,587	159,557	160,096	169,099	177,187	145,960	130,356	88,083
Miscellaneous	162,949	36,770	50,282	20,658	40,675	41,878	59,004	9,592	45,034	174,870
State sources	1,010,625	1,259,057	1,402,489	1,311,013	1,428,919	1,530,866	1,701,510	1,825,414	2,110,703	2,219,027
State sources - capital projects	79,534	-	-	-	255,727	3,935	-	-	-	-
Federal sources	182,118	235,398	170,735	143,561	98,557	253,698	167,829	148,810	226,619	168,022
Total revenues	11,053,016	11,107,726	10,505,553	10,390,967	10,743,227	10,834,228	10,677,275	10,960,825	11,796,297	12,109,831
Expenditures										
Instruction										
Regular instruction	2,422,697	2,278,533	2,231,357	2,404,009	2,550,128	2,447,086	2,366,832	2,537,558	2,470,481	2,287,030
Special education instruction	769,073	752,085	801,133	895,219	925,663	1,024,839	1,040,519	1,028,866	1,039,754	950,420
Other special instruction	62,946	80,395	39,903	39,148	39,148	40,520	38,311	42,234	63,717	67,068
Other instruction	168,660	167,730	177,829	172,918	194,890	191,543	189,556	171,416	174,219	195,216
Support services										
Tuition	343,428	332,493	223,510	137,768	305,265	150,123	363,980	317,415	269,111	219,710
Student and inst related services	761,639	952,686	997,920	952,260	967,229	906,917	793,706	1,047,134	1,201,888	1,172,296
General administration	386,198	360,650	344,975	327,719	358,693	341,766	381,562	334,030	374,674	212,065
School administration services	182,384	174,374	171,269	167,694	164,864	165,978	167,333	188,893	197,949	254,525
Central services	176,745	174,870	187,411	199,762	202,888	172,124	213,551	235,939	243,502	120,672
Administrative information technology	-	207	-	3,451	-	-	-	-	-	-
Plant operations and maintenance	827,624	835,840	816,587	912,328	813,459	712,286	740,964	836,747	883,377	932,694
Pupil transportation	530,243	544,643	584,371	481,271	494,475	480,243	511,823	490,138	515,521	583,142
Employee benefits	1,280,758	1,381,396	1,346,120	1,386,279	1,429,197	1,447,001	1,309,905	1,449,296	1,586,256	1,617,452
On-behalf TPAF Pension and Social Security contribution	518,948	632,365	762,874	687,615	793,268	923,635	1,026,845	1,174,476	1,379,670	1,410,000
Capital outlay	140,231	35,186	139,518	74,522	205,703	924,823	123,604	21,200	380,301	1,619,137
Special schools	-	-	-	-	-	-	-	-	25,653	25,561
Special revenue funds	182,601	207,347	170,829	146,061	98,557	257,205	168,555	150,769	232,528	185,877
Capital projects	203,077	-	5,702	31,285	639,317	85,445	113,842	-	-	-
Debt service										
Principal	482,000	405,000	445,000	465,000	485,000	505,000	550,000	680,000	550,000	580,000
Interest and other charges	669,242	634,236	623,061	602,442	580,911	558,467	462,624	357,667	433,842	411,242
Total expenditures	10,108,494	9,950,036	10,069,369	10,086,751	11,248,655	11,335,001	10,563,512	11,063,778	12,022,443	12,844,107

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 Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Excess (deficiency) of revenues over (under) expenditures	\$ 944,522	\$ 1,157,690	\$ 436,184	\$ 304,216	\$ (505,428)	\$ (500,773)	\$ 113,763	\$ (102,953)	\$ (226,146)	\$ (734,276)
Other financing sources (uses)										
Capital leases (non-budgeted)	-	-	-	-	-	-	-	-	-	1,250,000
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)	(2,000)	-	-	-	-	-	-	-	(100,000)	(62,058)
Total other financing sources (uses)	(2,000)	-	-	145,500	-	85,445	113,842	-	(100,000)	1,187,942
Net change in fund balances	<u>\$ 942,522</u>	<u>\$ 1,157,690</u>	<u>\$ 436,184</u>	<u>\$ 449,716</u>	<u>\$ (505,428)</u>	<u>\$ (415,328)</u>	<u>\$ 227,605</u>	<u>\$ (102,953)</u>	<u>\$ (326,146)</u>	<u>\$ 453,666</u>
Debt service as a percentage of non-capital expenditures	13.36%	11.71%	12.06%	11.98%	11.42%	11.48%	10.87%	10.37%	9.23%	9.69%

Source: District Records

Note: Non-capital expenditures are total expenditures less capital outlay.

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 Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Interest income	\$ 4,126	\$ 26,847	\$ 26,847	\$ 17,327	\$ 16,754	\$ 14,616	\$ 20,632	\$ 44,841	\$ 50,539	\$ 34,271
Tuition	14,000	25,200	25,200	34,320	34,500	42,930	34,517	70,490	61,600	84,709
Transportation fees	-	-	-	-	-	-	-	-	-	1,231
Prior year accounts payable canceled	302	522	2,420	-	14	1,690	5,665	1,114	-	-
Insurance rebates	7,938	-	-	-	-	-	-	-	-	-
Bid spec fees	350	400	-	-	-	-	-	-	-	-
Prior year refund	-	-	-	-	1,360	18,201	2,158	-	808	95,984
Rentals	3,129	4,805	11,042	7,255	6,463	7,990	4,140	1,715	13,285	4,228
Miscellaneous other	342	3,561	1,988	860	1,462	2,771	346	91	5,386	1,154
Sale of assets	130,000	-	-	-	2,400	-	-	-	-	1,108
Donations/Contributions	3,000	6,453	7,100	3,600	88	1,701	4,000	4,713	19,646	-
Textbook sales	271	245	42	132	-	-	-	-	-	-
Miscellaneous account balances canceled	-	49	2,155	-	-	-	9,340	-	-	-
E-rate rebates	15,284	20,452	24,941	5,311	15,817	2,400	17,939	-	-	15,149
Before and after school child care service fees	164,609	169,985	169,985	159,557	160,096	169,099	177,187	145,960	130,356	88,083
FEMA storm reimbursement	-	-	-	-	-	-	11,490	-	-	-
Shared services	-	-	-	-	-	-	-	-	-	38,892
Miscellaneous grants/awards	-	-	500	1,000	12,300	1,000	3,200	-	-	-
Outstanding checks voided	1,850	69	-	-	771	617	-	-	-	500
Annual totals	\$ 345,201	\$ 258,588	\$ 272,220	\$ 229,362	\$ 252,025	\$ 263,015	\$ 290,614	\$ 268,924	\$ 281,620	\$ 365,309

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 Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Vacant land	\$ 14,685,104	\$ 14,061,208	\$ 13,500,308	\$ 15,073,108	\$ 16,553,308	\$ 16,134,508	\$ 13,952,608	\$ 12,018,208	\$ 11,730,700	\$ 12,130,100
Residential	529,159,100	528,658,100	526,448,800	522,049,700	524,247,100	525,993,900	528,600,700	528,912,900	529,490,600	529,477,100
Farm regular	34,593,000	35,197,800	35,317,200	37,591,100	36,133,300	36,774,000	37,425,800	37,524,100	37,573,000	37,174,700
Q farm	1,114,981	1,116,136	1,119,036	1,082,411	1,072,111	1,031,611	1,036,261	1,040,029	1,045,475	1,051,400
Commercial	88,414,100	89,743,200	89,705,600	88,792,500	104,475,132	107,510,532	113,430,532	113,430,532	114,132,832	112,942,632
Industrial	10,386,700	10,386,700	10,386,700	10,386,700	10,386,700	10,386,700	4,498,800	4,498,800	4,498,800	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	678,583,885	679,394,044	676,708,544	675,206,419	693,098,551	698,062,151	699,175,601	697,655,469	698,702,307	697,505,632
Public utilities (a)	6,624,752	6,624,752	6,744,963	4,909,700	97	95	95	-	-	-
Net valuation taxable	\$ 685,208,637	\$ 686,018,796	\$ 683,453,507	\$ 680,116,119	\$ 693,098,648	\$ 698,062,246	\$ 699,175,696	\$ 697,655,469	\$ 698,702,307	\$ 697,505,632
Estimated actual county equalized value	\$ 879,826,191	\$ 851,139,945	\$ 819,980,212	\$ 782,462,171	\$ 801,919,065	\$ 809,910,948	\$ 809,699,596	\$ 817,788,617	\$ 858,673,107	\$ 854,158,256
Percentage of net valuation to estimated actual equalized value	77.88%	80.60%	83.35%	86.92%	86.43%	86.19%	86.35%	85.31%	81.37%	81.66%
Total direct school tax rate (b)	\$ 1.37	\$ 1.26	\$ 1.27	\$ 1.28	\$ 1.27	\$ 1.22	\$ 1.25	\$ 1.32	\$ 1.34	\$ 1.36

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		
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	
2018	1.18	0.14	1.32	0.68	0.30	0.44	2.74	
2019	1.20	0.14	1.34	0.74	0.32	0.46	2.86	
2020	1.22	0.14	1.36	0.78	0.33	0.46	2.93	

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

	2020			2011		
	Taxable Assessed	Rank	% of Total District Net Assessed Value	Taxable Assessed	Rank	% of Total District Net Assessed Value
	Value			Value		
Energy (NJ)	\$ 31,240,250	1	4.48%	\$ 31,240,250	1	4.56%
Transcontinental Gas Pipeline Company	15,682,632	2	2.25%	4,909,700	4	0.72%
Crown Perryville LLC	15,000,000	3	2.15%	15,000,000	2	2.19%
FW LLC/FW Realty	5,293,650	4	0.76%	3,484,750	6	0.51%
County Arch Care Center	4,690,800	5	0.67%	4,615,400	5	0.67%
Kramer Electronic Holdings LLC	4,678,800	6	0.67%	-	-	-
Amsdell Storage Ventures XXXVII LLC	3,642,400	7	0.52%	-	-	-
Evergreen Associates	3,464,965	8	0.50%	3,038,300	7	0.44%
Pilot Trvl Cntrs, Property Tax Dept.	2,681,800	9	0.38%	-	-	-
Grand Farmhouse Property LLC	2,475,400	10	0.35%	-	-	-
INO Therapeutics Inc	-	-	-	6,250,000	3	0.91%
Fallone at Union LLC	-	-	-	2,730,000	8	0.40%
FDRA LLC	-	-	-	2,513,000	9	0.37%
Perryville Centre LLC	-	-	-	2,080,300	10	0.30%
	<u>\$ 88,850,697</u>		<u>12.74%</u>	<u>\$ 75,861,700</u>		<u>11.07%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Fiscal Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2011	\$ 9,435,043	\$ 9,435,043	100.00%
2012	9,354,469	9,354,469	100.00%
2013	8,675,787	8,675,787	100.00%
2014	8,704,531	8,704,531	100.00%
2015	8,707,999	8,707,999	100.00%
2016	8,777,206	8,777,206	100.00%
2017	8,516,596	8,516,596	100.00%
2018	8,715,718	8,715,718	100.00%
2019	9,171,446	9,171,446	100.00%
2020	9,339,618	9,339,618	100.00%

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				
2011	\$ 14,740,000	\$ -	\$ -	\$ -	\$ -	\$ 14,740,000	3.57%	2,503	
2012	14,335,000	-	-	-	-	14,335,000	3.40%	2,449	
2013	13,890,000	-	-	-	-	13,890,000	3.19%	2,398	
2014	13,425,000	-	-	-	-	13,425,000	3.09%	2,321	
2015	12,940,000	-	-	-	-	12,940,000	2.88%	2,262	
2016	12,455,000	-	-	-	-	12,455,000	2.71%	2,201	
2017	11,130,000	-	-	-	-	11,130,000	2.39%	1,996	
2018	10,450,000	-	-	-	-	10,450,000	2.22%	1,888	
2019	9,900,000	-	-	-	-	9,900,000	2.00%	1,788	
2020	9,320,000	-	1,250,000	-	-	10,570,000	N/A	1,936	

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

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 14,740,000	\$ -	\$ 14,740,000	2.15%	\$ 2,503
2012	14,335,000	-	14,335,000	2.09%	2,449
2013	13,890,000	-	13,890,000	2.03%	2,398
2014	13,425,000	-	13,425,000	1.97%	2,321
2015	12,940,000	-	12,940,000	1.87%	2,262
2016	12,455,000	-	12,455,000	1.78%	2,201
2017	11,130,000	-	11,130,000	1.59%	1,996
2018	10,450,000	-	10,450,000	1.50%	1,888
2019	9,900,000	-	9,900,000	1.42%	1,788
2020	9,320,000	-	9,320,000	1.42%	1,707

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, 2019

Governmental Unit	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Debt
Debt repaid with property taxes			
Municipality	\$ 3,078,108	100.00%	\$ 3,078,108
Regional High School	8,665,000	-	-
County general obligation debt	85,870,478	-	-
Subtotal, overlapping debt			3,078,108
School district direct debt			9,320,000
Total direct and overlapping debt			<u>\$ 12,398,108</u>

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2020

	Equalized Valuation Basis	
	2019	\$ 855,623,692
	2018	857,386,591
	2017	819,570,509
		<u>\$ 2,532,580,792</u>
Average equalized valuation of taxable property		<u>\$ 844,193,597</u>
Debt limit (3.0% of average equalization value)		\$ 25,325,808
Total net debt applicable to limit		<u>9,320,000</u>
Legal debt margin		<u>\$ 16,005,808</u>

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt limit	\$ 23,639,114	\$ 23,937,797	\$ 24,321,326	\$ 24,853,672	\$ 25,325,808
Total net debt applicable	12,435,000	11,130,000	10,450,000	9,900,000	9,320,000
Legal debt margin	<u>\$ 11,204,114</u>	<u>\$ 12,807,797</u>	<u>\$ 13,871,326</u>	<u>\$ 14,953,672</u>	<u>\$ 16,005,808</u>
Total net debt applicable to the limit as a percentage of debt limit	52.60%	46.50%	42.97%	39.83%	36.80%

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt limit	\$ 27,897,391	\$ 26,504,317	\$ 25,438,931	\$ 24,355,671	\$ 23,748,693
Total net debt applicable	14,740,000	14,335,000	13,890,000	13,425,000	12,940,000
Legal debt margin	<u>\$ 13,157,391</u>	<u>\$ 12,169,317</u>	<u>\$ 11,548,931</u>	<u>\$ 10,930,671</u>	<u>\$ 10,808,693</u>
Total net debt applicable to the limit as a percentage of debt limit	52.84%	54.09%	54.60%	55.12%	54.49%

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)
2011	5,889	\$ 412,518,561	\$ 70,049	7.0%
2012	5,854	421,166,030	71,945	7.2%
2013	5,792	435,778,496	75,238	6.0%
2014	5,785	434,262,595	75,067	4.5%
2015	5,720	449,889,440	78,652	4.5%
2016	5,660	458,782,620	81,057	3.8%
2017	5,576	466,404,520	83,645	3.7%
2018	5,535	470,242,530	84,958	3.5%
2019	5,536	N/A	N/A	3.1%
2020	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

2020

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

2011

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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction										
Regular	38.5	34.5	35.3	37.0	35.0	35.0	38.0	31.0	36.0	31.2
Special education	16.5	16.0	15.5	16.5	19.2	20.0	20.0	21.0	24.8	13.8
Other instruction	1	2	1	1	-	-	-	-	-	-
Support services										
Student and instruction related services	9	8	10	9	8	8	8	5	4	18
General administration	2	2	2	2	2	2	2	4	4	2
School administration services	2	2	1	2	2	2	2	4	5	4
Other administration services	2	3	2	-	-	-	-	-	-	2
Central services	3	3	2	3	3	3	3	3	2	3
Plant operations and maintenance	8	7	7	8	8	6	8	7	7	7
Before & after care	4	3	2	3	3	3	6	7	5	5
Total	<u>84.5</u>	<u>79.9</u>	<u>77.9</u>	<u>80.4</u>	<u>80.2</u>	<u>78.2</u>	<u>87.0</u>	<u>82.0</u>	<u>87.8</u>	<u>86.3</u>

Source: District Personnel Records

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>June 30 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>
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 11.47	495.3	478.7	10.68%	96.65%
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%
2018	449	10,004,911	22,283	4.32%	45	1 to 9.98	456.3	435.4	1.49%	95.42%
2019	439	10,658,300	24,279	8.96%	51	1 to 8.64	437.1	418.7	-4.22%	95.80%
2020	443	10,233,728	23,101	-4.85%	45	1 to 9.84	437.4	422.5	0.07%	96.60%

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.

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Middle School (1954)</u>										
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	333	243	251	249	240	234	230	231	231	210
<u>Elementary School (2007)</u>										
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	187	250	244	249	255	215	208	235	206	226
<u>Number of schools at June 30, 2020:</u>										
Elementary & Middle =	2									

Source: District Facilities Office

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

Fiscal Year Ending	School Facilities*		Total
	Elementary School	Middle School	
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
2018	71,955	81,427	153,382
2019	124,489	114,913	239,402
2020	97,114	105,207	202,321
Total school facilities	<u>\$ 753,891</u>	<u>\$ 968,161</u>	<u>\$ 1,722,052</u>

Source: District Records

* 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)

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2020
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy - NJ Schools Insurance Group (NJSIG)		
Property - Building Blanket and Contents (Fund Limit)	\$ 500,000,000	\$ 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 - NJSIG		
Errors and Omissions	6,000,000	5,000
Workers Compensation - NJSIG		
Per accident per employee	3,000,000	-
Per disease per employee	3,000,000	-
Disease Policy Limit	3,000,000	-
Public Employees' Faithful Performance - NJSIG		
Treasurer of School Monies	185,000	1,000
School Board Secretary	200,000	1,000
Student Accident Insurance - BMI benefits through Berkeley/ United States Fire Insurance Co.		
Policy Limit	1,000,000	Full Excess
Pollution Policy - NJSIG through Ironshore Specialty Insurance		
Claim Limit	1,000,000	250,000

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION



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

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

Honorable President and Members
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 fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 14, 2021.

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.

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 no 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.

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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BKC, CPAs, PC



Michael Holk, CPA, PSA
NO. 20CS00265600

January 14, 2021
Flemington, New Jersey



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

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the
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 New Jersey OMB Circular 15-08 *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2020. The 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors' 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 prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08. Those standards, and the 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, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 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 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. However, material weaknesses may exist that have not been identified.

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



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

January 14, 2021
Flemington, New Jersey

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2020

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/19	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2020				
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Education passed through State Department of Education																	
Special Revenue Fund																	
ESSA Title I A	84.010A	S010S180030	ESSA-5270-19	\$ 46,878	07/01/18	06/30/19	\$ (43,659)	\$ -	\$ 46,878	\$ 3,219	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
ESSA Title I A	84.010A	S010S170030	ESSA-5270-18	44,265	07/01/17	06/30/18	(47)	-	47	-	-	-	-	-	-	-	
ESSA Title II A	84.367A	S367A180029	ESSA-5270-19	7,073	07/01/18	06/30/19	(7,073)	-	7,073	-	-	-	-	-	-	-	
ESSA Title II A	84.367A	S367A170029	ESSA-5270-18	7,653	07/01/17	06/30/18	(3,554)	-	3,554	-	-	-	-	-	-	-	
ESSA Title II A	84.367A	S367A190029	ESSA-5270-20	2,045	07/01/19	06/30/20	-	-	2,045	2,045	-	-	-	-	-	-	
ESSA Title IV	84.424A	S424A180031	ESSA-5270-19	10,000	07/01/18	06/30/19	(10,000)	-	10,000	-	-	-	-	-	-	-	
ESSA Title IV	84.424A	S424A170031	ESSA-5270-18	10,000	07/01/17	06/30/18	(2,389)	-	2,389	-	-	-	-	-	-	-	
Rural Education Achievement Program	84.358A	S358A192630	806461943	31,618	07/01/19	06/30/20	-	-	31,618	31,618	-	-	-	-	-	-	
Rural Education Achievement Program	84.358A	S358A182630	806461943	86,520	07/01/18	06/30/19	(71)	-	71	-	-	-	-	-	-	-	
IDEA Basic	84.027	H027A180100	IDEA-5270-19	93,369	07/01/18	06/30/19	(14,919)	-	14,919	-	-	-	-	-	-	-	
IDEA Basic	84.027	H027A170100	IDEA-5270-18	96,636	07/01/17	06/30/18	(7,025)	-	7,025	-	-	-	-	-	-	-	
IDEA Basic	84.027	H027A190100	IDEA-5270-20	124,633	07/01/19	06/30/20	-	-	131,658	124,633	-	-	-	-	7,025	-	
IDEA Preschool	84.173	H173S190114	IDEA-5270-20	6,796	07/01/19	06/30/20	-	-	6,796	6,796	-	-	-	-	-	-	
Total Special Revenue Fund							<u>(88,737)</u>	<u>-</u>	<u>264,073</u>	<u>168,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,025</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	201NJ304N1099	N/A	8,961	10/01/19	09/30/20	-	-	8,961	7,775	-	-	-	1,186	-	-	
National School Lunch Program																	
Non-Cash Assistance (Commodities)	10.555	191NJ304N1099	N/A	10,595	10/01/18	09/30/19	1,315	-	-	1,315	-	-	-	-	-	-	
National School Lunch Program																	
Cash Assistance	10.555	201NJ304N1099	N/A	14,276	10/01/19	09/30/20	-	-	13,754	14,276	-	-	(522)	-	-	-	
National School Lunch Program																	
Cash Assistance	10.555	191NJ304N1099	N/A	17,670	10/01/18	09/30/19	(565)	-	565	-	-	-	-	-	-	-	
Total Enterprise Fund							<u>750</u>	<u>-</u>	<u>23,280</u>	<u>23,366</u>	<u>-</u>	<u>-</u>	<u>(522)</u>	<u>1,186</u>	<u>-</u>	<u>-</u>	
Total Federal Financial Assistance							<u>\$ (87,987)</u>	<u>\$ -</u>	<u>\$ 287,353</u>	<u>\$ 191,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (522)</u>	<u>\$ 8,211</u>	<u>\$ -</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, 2020

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019					Balance June 30, 2020			Memo			
					From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received	Budgetary Expenditure	Adjustments	Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education																
General Fund																
Special Education Categorical Aid	20-495-034-5120-089	\$ 358,106	07/01/19	06/30/20	\$ -	\$ -	\$ 324,285	\$ 358,106	\$ -	\$ -	\$ -	\$ -	\$ 33,821	\$ 358,106		
Security Aid	20-495-034-5120-084	36,554	07/01/19	06/30/20	-	-	33,102	36,554	-	-	-	-	3,452	36,554		
Transportation Aid	20-495-034-5120-014	233,413	07/01/19	06/30/20	-	-	211,368	233,413	-	-	-	-	22,045	233,413		
Adjustment Aid	20-495-034-5120-085	14,726	07/01/19	06/30/20	-	-	13,335	14,726	-	-	-	-	1,391	14,726		
Extraordinary Aid	20-495-034-5120-044	165,752	07/01/19	06/30/20	-	-	-	165,752	-	(165,752)	-	-	-	165,752		
Extraordinary Aid	19-495-034-5120-044	88,603	07/01/18	06/30/19	(88,603)	-	88,603	-	-	-	-	-	-	88,603		
Non-Public Transportation Aid	19-495-034-5120-014	8,700	07/01/18	06/30/19	(8,700)	-	8,700	-	-	-	-	-	-	8,700		
On-Behalf TPAF Pension Contribution - Postretirement Medical	20-495-034-5094-001	311,102	07/01/19	06/30/20	-	-	311,102	311,102	-	-	-	-	-	311,102		
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	20-495-034-5094-004	14,766	07/01/19	06/30/20	-	-	14,766	14,766	-	-	-	-	-	14,766		
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	20-495-034-5094-004	663	07/01/19	06/30/20	-	-	663	663	-	-	-	-	-	663		
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	20-495-034-5094-002	823,826	07/01/19	06/30/20	-	-	823,826	823,826	-	-	-	-	-	823,826		
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	259,643	07/01/19	06/30/20	-	-	258,156	259,643	-	(1,487)	-	-	-	259,643		
Reimbursed TPAF Social Security Contribution	19-495-034-5094-003	282,990	07/01/18	06/30/19	(1,487)	-	1,487	-	-	-	-	-	-	282,990		
Total General Fund					(98,790)	-	2,089,393	2,218,551	-	(167,239)	-	-	60,709	2,598,844		
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	20-100-010-3350-023	992	07/01/19	06/30/20	-	-	984	992	-	(8)	-	-	-	992		
State School Lunch Program	19-100-010-3350-023	1,547	07/01/18	06/30/19	(51)	-	51	-	-	-	-	-	-	1,547		
Total Enterprise Fund					(51)	-	1,035	992	-	(8)	-	-	-	2,539		

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2020

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019			Budgetary Expenditure	Adjust-ments	Balance June 30, 2020			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received			Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
Total State Financial Assistance					<u>\$ (358,503)</u>	<u>\$ -</u>	<u>\$ 2,350,090</u>	2,219,543	<u>\$ -</u>	<u>\$ (167,247)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,709</u>	<u>\$ 2,861,045</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	20-495-034-5094-002							823,826						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	20-495-034-5094-004							14,766						
On-Behalf TPAF Pension Contribution - Postretirement Medical	20-495-034-5094-001							311,102						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	20-495-034-5094-004							663						
Total for State Financial Assistance - Major Program Determination								<u>\$ 1,069,186</u>						

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Union Township School District. The District is defined in Note 1 (A) to the District's basic 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, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

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

Note 3 - Relationship of financial statements

The basic 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the 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 \$476 for the general fund and \$(19,115) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2020

Note 3 - Relationship of financial statements (continued)

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

	Local	Federal	State	Total
General fund	\$ -	\$ -	\$ 2,219,027	\$ 2,219,027
Special revenue fund	17,855	168,022	-	185,877
Food service fund	-	23,366	992	24,358
Total awards and financial assistance	\$ 17,855	\$ 191,388	\$ 2,220,019	\$ 2,429,262

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, 2020. 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 fiscal year ended June 30, 2020

Note 6 - 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, 2020

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, 2020

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>20-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>20-495-034-5120-078</u>	<u>Adjustment Aid</u>
<u>20-495-034-5120-084</u>	<u>Security Aid</u>

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs – Sections II and III
For the Fiscal Year Ended June 30, 2020

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2020.

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

There were no findings or questioned costs for the year ended June 30, 2020.

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, 2020

Status of Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendation including findings. Corrective action had been taken on the following prior year findings: 2019-001.