

**Comprehensive Annual  
Financial Report**

**of the**

**Township of Union, Board of Education**

**County of Union**

**Union, New Jersey**

**For the Fiscal Year Ended June 30, 2020**

**Prepared by**

**Township of Union, Board of Education  
Finance Department**



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**INTRODUCTORY SECTION**



# Township of Union Public Schools

December 31, 2020

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Township of Union School District (the "District") for the fiscal year ended June 30, 2020 is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with U.S. generally accepted accounting principles for governmental entities as established by the Governmental Accounting Standards Board. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Township of Union School District. 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 of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials.
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section - The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, P.L. 104 - 156 and the Uniform Guidance and the New Jersey OMB's Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:** The Township of Union School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14.. All funds of the District are included in this report. The Township of Union School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PRE-K through 12. These include regular as well as special education for handicapped youngsters.

**2. ECONOMIC CONDITION AND OUTLOOK:** The Township of Union, in the County of Union, is experiencing a period of economic stability and modest but steady growth. This outlook mirrors that of the region (Northeastern United States) itself. The Township's proximity to transportation and employment centers in New York City and Northern NJ contributes towards maintaining this outlook. Within Union County, the unemployment rate of below 4% is lower than the national average and the employment outlook is strong for those entering the workforce. Residential, commercial and industrial properties



continue to see increases in values, with room for further growth. Foreclosures have leveled off. Development within the Township is strong. There are two major multi-phased mixed use developments in the Township which are in construction and will further improve the local economic conditions. Studies have shown that these types of transit oriented and downtown development do not attract many school age children and the rentals to date have been consistent with those studies. The major commercial tax appeals have leveled off. Union Train Station and the surrounding transit-oriented area will continue to demonstrate great economic growth. The Township remains well positioned for continued economic stability and steady growth.

### **3. MAJOR INITIATIVES:**

**Initiative One** - The Township of Union School District Leadership Professional Development: The District is committed to ensure all district leaders are provided professional development and executive level training for continuous improvement in achievement of all students. District Principals will attend five professional development series at Rutgers Institute for Improving Student Achievement. The objective is to renew the focus of helping teachers to teach at their best, support students to learn to their utmost, and provide administrators the opportunities to become better leaders.

**Initiative Two** - The Township of Union School District will ensure equity and access to quality instruction: Curriculum and Instruction: We are prepared to teach all students. Provide pathways for student achievement, and embedding equity in the curriculum to support social and emotional learning, cultural competence, and socio-political consciousness. The district implemented new courses at the middle and high school to address the learning interest of students and to ensure all students achieve positive learning experiences.

**Initiative Three** - The Township of Union School District will continue the implementation of Social Emotional Learning (SEL). NJ PBSIS will provide professional development for building administrators. Building administrators will share PB SIS information with their staff to support the implementation of tired interventions for a range of school intervention needs that includes conduct, behavior and social and emotional wellness. The continued implementation of Response to Intervention (RTI) will help support every student academically and enhance the support of PB SIS.

**Initiative Four** - The Township of Union School District will continue to build positive public relations with the community and invested stakeholders. Involve two way communications between the community and the school district will continue to build a stronger feel of trust and confidence in the school communities. The objective remains to always foster a positive outlook of our schools throughout the community.

**4. INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an 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) there are limited resources and that the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal 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 voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Amendments to the line items within these funds are approved by the Superintendent and subsequently ratified by the Board of Education, in accordance with state statute and Board Policy.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2020.


**6. ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds which are explained in "Notes to the Financial Statements," Note 1.

**7. CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District's cash management plan allows it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 and updated in 2009 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

**8. RISK MANAGEMENT:** The Board of Education carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property damage 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 Suplee Clooney & Company 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 Single Audit Act Amendments of 1996 and the related Uniform Guidance and state Treasury Circular 15-08 OMB. The auditor's report on the basic financial statements and combining 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.

Respectfully submitted,



Gregory Tatum  
Superintendent of Schools



School Business Admin./Board Sec.

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

**ROSTER OF OFFICIALS  
JUNE 30, 2020**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Guy Francis	2022
Sherry Higgins	2020
Ronnie McDowell	2021
Kalisha Morgan	2021
Nancy Minneci, President	2022
Vito A. Nufrio	2020
Linda Richardson	2020
Kim Ruiz	2021
Mary Lynn Williams	2022

**Other Officials**

Mr. Gregory Tatum, Superintendent of Schools

Mrs. Annie Moses, Assistant Superintendent of Schools

Mr. Gerry Benaquista, Assistant Superintendent of Schools

Mr. Manuel E. Vieira, School Business Administrator/Board Secretary

Mr. Barry Loessel, Supervisor of Buildings and Grounds

Jennifer Semler, Treasurer of School Monies

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

**CONSULTANTS AND ADVISORS**

**Architect**

EI Associates  
8 Ridgedale Avenue  
Cedar Knolls, New Jersey 07866

**Audit Firm**

Suplee, Clooney & Company  
308 East Broad Street  
Westfield, NJ 07090-2122

**Attorney**

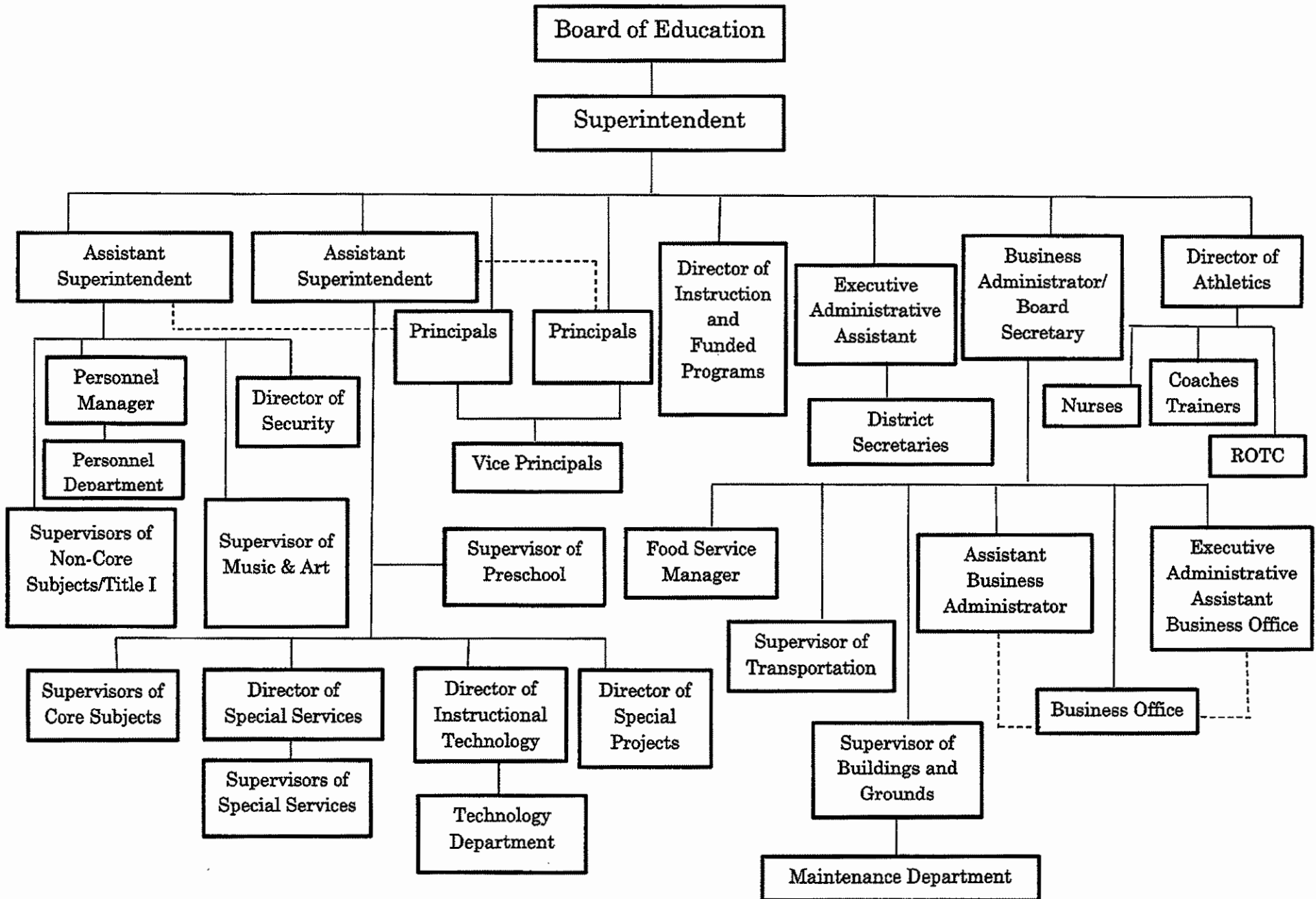
Lester Taylor III, Esq  
Florio Perrucci Steinhardt & Cappelli  
218 Rt. 17 North Suite 410  
Rochelle Park, NJ 07662

**Official Depositories**

ConnectOne Bank  
301 Sylvan Ave #1  
Englewood Cliffs, NJ 07632

# TABLE OF ORGANIZATION

As of 6/4/19



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**FINANCIAL SECTION**



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Union School District, County of Union, New Jersey as of and for the 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.

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

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and State of New Jersey OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



## SUPLEE, CLOONEY & COMPANY

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

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

### ***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 Township of Union School District, County of Union, New Jersey 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to the accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibit M-1 and M-2 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.

# SUPLEE, CLOONEY & COMPANY

## *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Union School District's basic financial statements. The accompanying supplementary information, data and schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular NJOMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information, data and schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, "Audits of States, Local Governments and Nonprofit Organization," New Jersey's OMB Circular NJOMB 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance is the responsibility of management and was 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 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 accompanying supplementary information, data and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

## **Prior Period Financial Statements**

The financial statements of the Township of Union School District for the year ended June 30, 2019 were audited by other auditors whose report, dated November 26, 2019, expressed an unmodified opinion on those statements.

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

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2020 on our consideration of the Township of Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Union School District's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
PUBLIC SCHOOL ACCOUNTANT NO. 962

December 31, 2020

**REQUIRED SUPPLEMENTARY INFORMATION – Part I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

**TOWNSHIP OF UNION SCHOOL DISTRICT  
UNION, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020  
UNAUDITED**

The Management's Discussion and Analysis of the Township of Union School District (the "District") offers readers of the District's financial statements a narrative overview of the financial activities for the fiscal year ended June 30, 2020. The intent of this discussion is to look at the District's financial performance as a whole; therefore readers should also review the transmittal letter at the front of this report, along with the District's financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements-Management's Discussion and Analysis-for the State and Local Governments issued in June 1999. Certain comparative information between the current fiscal year (2019-2020) and the prior fiscal year (2018-2019) is required to be presented in the MD&A.

**Overview of the Financial Statements**

This Comprehensive Annual Financial Report ("CAFR") consists of three parts: Management's Discussion and Analysis (this section), The Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District, District-wide Financial Statements and Fund Financial Statements.

- District-Wide Financial Statements provide both short-term and long-term information about the District's overall financial status.
- Fund Financial Statements report the District's operations in more detail than the District-wide statements on individual parts of the District, the Governmental Funds, Proprietary Funds and Fiduciary Funds.
- Governmental Funds Statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Proprietary Funds Statements offer short and long-term financial information about the activities the District operates like a business, which include food services, community education and summer enrichment programs.
- Fiduciary Funds Statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The notes to financial statements are also included, which are an integral part of the financial statements. The information in the notes provides detailed data on the District's financial operations.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year. Exhibit A-1 reflects how the various parts of this annual report are arranged and related to one another.

**TOWNSHIP OF UNION SCHOOL DISTRICT  
UNION, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**District-Wide Financial Statements**

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or disbursed.

The District-Wide Financial Statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position has improved or diminished. The causes of this change may be a result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the District-Wide Financial Statements, the District's activities are divided into two categories, governmental and business-type activities.

- **Governmental activities** - All of the District's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and state formula aid finance most of these activities.
- **Business-Type activities** - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. District charges fees to help it cover the costs of certain services it provided. The food service activities are reported as business activities.

**TOWNSHIP OF UNION SCHOOL DISTRICT  
UNION, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on major funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. long-term debt) or to show that it is properly using certain restricted revenues (i.e. entitlement grants).

The District maintains three financial funds:

- **Governmental Funds:** The District's activities reported in governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the district-wide Statement of Net Position and Statement of Activities) and governmental funds statements is reconciled in the financial statements.
- **Proprietary Funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flow.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**TOWNSHIP OF UNION SCHOOL DISTRICT  
UNION, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020  
UNAUDITED**

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

The District's combined net position has increased from the 2018-2019 fiscal year. The net position from governmental activities increased \$465,367. Net position from business-type activities decreased \$145,109. Table 1 below reflects the District's net position as a whole.

**Table 1  
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	FY 2020	FY 2019 (as restated)	FY 2020	FY 2019	FY 2020	FY 2019 (as restated)	Change
Current and Other Assets	\$10,726,400	\$8,267,026	\$585,399	\$588,802	\$11,311,799	\$8,855,828	27.73%
Capital Assets	90,839,707	93,513,537	818,105	812,620	91,657,812	94,326,157	(2.83%)
Total Assets	<u>101,566,106</u>	<u>101,780,563</u>	<u>1,403,504</u>	<u>1,401,422</u>	<u>102,969,611</u>	<u>103,181,985</u>	(0.21%)
Deferred Outflows Related to Loss From Refunding Debt	878,810	980,223			878,810	980,223	(10.35%)
Related to Pensions	8,891,214	11,280,769			8,891,214	11,280,769	(21.18%)
Total Deferred Outflows	<u>9,770,024</u>	<u>12,260,992</u>			<u>9,770,024</u>	<u>12,260,992</u>	(20.32%)
Long-Term Liabilities	56,591,528	60,386,813			56,591,528	60,386,813	(6.28%)
Short-Term Liabilities	6,711,114	6,537,762	143,377	285,050	6,854,491	6,822,812	0.46%
Total Liabilities	<u>63,302,642</u>	<u>66,924,575</u>	<u>143,377</u>	<u>285,050</u>	<u>63,446,019</u>	<u>67,209,625</u>	(5.60%)
Deferred Inflows Related to Pensions	<u>14,287,194</u>	<u>13,836,056</u>			<u>14,287,194</u>	<u>13,836,056</u>	3.26%
Net Position:							
Net investment in Capital Assets	73,459,183	74,502,287	818,105	812,620	74,277,289	75,314,907	(1.38%)
Restricted	8,446,449	5,405,186			8,446,449	5,405,186	56.27%
Unrestricted (Deficit)	<u>(48,159,338)</u>	<u>(46,626,549)</u>	<u>153,158</u>	<u>303,752</u>	<u>(48,006,180)</u>	<u>(46,322,797)</u>	3.63%
Total Net Position	<u>\$33,746,294</u>	<u>\$33,280,924</u>	<u>\$971,263</u>	<u>\$1,116,372</u>	<u>\$34,717,557</u>	<u>\$34,397,296</u>	0.93%



**TOWNSHIP OF UNION SCHOOL DISTRICT  
UNION, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**Table 2  
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District	
	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2019</u>
Revenue:						
Program Revenue:						
Charges for Services			\$1,173,002	\$1,429,670	\$1,173,002	\$1,429,670
Operating Grants and Contributions	\$37,827,972	\$48,689,313	1,428,421	1,712,479	39,256,393	50,401,792
General Revenue:						
Property Taxes	94,320,891	92,543,494			94,320,891	92,543,494
Federal and State Aid not restricted	33,682,659	26,513,994			33,682,659	26,513,994
Other	546,648	1,080,807	5,490	8,214	552,139	1,089,021
<b>Total Revenue</b>	<u>166,378,170</u>	<u>168,827,608</u>	<u>2,606,914</u>	<u>3,150,363</u>	<u>168,985,084</u>	<u>171,977,971</u>
Expenses:						
Instruction	105,787,225	97,516,126			105,787,225	97,516,126
Student & Instructional Support Services	26,188,636	35,819,529			26,188,636	35,819,529
Administrative and Business	14,210,454	13,970,469			14,210,454	13,970,469
Maintenance & Operations	11,313,235	12,359,449			11,313,235	12,359,449
Transportation	7,697,206	8,059,568			7,697,206	8,059,568
Other	716,046	3,251,583	2,752,023	3,309,698	3,468,069	6,561,281
<b>Total Expenses</b>	<u>165,912,803</u>	<u>170,976,724</u>	<u>2,752,023</u>	<u>3,309,698</u>	<u>168,664,826</u>	<u>174,286,422</u>
Increase/(Decrease) in Net Position	<u>\$465,367</u>	<u>(\$2,149,116)</u>	<u>(\$145,109)</u>	<u>(\$159,335)</u>	<u>\$320,258</u>	<u>(\$2,308,451)</u>

Both revenues and expenses decreased mainly as a result of the district recognizing a smaller on-behalf TPAF contribution as a revenue and as an expense based upon the State's Actuarial report.

**TOWNSHIP OF UNION SCHOOL DISTRICT  
UNION, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**Sources of Revenue for the Fiscal Year 2020**

The District's total revenue for the 2019-2020 school year was \$168,985,084 as reflected in Table 3 below. Property taxes accounted for 55.82 percent of the total revenue with the other 44.18 percent consisting of state and federal aid, charges for services, and miscellaneous sources.

**Table 3  
Sources of Revenue**

<u>Sources of Revenue</u>	<u>FY 2020</u>		<u>FY 2019</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$94,320,891	55.82%	\$92,543,494	53.88%
Operating State and Federal Aid	66,798,981	39.53%	71,348,191	41.54%
Federal and State Grants	6,140,072	3.63%	5,567,595	3.24%
Charges for Services	1,173,002	0.69%	1,429,670	0.83%
Other	552,139	0.32%	859,027	0.49%
	<u>\$168,985,084</u>	<u>100.00%</u>	<u>\$171,747,977</u>	<u>100.00%</u>

**Expenses for the Fiscal Year 2020**

The total expenses for the 2019-2020 fiscal year for all programs and services were \$168,664,826. Table 4 below summarizes these program costs. The District's expenses are predominantly related to instructing, providing services and transporting students, grades kindergarten through twelve, which accounts for 82.81 percent of the total District costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, and the Principal's Offices in all five school buildings. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include interest on long-term debt, unallocated depreciation expense and the costs of the business-type activities of the proprietary funds. It is important to note that depreciation expense on capital assets is included in expenses for the year under the GASB entity-wide reporting model; expenses therefore include \$3,715,020 for depreciation. The decrease in total expenses can be explained by the change in the pension expense based on the State's Actuarial report.

**TOWNSHIP OF UNION SCHOOL DISTRICT  
UNION, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**Table 4  
Expenses for Fiscal Year 2020**

<u>Expense Category</u>	<u>FY 2020</u>		<u>FY 2019</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$105,787,225	62.72%	\$110,734,283	64.77%
Student & Instruction Services	26,188,636	15.53%	22,601,372	13.22%
Administrative and Business	14,210,454	8.43%	13,970,469	8.17%
Maintenance & Operations	11,313,235	6.71%	12,359,449	7.23%
Transportation	7,697,206	4.56%	8,059,568	4.71%
Other	3,468,069	2.05%	3,251,583	1.91%
	<u>\$168,664,826</u>	<u>100.00%</u>	<u>\$170,976,724</u>	<u>100.00%</u>

**Governmental Activities**

Table 5 presents the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs) of six major District activities: instruction, student and instructional services, administration and business, maintenance and operations, transportation, and other. The net cost shows the financial burden placed on the District's taxpayers and the state by each of these functions.

**Table 5  
Net Cost of Governmental Activities**

<u>Expense Category</u>	<u>FY 2020</u>		<u>FY 2019</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$79,805,581	62.31%	\$71,081,854	59.59%
Student & Instruction Services	18,549,748	14.48%	17,684,436	14.00%
Administrative and Business	12,012,333	9.38%	12,121,394	9.29%
Maintenance & Operations	11,313,235	8.83%	11,865,818	9.46%
Transportation	5,802,397	4.53%	6,068,993	5.62%
Other	601,536	0.47%	3,243,136	2.04%
	<u>\$128,084,831</u>	<u>100.00%</u>	<u>\$122,065,631</u>	<u>100.00%</u>

**TOWNSHIP OF UNION SCHOOL DISTRICT  
UNION, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020  
UNAUDITED**

Instruction expenses include activities directly dealing with the teaching of students and the interaction between teacher and student, including extracurricular activities.

Students and instruction related include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and central services include expenses associated with administrative and financial management of the District.

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

"Other" includes unallocated depreciation.

**General Fund Budgeting Highlights**

The District's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting.

Over the course of the year, the Board of Education approved revisions to the general fund budget as needed. These budget amendments were necessary for the following reasons:

- Changes in administrative structure and needs required additional funds being transferred into those areas.
- Realigned appropriations in accordance with the prescribed chart of accounts as needed.

**Capital Assets**

During the fiscal year 2019-2020, the District's depreciation expense and retired assets exceeded capital acquisitions, therefore total capital assets net of depreciation decreased. Table 6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

**TOWNSHIP OF UNION SCHOOL DISTRICT  
UNION, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**Table 6  
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	FY 2020	FY 2019 (as restated)	FY 2020	FY 2019	FY 2020	FY 2019 (as restated)	Change
Land	\$9,553,000	\$9,553,000			\$9,553,000	\$9,553,000	0.00%
Site Improvements	2,276,877	2,393,228			2,276,877	2,393,228	(4.86%)
Building and Building Improvements	74,724,018	77,048,769			74,724,018	77,048,769	(3.02%)
Machinery and Equipment	4,285,812	4,518,540	\$818,105	\$812,620	5,103,917	5,331,160	(4.26%)
<b>Total Assets</b>	<b>\$90,839,707</b>	<b>\$93,513,537</b>	<b>\$818,105</b>	<b>\$812,620</b>	<b>\$91,657,812</b>	<b>\$94,326,157</b>	<b>(2.83%)</b>

**Debt and Long-term Liabilities Administration**

At June 30, 2020, the District had \$59,254,048 of outstanding long-term debt, consisting of bonds payable, compensated absences, capital leases, unamortized premiums and net pension liability. The District will continue to pay down its debt, as the obligations are due. Table 7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the District's long-term debt is presented in Note 4 to the financial statements.

**Table 7  
Outstanding Long-term Debt**

	Total School Debt		Total Percentage Change
	FY 2020	FY 2019 (as restated)	
Capital Leases Payable	\$1,025,025	\$434,473	135.92%
Compensated Absences Payable	3,305,142	3,080,850	7.28%
Bonds Payable	17,367,000	19,557,000	(11.20%)
Original Issue Premium	617,308	721,776	(14.47%)
Net Pension Liability Payable	36,939,573	39,115,042	(5.56%)
	<b>\$59,254,048</b>	<b>\$62,909,141</b>	<b>(5.81%)</b>

**TOWNSHIP OF UNION SCHOOL DISTRICT  
UNION, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020  
UNAUDITED**

**The District's Future**

The Township of Union School District saw an increase in its fund balance during the 2019/2020 school year. The enrollment in the District continues to remain stable. The District is proud of its community support and student involvement in the public schools. Major concerns continue to be the increased reliance on local property taxes, levels of State aid, a rising health care cost and out of district special education students and special education related services and the continued 2% levy cap. The District's will continue to implement sound fiscal management.

**Contacting the 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. Questions regarding this report can be directed to the Board of Education Office at the Union Township School District, 2369 Morris Avenue, NJ 07083.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2020.

## **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.



TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$5,001,593	\$26,416	\$5,028,009
Receivables, net	3,118,018	487,844	3,605,861
Less: Allowance for Doubtful Accounts		(288,864)	(288,864)
Inventory		71,139	71,139
Restricted assets:			
Restricted cash and cash equivalents	2,606,789		2,606,789
Capital assets:			
Land and construction in progress	9,553,000		9,553,000
Other capital assets, net	81,286,707	818,105	82,104,812
Total assets	<u>101,566,106</u>	<u>1,114,640</u>	<u>102,680,747</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to debt refunding	878,810		878,810
Related to pensions	8,891,214		8,891,214
Total Deferred Outflows of Resources	<u>9,770,024</u>		<u>9,770,024</u>
<b>LIABILITIES:</b>			
Accounts payable	2,667,391	31,221	2,698,612
Payable to state government	123,964		123,964
Interfunds payable	68,773		68,773
Unearned revenue	929,795	112,157	1,041,952
Accrued interest payable	258,670		258,670
Noncurrent liabilities:			
Due within one year	2,662,520		2,662,520
Due beyond one year:			
Net Pension Liability	36,939,573		36,939,573
Compensated absences payable	3,305,142		3,305,142
Bonds and capital leases payable	16,346,813		16,346,813
Total liabilities	<u>63,302,642</u>	<u>143,377</u>	<u>63,446,019</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to pensions	14,287,194		14,287,194
Total Deferred Inflows of Resources	<u>14,287,194</u>		<u>14,287,194</u>
<b>NET POSITION:</b>			
Net investment in capital assets	73,459,183	818,105	74,277,289
Restricted for:			
Capital projects fund	834,286		834,286
Other purposes	7,612,162		7,612,162
Unrestricted (deficit)	<u>(48,159,338)</u>	<u>153,158</u>	<u>(48,006,180)</u>
Total net position	<u>\$33,746,294</u>	<u>\$971,263</u>	<u>\$34,717,557</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
JUNE 30, 2020

FUNCTIONS/PROGRAMS	EXPENSES	INDIRECT EXPENSES ALLOCATION	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
			CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular	\$42,011,657	\$26,979,530		\$18,296,442	(\$50,694,745)		(\$50,694,745)
Special education	22,628,255	7,495,353		6,333,507	(23,790,101)		(23,790,101)
Other	4,521,618	2,150,812		1,351,695	(5,320,735)		(5,320,735)
Support services:							
Student and instruction related services	17,081,478	9,107,158		7,638,889	(18,549,748)		(18,549,748)
General administrative services	2,662,201	624,599			(3,286,800)		(3,286,800)
School administrative services	4,985,697	3,714,335		2,198,121	(6,501,910)		(6,501,911)
Central services	1,134,261	370,519			(1,504,779)		(1,504,779)
Administration information technology	473,317	245,527			(718,844)		(718,844)
Plant operations and maintenance	8,959,035	2,354,201			(11,313,235)		(11,313,235)
Student transportation services	6,202,591	1,494,615		1,894,809	(5,802,397)		(5,802,397)
Unallocated benefits	50,902,504	(50,902,504)					
Unallocated Depreciation	3,715,020	(\$3,634,144)			(80,876)		(80,876)
Interest on long term debt	635,170			114,510	(520,660)		(520,660)
Total governmental activities	<u>165,912,803</u>			<u>37,827,972</u>	<u>(128,084,831)</u>		<u>(128,084,831)</u>
Business-type activities:							
Food service	<u>2,752,023</u>		<u>\$1,173,002</u>	<u>\$1,428,421</u>		<u>(\$150,600)</u>	<u>(\$150,600)</u>
Total business-type activities	<u>2,752,023</u>		<u>1,173,002</u>	<u>\$1,428,421</u>		<u>(\$150,600)</u>	<u>(\$150,600)</u>
Total primary government	<u>\$168,664,826</u>		<u>\$1,173,002</u>	<u>\$39,256,393</u>	<u>(\$128,084,831)</u>	<u>(\$150,600)</u>	<u>(\$128,235,430)</u>
General Revenues:							
Taxes:							
					\$91,571,651		\$91,571,651
					2,749,240		2,749,240
					33,682,659		33,682,659
					546,648	\$5,490	552,139
					<u>128,550,198</u>	<u>5,490</u>	<u>128,555,689</u>
					<u>465,367</u>	<u>(145,109)</u>	<u>320,258</u>
					<u>33,280,926</u>	<u>1,116,372</u>	<u>34,397,298</u>
					<u>\$33,746,294</u>	<u>\$971,263</u>	<u>\$34,717,557</u>

The accompanying notes to the financial statements are an integral part of this statement.

**MAJOR FUND FINANCIAL STATEMENTS**

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

ASSETS AND OTHER DEBITS:	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<b>Assets:</b>					
Cash and cash equivalents	\$4,734,731	\$114,260	\$152,602		\$5,001,593
Cash on hand with fiscal agents	750,105				750,105
Capital reserve account	681,684				681,684
Maintenance reserve account	450,000				450,000
Emergency reserve account	725,000				725,000
Accounts receivable:					
Federal		563,504			563,504
State	2,544,903	7,728			2,552,631
Other	1,882				1,882
Interfund		229,315			229,315
<b>Total assets</b>	<b>9,888,305</b>	<b>914,807</b>	<b>152,602</b>		<b>10,955,715</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts payable	344,202	177,199			521,401
Intergovernmental payable:					
State		123,964			123,964
Interfunds payable	298,088				298,088
Unearned revenue	750,105	929,691			1,679,795
<b>Total liabilities</b>	<b>1,392,394</b>	<b>1,230,854</b>			<b>2,623,248</b>
<b>Fund balances:</b>					
<b>Restricted for:</b>					
Capital reserve account	681,684				681,684
Maintenance reserve account	450,000				450,000
Emergency reserve account	725,000				725,000
Excess surplus designated for subsequent years expenditures	2,227,251				2,227,251
Excess surplus - current year	1,692,313				1,692,313
Capital projects fund			94,604		94,604
<b>Assigned for:</b>					
Year-end encumbrances	2,517,598				2,517,598
<b>Committed for:</b>					
Year-end encumbrances			57,998		57,998
<b>Unassigned:</b>					
General fund	202,065				202,065
Special revenue fund (deficit)		(316,047)			(316,047)
<b>Total fund balances (deficit)</b>	<b>8,495,911</b>	<b>(316,047)</b>	<b>152,602</b>		<b>8,332,466</b>
<b>Total liabilities and fund balances</b>	<b>\$9,888,305</b>	<b>\$914,807</b>	<b>\$152,602</b>	<b>-0-</b>	<b>\$10,955,715</b>

The accompanying notes to the financial statements are an integral part of this statement.

TOWNSHIP OF UNION SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

Total Fund Balances (Brought Forward)		\$8,332,466
<p>Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Cost of Assets	\$135,240,587	
Accumulated Depreciation	<u>(44,400,880)</u>	90,839,707
<p>Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
Net pension liability	(36,939,573)	
Compensated absences payable	(3,305,142)	
Capital leases payable	(1,025,025)	
Less: unexpended capital lease proceeds	750,000	
Serial bonds payable	(\$17,367,000)	
Premium on refunding debt, net	(617,308)	
Unamortized Deferred Amount on Refunding Bonds, net	<u>878,810</u>	
	<u>(17,105,498)</u>	(57,625,238)
<p>Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.</p>		
Pensions:		
Deferred Outflows		
Pension related		8,891,214
Deferred Inflows:		
Pension related		(14,287,194)
<p>Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Accounts payable - pension related	(2,145,990)	
Accrued interest payable	<u>(258,670)</u>	
		<u>(2,404,660)</u>
Net Position of Governmental Activities		<u><u>\$33,746,294</u></u>

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$91,571,651			\$2,749,240	\$94,320,891
Tuition from other LEA's within the state	52,264				52,264
Miscellaneous	456,446	\$37,939			494,384
<b>Total revenues-local sources</b>	<b>92,080,361</b>	<b>37,939</b>		<b>2,749,240</b>	<b>94,867,539</b>
State sources	56,110,503	3,051,983		114,510	59,276,996
Federal sources	186,220	3,088,089			3,274,309
<b>Total revenues</b>	<b>148,377,084</b>	<b>6,178,010</b>		<b>2,863,750</b>	<b>157,418,844</b>
<b>EXPENDITURES:</b>					
Current expense:					
Instruction:					
Regular	38,512,525	2,572,523			41,085,048
Special education	9,947,271	1,715,451			11,662,722
Other instruction	3,182,271				3,182,271
Support services:					
Tuition	12,057,596				12,057,596
Student and instruction related services	14,665,414	1,944,981			16,610,395
General administrative services	2,662,201				2,662,201
School administrative services	4,867,258				4,867,258
Central services	1,134,261				1,134,261
Administration Information Technology	726,836				726,836
Plant operations and maintenance	9,046,000				9,046,000
Student transportation services	6,318,880				6,318,880
Employee benefits	42,500,948				42,500,948
Capital outlay	686,137	31,787	\$386,092		1,104,016
Capital outlay - debt assessment	101,460				101,460
Debt service:					
Principal				2,190,000	2,190,000
Interest				673,750	673,750
<b>Total expenditures</b>	<b>146,409,055</b>	<b>6,264,742</b>	<b>386,092</b>	<b>2,863,750</b>	<b>155,923,639</b>
Excess (deficiency) of revenues over (under) expenditures	1,968,029	(86,732)	(386,092)		1,495,205
Other financing sources (uses):					
Operating transfers in	322,309		231,000		553,309
Operating transfers out	(231,000)		(322,309)		(553,309)
Capital leases (non-budgeted)	297,324				297,324
<b>Total financing sources (uses):</b>	<b>388,633</b>		<b>(91,309)</b>		<b>297,324</b>
<b>Net change in fund balances</b>	<b>2,356,663</b>	<b>(86,732)</b>	<b>(477,401)</b>		<b>1,792,529</b>
Fund balances, July 1, 2019	6,139,248	(229,315)	630,004		6,539,937
<b>Fund balances, June 30, 2020</b>	<b>\$8,495,911</b>	<b>(\$316,047)</b>	<b>\$152,602</b>		<b>\$8,332,466</b>

The accompanying notes to the financial statements are an integral part of this statement

TOWNSHIP OF UNION SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds (from B-2)		\$1,792,529
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.</p>		
Depreciation expense	(\$3,715,020)	
Capital outlays	1,205,476	
Capital outlays not capitalized	<u>(164,286)</u>	(2,673,831)
<p>Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.</p>		
Proceeds from capital leases	(297,324)	
Refunding bonds issuance premium	<u>104,468</u>	(192,856)
<p>Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
Payment of bond principal	2,190,000	
Payment of capital leases payable	456,772	
Amortization of deferred amounts on refunding bonds	<u>(101,413)</u>	2,545,359
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.</p>		
		35,525
<p>District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>		
District pension contributions	1,994,147	
Less: Pension expense	<u>(2,811,214)</u>	(817,067)
<p>In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 (+).</p>		
		<u>(224,292)</u>
Change in net position of governmental activities		<u><u>\$465,367</u></u>

The accompanying notes to the financial statements are an integral part of this statement

**OTHER FUNDS**



EXHIBIT "B-4"

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
JUNE 30, 2020

		<u>BUSINESS TYPE</u> <u>ACTIVITIES -</u> <u>ENTERPRISE FUNDS</u> <u>FOOD</u> <u>SERVICE</u>
<b>ASSETS</b>		
Current assets:		
Cash & cash equivalents	\$	26,416
Accounts receivable:		
State		475
Federal		48,667
Other		438,702
Allowance for doubtful accounts		(288,864)
Inventories		<u>71,139</u>
Total current assets	\$	<u>296,535</u>
Noncurrent assets:		
Furniture, machinery & equipment	\$	2,348,048
Less accumulated depreciation		<u>(1,529,943)</u>
Total noncurrent assets	\$	<u>818,105</u>
Total assets	\$	<u><u>1,114,640</u></u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$	31,221
Unearned revenue		<u>112,157</u>
Total current liabilities	\$	<u>143,377</u>
Total liabilities	\$	<u>143,377</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$	818,105
Unrestricted		<u>153,158</u>
Total net position	\$	<u><u>971,263</u></u>

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

EXHIBIT "B-5"

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

		<u>BUSINESS TYPE</u> <u>ACTIVITIES -</u> <u>ENTERPRISE FUNDS</u> <u>FOOD SERVICE</u> <u>SCHOOL NUTRITION</u>
<b>OPERATING REVENUES:</b>		
Charges for services:		
Daily sales - reimbursable programs	\$	804,567
Daily sales - non-reimbursable programs		337,929
Miscellaneous		<u>30,505</u>
Total operating revenues	\$	<u>1,173,002</u>
<b>OPERATING EXPENSES:</b>		
Cost of sales - reimbursable programs	\$	1,124,066
Cost of sales - non-reimbursable programs		144,172
Salaries		724,464
Employee benefits		255,637
Other purchased services		187,224
Supplies and materials		97,175
Cleaning, repair and maintenance services		138,872
Depreciation		<u>80,413</u>
Total operating expenses	\$	<u>2,752,023</u>
Operating income (loss)	\$	<u>(1,579,021)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
State sources		
State school lunch program	\$	27,562
Federal sources		
National school breakfast program		209,872
National school lunch program		950,146
National school lunch program - HHFKA		36,764
National food distribution commodities		204,077
Interest		<u>5,490</u>
Total nonoperating revenues	\$	<u>1,433,912</u>
Change in Net Position	\$	(145,109)
Total net position - beginning		<u>1,116,372</u>
Total net position - ending	\$	<u><u>971,263</u></u>

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

EXHIBIT "B-6"

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS - ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

		<u>BUSINESS TYPE</u> <u>ACTIVITIES -</u> <u>ENTERPRISE FUNDS</u> <u>FOOD</u> <u>SERVICE</u>
Cash flows from operating activities:		
Receipts from customers	\$	1,145,370
Payments to employees		(724,464)
Payments to employee benefits		(255,637)
Payment to suppliers		<u>(1,996,612)</u>
Net cash provided (used for) by operating activities	\$	<u>(1,831,342)</u>
Cash flows from noncapital financing activities:		
State Sources	\$	30,447
Federal Sources		<u>1,459,981</u>
Net cash provided by (used for) noncapital financing activities	\$	<u>1,490,428</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	\$	<u>(85,899)</u>
Net cash used for capital and related financing activities	\$	<u>(85,899)</u>
Cash flows from investing activities		
Interest and dividends	\$	<u>5,490</u>
Net cash used for capital and related financing activities	\$	<u>5,490</u>
Net increase (decrease) in cash and cash equivalents	\$	(421,323)
Cash and cash equivalents- July 1		<u>447,739</u>
Cash and cash equivalents- June 30	\$	<u><u>26,416</u></u>
Operating income (loss)	\$	(1,579,021)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:		
Depreciation		80,413
Change in assets and liabilities:		
(Increase) Decrease in inventory		(41,223)
(Increase) Decrease in other accounts receivable		(149,838)
Increase (Decrease) in accounts payable		(242,701)
Increase (Decrease) in deferred revenue		<u>101,028</u>
Net cash provided (used) by operating activities	\$	<u><u>(1,831,342)</u></u>

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENTS OF FIDUCIARY NET POSITION  
JUNE 30, 2020

	<u>AGENCY FUNDS</u>		<u>SCHOLARSHIP FUNDS</u>	<u>STATE UNEMPLOYMENT COMPENSATION TRUST</u>
	<u>STUDENT ACTIVITY</u>	<u>PAYROLL AGENCY</u>		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 413,138	\$ 4,805,993	\$ 256,095	\$ 1,174,120
Due from other funds				215,962
<b>Total assets</b>	<b>\$ 413,138</b>	<b>\$ 4,805,993</b>	<b>\$ 256,095</b>	<b>\$ 1,390,082</b>
<b>LIABILITIES</b>				
Net Salary payable	\$	\$ 3,685,323	\$	\$
Payroll deductions and withholdings		904,709		
Due to student groups	413,138			
Due to other funds		215,962		
<b>Total liabilities</b>	<b>\$ 413,138</b>	<b>\$ 4,805,993</b>	<b>\$</b>	<b>\$</b>
<b>NET POSITION</b>				
Reserve for state unemployment	\$	\$	\$	\$ 1,390,082
Reserve for scholarship awards			256,095	
<b>Total net position</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 256,095</b>	<b>\$ 1,390,082</b>

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>SCHOLARSHIP FUNDS</u>	<u>STATE UNEMPLOYMENT COMPENSATION TRUST</u>
ADDITIONS:		
Contributions:		
Employee Contributions	\$	\$ 118,019
Other	67,000	
Total contributions	<u>\$ 67,000</u>	<u>\$ 118,019</u>
Investment earnings:		
Interest	\$ 3,896	\$ 16,142
Net investment earnings	<u>\$ 3,896</u>	<u>\$ 16,142</u>
Total additions	<u>\$ 70,896</u>	<u>\$ 134,161</u>
DEDUCTIONS:		
Unemployment claims	\$	\$ 173,568
Miscellaneous		12,449
Awards	37,790	
Total deductions	<u>\$ 37,790</u>	<u>\$ 186,017</u>
Change in net position	<u>\$ 33,106</u>	<u>\$ (51,857)</u>
Net assets - July 1	<u>222,989</u>	<u>1,441,939</u>
Net assets - June 30	<u>\$ 256,095</u>	<u>\$ 1,390,082</u>

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

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Township of Union School District have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to 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 of the Board's accounting policies are described below.

**Reporting Entity**

The Township of Union School District is a Type II District located in Union County, New Jersey. The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a nine member board elected to three-year terms and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component unit, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools through high school Grades K thru 12, located in the Township of Union. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation**

The District's basic financial statements consist of District-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

*District-wide Statements:* The Statement of Net Position and the Statement of Activities display information about the District as a whole. 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 generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Position presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

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

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Fund Types**

**General Fund** - The general fund is the general operating fund of the District. It 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.

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

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

**Debt Service Fund** - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.



**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Proprietary Fund Types**

**Enterprise Fund** - The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

**Fiduciary Fund Types**

**Agency Funds** - The agency funds are used to account for assets held by the district on behalf of others and are custodial in nature. The agency funds included in this category are as follows:

**Unemployment Compensation Insurance Trust Fund** - A trust fund used to account for assets to finance the costs of unemployment benefits. Since the Board has adopted the direct reimbursement method, the District is under obligation to appropriate sufficient funds out of its general fund and hold them in trust for this purpose.

**Payroll and Student Activities Funds (Agency)** - These are agency funds used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

**Private Purpose Trust Funds** – These are trust funds used to account for assets donated by individuals that will provide for the payment of awards and scholarships to district students.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting - Measurement Focus**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-wide, Proprietary, and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes 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 monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 for approval. In accordance with P.L. 2011, c. 202, the District elected to move the April school Board election to the date of the November general election thereby eliminating the vote on the annual base budget. 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. 6A:23. All budget amendments and transfers must be approved by School Board resolution. The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures. 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 recognition of one or more state aid payments 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 records.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Encumbrance Accounting**

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 assignments 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.

**Interfunds**

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

**Inventories and Prepaid Expenses**

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

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

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. 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.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Ground Equipment	15

**Compensated Absences**

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

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences (Continued)**

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

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick days that are expected to become eligible for payment upon retirement. The District estimates its accrued compensated absences liability based on the accumulated sick days at the balance sheet date by those employees who are currently eligible to receive retirement payments.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. For the governmental funds in the fund financial statements, a liability is reported only for to the extent of the amount actually due at year end as a result of employee resignations/retirements. Compensated absences are a reconciling item between the fund level and district-wide presentations.

**Fund Equity**

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unreserved fund balances represent the amount available for future budgetary operations.

Unrestricted retained earnings represent the remains of the District's equity in the cumulative earnings of the food service fund.

**Unearned Revenue**

Unearned revenue in the special revenue and proprietary funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable practice under generally accepted accounting principles.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the district-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long term debt is recognized as a liability on the fund financial statements when due.

**Net Position**

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. 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. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**Fund Balance – Governmental Funds**

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – 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. The District reports the Capital Reserve, Emergency Reserve, Maintenance Reserve and Excess Surplus as Restricted Fund Balance.

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. The District reports amounts Designated for Capital Project Fund encumbrances as Committed Fund Balance.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Balance – Governmental Funds (Continued)**

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. The District reports Year End Encumbrances as Assigned Fund Balance.

Unassigned – is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

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

**Revenues Exchange and Non-Exchange Transactions**

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



**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues Exchange and Non-Exchange Transactions (Continued)**

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

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal yearend: property taxes available as an advance, interest, and tuition.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales in the Enterprise Funds. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**Allocation of Indirect Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Extraordinary and Special Items**

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**Accounting and Financial Reporting for Pensions**

In the district-wide financial statements for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements the year end pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1<sup>st</sup> of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The governmental fund financial statements reflect both a revenue and expense for this pension contribution.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial 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, deferred amounts related to refunding bonds and to pensions.

In addition to liabilities, the statement of financial 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The Board considers petty cash, change funds, cash in banks and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

**Deposits**

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Township of Union School District had the following cash and cash equivalents at June 30, 2020:

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Deposits (Continued)**

<b>Fund Type:</b>	<b><u>Bank</u> <u>Balance</u></b>	<b>Reconciling Items:</b>		<b>Reconciled <u>Balance</u></b>
		<b><u>Additions</u></b>	<b><u>Reductions</u></b>	
Governmental	\$9,739,654		\$2,131,271	\$7,608,382
Proprietary	106,250		79,834	26,416
Fiduciary	<u>6,733,358</u>	<u>\$6,641</u>	<u>90,653</u>	<u>6,649,347</u>
	<u>\$16,579,261</u>	<u>\$6,641</u>	<u>\$2,301,758</u>	<u>\$14,284,145</u>

**Custodial Credit Risk – Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2020, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$251,043 was covered by Federal Depository Insurance and \$15,578,113 was covered under the provisions of NJGUDPA. \$750,105 was held in escrow as part of a lease-purchase agreement for Chromebooks by the District.

**Investments**

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
  - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
  - b. the custody of collateral is transferred to a third party;
  - c. the maturity of the agreement is not more than 30 days;
  - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
  - e. a master repurchase agreement providing for the custody and security of collateral is executed.

At June 30, 2020, the District had no outstanding investments.

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 3: CHANGE IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 9,553,000	\$	\$	\$ 9,553,000
Total capital assets that are not depreciated	<u>\$ 9,553,000</u>	<u>\$</u>	<u>\$</u>	<u>\$ 9,553,000</u>
Capital assets being depreciated:				
Site improvements	\$ 4,083,456	\$ 65,791	\$	\$ 4,149,247
Building and building improvements	104,516,660	349,792		104,866,452
Machinery and equipment	15,821,733	391,108		16,212,842
Total capital assets being depreciated	<u>\$ 124,421,849</u>	<u>\$ 806,692</u>	<u>\$</u>	<u>\$ 125,228,541</u>
Total gross assets	<u>\$ 133,974,849</u>	<u>\$ 806,692</u>	<u>\$</u>	<u>\$ 134,781,541</u>
Less: accumulated depreciation for:				
Site improvements	\$ (1,690,228)	\$ (182,142)	\$	\$ (1,872,370)
Building and building improvements	(27,467,892)	(2,674,542)		(30,142,434)
Machinery and equipment	(11,460,376)	(843,680)		(12,304,056)
	<u>\$ (40,618,496)</u>	<u>\$ (3,700,364)</u>	<u>\$</u>	<u>\$ (44,318,860)</u>
Governmental activities capital assets, net	<u>\$ 93,356,353</u>	<u>\$ (2,893,673)</u>	<u>\$</u>	<u>\$ 90,462,681</u>
Business type activities:				
Machinery and equipment	\$ 2,262,149	\$ 85,899	\$	\$ 2,348,048
Less: accumulated depreciation	<u>(1,449,529)</u>	<u>(80,413)</u>	<u>\$</u>	<u>(1,529,943)</u>
Proprietary fund capital assets, net	<u>\$ 812,620</u>	<u>\$ 5,486</u>	<u>\$</u>	<u>\$ 818,105</u>

Depreciation was charged to the following expense functions of the district:

Instruction:		
Regular	\$	1,920,375
Special		178,794
Other		9,271
Support Services:		
Student and Instruction related services		86,086
General and business related services		523,137
Plant operations & maintenance		121,844
Transportation		794,638
Unallocated		<u>66,220</u>
Total Depreciation Expenses, Governmental Activities	<u>\$</u>	<u>3,700,364</u>

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 4: LONG-TERM LIABILITIES**

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2020:

Governmental Funds:

	Balance June 30, <u>2019</u> (as restated)	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2020</u>	Amounts Due Within <u>One Year</u>
Bonds Payable	\$19,557,000		\$2,190,000	\$17,367,000	\$2,215,000
Unamortized Bond Premium	721,776		104,468	617,308	104,468
Capital Leases Payable	434,473	\$1,047,324	456,772	1,025,025	447,520
Compensated Absences	3,080,850	224,292		3,305,142	
Net Pension Liability	39,115,042	-	2,175,469	36,939,573	-
	<u>\$ 62,909,141</u>	<u>\$ 1,271,616</u>	<u>\$ 4,926,709</u>	<u>\$ 59,254,048</u>	<u>\$ 2,766,988</u>

**Capital Leases Payable**

The Board has entered into various capital leases for copier equipment and school buses. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at June 30, 2020:

<u>Year</u>	<u>Amount</u>
2021	\$ 470,155
2022	658,467
2023	62,740
2024	62,740
	<u>1,254,101</u>
Total Minimum Lease Payments	\$ 1,254,101
Less: Amounts Representing Interest	<u>47,595</u>
Present Value of Minimum Lease Payments	<u>\$ 1,206,506</u>

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 4: LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize all debt outstanding as of June 30, 2020, including interest payments on issued debt, are as follows:

Fiscal Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,215,000	\$ 589,650	\$ 2,804,650
2022	2,240,000	504,550	2,744,550
2023	2,275,000	425,125	2,700,125
2024	1,635,000	350,178	1,985,178
2025	1,625,000	301,002	1,926,002
2026-30	6,580,000	695,910	7,275,910
2031-32	<u>797,000</u>	<u>43,779</u>	<u>840,779</u>
	\$ <u>17,367,000</u>	\$ <u>2,910,194</u>	\$ <u>20,277,194</u>

The Bonds Issued and Outstanding at year end are comprised of the following issues:

\$20,175,000 of 2010 bonds due in remaining annual installments of \$1,125,000 to \$1,315,000 through August 2028 at interest rates of 3% to 4%	\$ 11,095,000.00
\$6,712,000 of 2011 Refunding bonds due in remaining annual installments of \$340,000 to \$400,000 through January 2032 at interest rates of 3% to 3.75%	4,502,000.00
\$4,280,000 of 2015 Refunding bonds due in remaining annual installments of \$560,000 to \$620,000 through January 2023 at an interest rates of 4%	<u>1,770,000.00</u>
	<u>\$ 17,367,000.00</u>



**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 4: LONG-TERM DEBT (CONTINUED)**

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2020, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

<u>Year</u>	<b><u>Equalized Valuation of Real Property</u></b>
2019	\$6,889,559,254
2018	6,640,324,116
2017	6,357,150,803
	<u>\$19,887,034,173</u>
Average equalized valuation of property	\$6,629,011,391
School borrowing margin (4% of \$6,629,011,391)	\$265,160,456
Net bonded school debt and authorized but not issued as of June 30, 2020	<u>17,367,000</u>
School borrowing power available	<u>\$247,793,456</u>

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 5: PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Defined Contribution Retirement Program (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Significant Legislation**

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

**Pension Plan Design Changes**

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

**Funding Changes**

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

**COLA Suspension**

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

**Vesting and Benefit Provisions** The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 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.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 5: PENSION PLANS (CONTINUED)**

**Contribution Requirements** The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.* the State of new Jersey makes the employer contribution on behalf of public school districts).

**PERS Contribution Requirements**

<u>Year</u> <u>June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2020	\$ 1,994,147	100.00%	\$ 1,994,147
2019	1,976,019	100.00%	1,976,019
2018	1,863,850	100.00%	1,863,850

During the fiscal years ended June 30, 2020, 2019 and 2018, the State of New Jersey contributed \$12,128,127, \$10,810,237 and \$8,010,859, respectively to the TPAF pension system on behalf of the District.

In accordance with N.J.S.9. 18A:66-66 during the years ended June 30, 2020, 2019 and 2018, the State of New Jersey reimbursed the District \$4,079,732, \$3,998,429 and \$4,076,206, respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the governmental fund statements and schedules as a revenue and expenditure in accordance with GASB 68.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**

**Public Employees Retirement System (PERS)**

At June 30, 2020, the District reported a liability of \$36,939,573 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.2050093406 percent, which was an increase of 0.0063499606 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$2,833,205 in the district-wide financial statements. This pension expense was based on the pension plans June 30, 2019 measurement date.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$663,017	\$163,183
Changes of assumptions	3,688,552	12,821,609
Net difference between projected and actual earnings on pension plan investments		583,106
Changes in proportion and differences between District contributions and proportionate share of contributions	2,393,655	719,296
District contributions subsequent to the measurement date	<u>2,145,990</u>	
	<u>\$8,891,214</u>	<u>\$14,287,194</u>

The \$2,145,990 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(Continued)**

**Public Employees Retirement System (PERS) (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	<u>Amount</u>
<u>June 30</u>	
2020	(\$731,774)
2021	(3,125,309)
2022	(2,754,868)
2023	(1,115,920)
2024	<u>185,901</u>
	<u><u>(\$7,541,970)</u></u>

**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 rolled forward to June 30, 2019. These actuarial valuations used the following assumptions:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation	2.75%	2.25%
Salary Increases		
Through 2026	2.00-6.00%	1.65-4.15%
Thereafter	3.00-7.00%	2.65-5.15%
	Based on	Based on
	Years of Service	Age
Investment Rate of Return	7.00%	7.00%

Pre-retirement mortality rates were based on the Pub-2010 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 on a generational basis. Mortality improvement is based on Scale MP-2019.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

**Actuarial Assumptions (Continued)**

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.

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2019 and June 30, 2018) 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real 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 Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.28% and 5.66% as of June 30, 2019 and June 30, 2018, respectively. These single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2019 and June 30, 2018 and a municipal bond rate of 3.50% and 3.87% for June 30, 2019 and June 30, 2018 respectively 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 employer and 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 participating employers as of June 30, 2019 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>5.28%</u>	At Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's proportionate share of the net pension liability	\$50,754,736	\$36,939,573	\$31,649,260



**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

**Teachers Pensions and Annuity Fund (TPAF)**

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2020 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share	
associated with the District	<u>\$330,407,591</u>
	<u>\$330,407,591</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 which was rolled forward to June 30, 2019. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2019, the proportion of the TPAF net pension liability associated with the District was .5383778865% which was an increase of .0072892232 percent from its proportion measured as of June 30, 2018.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (continued)**

For the year ended June 30, 2020, the District recognized on-behalf pension expense and revenue of \$19,488,324 for contributions provided by the State. This pension expense and revenue was based on the pension plan's June 30, 2019 measurement date.

**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:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Inflation rate:		2.25%
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	1.55%-4.45%	1.55%-4.55%
	Based on Years of Service	Based on Years of Service
Thereafter	2.75%-5.65%	2.75%-5.45%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%

**Mortality Rates**

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.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (Continued)**

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.00% at June 30, 2019 and June 30, 2018 respectively) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

The long-term expected rate of return was determined using a building block 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 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real 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 Market Equity	12.50%	9.00%
Emerging Market Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68**  
**(CONTINUED)**

**Teachers Pensions and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 5.60% and 4.86% as of June 30, 2019 and 2018, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00, and a municipal bond rate of 3.50% and 3.87% as of June 30, 2019 and 2018, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 Net Pension Liability to Changes in the Discount Rate**

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS – GASB 75**

**Plan Description and Benefits Provided**

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, with that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Employees Covered by Benefit Terms**

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>362,181</u>

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**  
**Total Non-Employer OPEB Liability**

The portion of the Total Non-Employer OPEB Liability that was associated with the District at June 30, 2020 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	<u>120,981,415</u>
	<u><u>120,981,415</u></u>

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 Total Non-Employer OPEB Liability was determined separately based on actual data of the District.

For the year ended June 30, 2020, the District recognized on-behalf post-employment expense and revenue of \$6,657,293.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2019 measurement date.

At June 30, 2019, the District's proportion was 0.2623709163 percent, which was an increase of .0000186961 from its proportion measured as of June 30, 2018.

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, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Actuarial Assumptions and Other Imputes**

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 2.5 percent

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases			
Through 2026	1.55-4.55%	2.15-4.15%	2.10-8.98%
		Based on Age	Based of Age
Thereafter	2.00-5.45%	3.15-5.15%	3.10-9.98%
		Based on Age	Based of Age

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female fully generational mortality projections from the central year using the MP-2017 scale. Post-Retirement mortality rates were based on the RP-2006 Headcount- Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2011 - June 30, 2014, and July 1, 2010 - June 30, 2013 for TPAF, PFRS and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participant in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Health Care Trend Assumptions**

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Pan B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**Discount Rate**

The discount rate for June 30, 2019 and 2018 was 3.87% and 3.58%, respectively. 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.

**Changes in the Total Non-Employer OPEB Liability**

Shown below are details regarding The Total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2018 to June 30, 2019.

Balance at 6/30/17			\$140,725,316
Changes for the year:			
Service cost	\$	6,245,978.00	
Interest		5,206,159.00	
Differences between expected and actual experience		(14,189,622.00)	
Changes in assumptions or other inputs		(13,883,223.00)	
Membership Contributions		111,807.00	
Benefit payments - Net		<u>(3,235,000.00)</u>	
Net changes			<u>(19,743,901)</u>
Balance at 6/30/18			<u><u>\$120,981,415</u></u>



**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate**

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2019, 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-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	<u>1.00% Decrease (2.87%)</u>	<u>At Discount Rate (3.87)</u>	<u>1.00% Increase (4.87%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$143,024,660	\$120,981,415	\$103,459,311

**Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Trends**

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$99,998,186	\$120,981,415	\$148,732,539

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability**

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ 11,743,948
Changes of assumptions	-	27,118,602
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion	233,606	-
	<u>\$ 233,606</u>	<u>\$ 38,862,550</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	(\$4,742,122)
2020	(\$4,742,122)
2021	(\$4,742,122)
2022	(\$4,742,122)
2023	(\$4,742,122)
Total	
Thereafter	<u>(\$14,918,335)</u>
	<u>(\$38,628,944)</u>

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability (Continued)**

In accordance with GASBS 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 in the financial statements.

**State Health Benefit Local Education Retired Employee Plan Information**

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at:

<http://www.state.nj.us/treasury/pensions/gasb-notice-opeb.shtml>

**NOTE 8: LITIGATION**

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

**NOTE 9: CONTINGENCIES**

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2019-2020 fiscal year were subject to the Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$750,000. Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 10: 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. The District maintains commercial coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Board &amp; Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-20	\$ 16,142	\$ 118,019	\$ 186,017	\$ 1,390,082
2018-19	9,296	130,930	217,101	1,441,939
2017-18	6,179	124,624	79,070	1,518,814

**NOTE 11: FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$8,495,911 in General Fund Balance at June 30, 2020, \$2,517,598 has been assigned for year-end encumbrances; \$681,684 has been restricted in the Capital Reserve Account; \$450,000 has been restricted as maintenance reserve; \$725,000 has been restricted as Emergency Reserve; \$2,227,251 has been restricted as excess surplus resulting from the year ended June 30, 2019; \$1,692,313 has been restricted as excess surplus resulting from the year ended June 30, 2020; and \$202,065 is unassigned.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 12: CALCULATION OF EXCESS SURPLUS- BUDGETARY BASIS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004,c.73 (S1701), the designation for restricted fund balance - excess surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. Based on the calculation, the Union School District has \$1,692,313 excess fund balance resulting from the year ended June 30, 2020.

General Fund Expenditures Fiscal Year Ended June 30, 2020	\$146,409,055
Add:	
Transfer from Capital Reserve to Capital Projects Fund	231,000
Less:	
On-behalf TPAF Pension and Social Security Reimbursement and assets acquired under capital leases	21,016,580
Adjusted General Fund Expenditures	125,623,475
Excess Surplus Percentage	2.00%
2% of Adjusted 2019-20 General Fund Expenditures	2,512,470
Add: Allowable Adjustments	941,380
Maximum Unreserved/Undesignated Fund Balance	3,453,850
Actual Unassigned/Undesignated Fund Balance	5,146,163
Excess Surplus	\$1,692,313

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 13: DEFICIT FUND BALANCES / NET POSITION**

The District has a deficit fund balance of \$316,047 in the Special Revenue Fund as of June 30, 2020 as reported in the fund statements (modified accrual basis). N.J.S.A 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, in the current budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year.

For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditures, asset, liability) should be in symmetry, i.e. if one government recognizes an asset, the other government recognizes a liability.

Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the fund balance deficits in the Special Revenue Funds do not alone indicate that the District is facing financial difficulties. Pursuant to P.L. 2003, c.97, any negative unreserved, undesignated general fund balance that is reported as a direct result from the delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's deficit in the GAAP funds' statements does not exceed the last state aid payment.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 14: CAPITAL RESERVE ACCOUNT**

A capital reserve account was originally established by the Township of Union School District by inclusion of \$1,401,000 in the 2000-2001 school year, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The balance remaining in the reserve as of June 30, 2020 is \$681,684.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. 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:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the year ending June 30, 2020 is as follows:

Beginning balance, July 1, 2019		\$564,364
Increased by:		
Unexpended Appropriations	\$322,309	
Interest	26,011	
	348,320	\$912,684
Decreased by:		
Utilized in adopted budget		231,000
Ending balance, June 30, 2020		\$681,684

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 15: MAINTENANCE RESERVE**

In accordance with N.J.S.A. 18A:7G-13, a Maintenance reserve account was established by the District. The Maintenance reserve account is maintained in the general fund.

A district board of education or board of school estimate, as appropriate, may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes.

A district board of education or board of school estimate, as appropriate, may by resolution withdraw such funds from the maintenance reserve account and appropriate into the required maintenance account lines at budget time or any time during the year for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan pursuant to N.J.A.C. 6A:26A-4.

The district board of education shall ensure that the maintenance reserve account balance does not, at any time, exceed four percent of the replacement cost of the school district's school facilities for the current year. If the account exceeds this maximum amount at June 30, the district board of education shall reserve and designate such excess in the subsequent year's budget.

At June 30, 2020, the balance of the Maintenance Reserve Account was \$450,000 and is within the statutory limitations.

The activity of the maintenance reserve for the year ending June 30, 2020 is as follows:

Balance, June 30, 2019 and 2020	<u><u>\$450,000</u></u>
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**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 16: EMERGENCY RESERVE**

An emergency reserve was established by the Township of Union School District for the accumulation of funds for use as emergency expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The emergency reserve account is used to fund unanticipated general fund current expense costs and may be established to supplement the reserve in the district's annual budget or through a transfer by board resolution at year end of any unanticipated revenue and unexpended line item appropriation amounts in accordance with N.J.S.A. 18A:7F-41.

The activity of the emergency reserve for the year ending June 30, 2020 is as follows:

Balance June 30, 2019 and 2020	<u><u>\$725,000</u></u>
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**NOTE 17: DEFERRED COMPENSATION**

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans 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. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2020.

**NOTE 18: INVENTORY**

Inventory in the Food Service Fund at June 30, 2020 consisted of the following:

Food and Supplies	<u>\$71,139</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Act amendments of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 19: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		\$298,088
Special Revenue Fund	\$229,315	
Enterprise Fund	68,773	
	<u>\$298,088</u>	<u>\$298,088</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

**NOTE 20: TAX ABATEMENT**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

The District has identified tax abatement agreements that have been entered into that require disclosure under this statement. The gross dollar amount, on an accrual basis, by which the District's property tax revenues were potentially reduced during the reporting period as a result of tax abatement agreements totaled \$930,918. It is important to note that the District Tax Levy is guaranteed to be paid in full by the municipalities and that the District collected its full tax levy for Fiscal Year 2020.

**Township of Union School District**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 21: PRIOR PERIOD ADJUSTMENTS**

The June 30, 2020 financial statements did not properly reflect the capital leases payable or capital assets in the general fund in accordance with generally accepted accounting principles. The result of these adjustments is reflected as follows:

	<u>Governmental Activities</u>
Beginning Net Position 06/30/19	\$32,854,829
Adjustments:	
Capital Leases Payable	268,914
Capital Assets	<u>157,183</u>
Beginning Net Position 06/30/20 (As restated)	<u><u>\$33,280,926</u></u>

**NOTE 22: SUBSEQUENT EVENTS**

The District has evaluated subsequent events occurring after the financial statement date through December 31, 2020 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that the following subsequent events needed to be disclosed:

Subsequent to the date of these Financial Statements the COVID-19 Corona Virus has continued to spread across the State of New Jersey and the Nation as a whole. The impact of this virus on the District's operations in Fiscal Year 2021 cannot be reasonably estimated at this time but may affect revenues.

**Issuance of Debt**

The District issued \$3,795,000 of Refunding School Bonds, Series 2020. The bonds are dated October 13, 2020 with a final maturity date of January 1, 2032 with an interest rate of 4.00%.

The District issued \$7,555,000 of School Energy Savings Obligation Refunding Bonds, Series 2020. The bonds are dated December 17, 2020 with a final maturity date of August 15, 2040 with an interest rate of 4.00%.

The District issued \$7,450,000 of Refunding School Bonds, Series 2021, with a date of delivery of May 18, 2021. The final maturity date for the bonds is January 1, 2029 with an interest rate of 5.00%.

**REQUIRED SUPPLEMENTARY INFORMATION - Part II**

**BUDGETARY COMPARISON SCHEDULES**

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$91,571,651		\$91,571,651	\$91,571,651	
Interest earned on capital reserve funds	5,000		5,000	26,011	\$21,011
Tuition from Individuals	100,000		100,000	52,264	(47,736)
Unrestricted miscellaneous	445,000		445,000	430,435	(14,565)
<b>Total revenues-local sources</b>	<b>92,121,651</b>		<b>92,121,651</b>	<b>92,080,361</b>	<b>(41,290)</b>
State sources:					
Equalization aid	25,765,094		25,765,094	25,765,094	
Categorical special education aid	4,934,707		4,934,707	4,934,707	
Categorical Security Aid	423,870		423,870	423,870	
Categorical Transportation Aid	1,894,809		1,894,809	1,894,809	
Extraordinary aid	1,400,000		1,400,000	2,341,380	941,380
On-behalf TPAF post retirement medical (non budgeted)				4,499,313	4,499,313
On -behalf TPAF non-contributory insurance (non-budgeted)				213,555	213,555
On-behalf TPAF pension contribution (non-budgeted)				11,914,572	11,914,572
On-behalf long-term disability insurance (non-budgeted)				12,083	12,083
Reimbursed TPAF social security cont. (non-budgeted)				4,079,732	4,079,732
<b>Total - state sources</b>	<b>34,418,480</b>		<b>34,418,480</b>	<b>56,079,115</b>	<b>21,660,635</b>
Federal sources:					
Medicaid Reimbursement (SEMI)	172,330		172,330	186,220	13,890
<b>Total - federal sources</b>	<b>172,330</b>		<b>172,330</b>	<b>186,220</b>	<b>13,890</b>
<b>Total revenues</b>	<b>\$126,712,461</b>		<b>\$126,712,461</b>	<b>\$148,345,696</b>	<b>\$21,633,235</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE:</b>					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	1,756,009	(170,617)	1,585,392	1,585,392	
Grades 1-5	12,563,218	7,335	12,570,553	12,570,553	
Grades 6-8	8,248,492	172,457	8,420,949	8,420,404	545
Grades 9-12	11,270,586	(261,438)	11,009,148	11,009,015	133
Home instruction - regular programs:					
Salaries of teachers	404,241	(99,203)	305,038	305,038	
Purchased professional educational services	\$70,000	(\$34,959)	\$35,041	\$23,283	\$11,758

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Regular programs - undistributed instruction:					
Other salaries for instruction	\$141,393	(\$63,041)	\$78,352	\$78,352	
Purchased professional-educational services		1,812,319	1,812,319	1,663,743	\$148,576
Purchased technical services	692,616	(81,160)	611,456	582,646	28,810
Other purchased services	1,048,912	(182,125)	866,787	830,704	36,083
General supplies	966,203	(188,410)	777,793	717,225	60,568
Textbooks	783,559	(164,236)	619,323	612,846	6,477
<b>Total regular programs</b>	<b>37,945,228</b>	<b>746,921</b>	<b>38,692,149</b>	<b>38,399,200</b>	<b>\$292,949</b>
Learning and/or language disabilities:					
Salaries of teachers	700,930	(18,985)	681,945	681,945	
Other salaries for instruction	76,221	(3,549)	72,672	72,672	
General supplies	3,400	(2,758)	642	642	
<b>Total learning and/or language disabilities</b>	<b>780,551</b>	<b>(25,293)</b>	<b>755,258</b>	<b>755,258</b>	
Behavioral disabilities:					
Salaries of teachers	225,242	84,531	309,773	309,773	
Other salaries for instruction	72,682	(24,975)	47,707	47,707	
General supplies	3,000	(3,000)			
<b>Total behavioral disabilities:</b>	<b>300,924</b>	<b>56,556</b>	<b>357,480</b>	<b>357,480</b>	
Multiple disabilities:					
Salaries of teachers	376,235	(43,094)	333,141	333,141	
Other salaries for instruction	47,585	(24,557)	23,028	23,028	
General supplies	8,128	(349)	7,779	7,779	
<b>Total multiple disabilities:</b>	<b>431,948</b>	<b>(68,000)</b>	<b>363,948</b>	<b>363,948</b>	
Resource room/resource center:					
Salaries of teachers	7,571,730	(313,177)	7,258,553	7,258,553	
Other salaries for instruction	51,108	(11,037)	40,071	40,071	
General supplies	5,000	(5,000)			
<b>Total resource room/center</b>	<b>\$7,627,838</b>	<b>(\$329,214)</b>	<b>\$7,298,624</b>	<b>\$7,298,624</b>	

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Autism					
Salaries of teachers	\$473,690	\$33,345	\$507,035	\$507,035	
Other salaries for instruction	32,215	(22,437)	9,778	9,778	
General supplies	26,956	(6,555)	20,401	20,401	
Total autism:	<u>532,861</u>	<u>4,353</u>	<u>537,214</u>	<u>537,214</u>	
Preschool disabilities - part time:					
Salaries of teachers	78,906	12,483	91,389	91,389	
Other salaries for instruction	107,153	(62,441)	44,712	44,712	
General supplies	2,000	(1,460)	540	540	
Total preschool disabilities - part time	<u>188,059</u>	<u>(51,418)</u>	<u>136,641</u>	<u>136,641</u>	
Preschool disabilities - full time:					
Salaries of teachers	221,870	219,617	441,487	441,484	\$3
Other salaries for instruction	86,136	(29,515)	56,621	56,621	
General supplies	500	(500)			
Total preschool disabilities - full time	<u>308,506</u>	<u>189,602</u>	<u>498,108</u>	<u>498,105</u>	<u>3</u>
Total special education	<u>10,170,687</u>	<u>(223,413)</u>	<u>9,947,274</u>	<u>9,947,271</u>	<u>3</u>
Basic skills/remedial:					
Salaries of teachers	1,143,985	(52,081)	1,091,904	1,091,904	
Total basic skills/remedial	<u>1,143,985</u>	<u>(52,081)</u>	<u>1,091,904</u>	<u>1,091,904</u>	
Bilingual education:					
Salaries of teachers	945,907	1,154	947,061	947,060	1
Total bilingual education	<u>945,907</u>	<u>1,154</u>	<u>947,061</u>	<u>947,060</u>	<u>1</u>
Vocational programs- local:					
Other Purchased Services	3,000		3,000	1,333	1,667
General supplies	18,214	(1,751)	16,464	16,463	1
Total vocational programs- local	<u>21,214</u>	<u>(1,751)</u>	<u>19,464</u>	<u>17,796</u>	<u>1,668</u>
School sponsored cocurricular activities:					
Salaries	207,812	4,725	212,537	168,839	43,698
Supplies and Materials	3,500	(2,436)	1,064	714	350
Other objects	35,762	(643)	35,119	22,890	12,229
Total school sponsored cocurricular activities	<u>\$247,074</u>	<u>\$1,647</u>	<u>\$248,721</u>	<u>\$192,443</u>	<u>\$56,277</u>



TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
School sponsored athletics:					
Salaries	\$713,573	(\$8,970)	\$704,603	\$671,308	\$33,295
Purchased services	150,700	(9,000)	141,700	107,265	34,435
Supplies and Materials	112,479	4,000	116,479	101,417	15,062
Other objects	25,772	9,875	35,647	28,662	6,985
Total school sponsored athletics	1,002,523	(4,095)	998,429	908,652	89,777
Before/after school programs:					
Salaries	200,900	(125,055)	75,845	23,838	52,007
Other purchased services	20,000	(19,905)	95	95	
Supplies and Materials	10,000	483	10,483	483	10,000
Total before/after care school programs	230,900	(144,477)	86,423	24,416	62,007
Total other instructional programs	3,591,604	(199,603)	3,392,001	3,182,271	209,729
Total - instruction	\$51,707,519	\$323,904	\$52,031,423	\$51,528,742	\$502,681
Undistributed expenditures:					
Instruction:					
Tuition to Other LEAs Within the State-Regular	\$83,484	(\$14,286)	\$69,198	\$48,714	\$20,484
Tuition to Other LEAs Within the State-Special	4,648,105	587,866	5,235,971	5,235,971	
Tuition to County Vocational School - Regular	666,500	22,500	689,000	684,200	4,800
Tuition to County Vocational School - Special	52,000	(27,600)	24,400	24,400	
Tuition to CSSD and regular day schools	40,000	(14,339)	25,661	25,661	
Tuition for private schools for handicapped within the state	5,961,099	(451,883)	5,509,216	5,480,734	28,481
Tuition - State Facilities	57,925		57,925	57,925	
Tuition - other	5,501	510,563	516,064	499,991	16,073
Total instruction	11,514,613	612,821	12,127,434	12,057,596	69,839
Attendance and social services work:					
Salaries	200,602	8,422	209,024	208,797	227
Purchased Professional & Technical Services	98,400	15,000	113,400	84,300	29,100
Other objects	720	(99)	621	621	
Total - attendance and social services work	299,722	23,323	323,045	293,718	29,327
Health services:					
Salaries	962,561	(43,663)	918,898	918,898	
Purchased Professional & Technical Services	63,924	(19,675)	44,249	44,249	
Supplies and materials	16,441	278	16,719	15,159	1,560
Total - health services	\$1,042,926	(\$63,060)	\$979,866	\$978,306	\$1,560

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2020

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Other support services - students-related services:					
Salaries	\$1,415,414	(\$27,545)	\$1,387,869	\$1,387,869	
Purchased professional -educational services	1,902,001	185,002	2,087,003	1,934,237	\$152,766
Supplies and materials	52,716	(14,058)	38,657	36,136	2,521
<b>Total other support services - students-related services</b>	<b>3,370,131</b>	<b>143,399</b>	<b>3,513,530</b>	<b>3,358,242</b>	<b>155,287</b>
Other support services students-extra services					
Salaries	3,308,624	(944,002)	2,364,622	2,364,622	
<b>Total other support services students-extra services</b>	<b>3,308,624</b>	<b>(944,002)</b>	<b>2,364,622</b>	<b>2,364,622</b>	
Other support services - students-regular					
Salaries of other professional staff	1,822,109	(48,710)	1,773,399	1,773,399	
Salaries of secretarial and clerical assistants	278,501	161	278,662	278,662	
Supplies and materials	600		600	244	356
Other objects	7,735	(1,915)	5,820	5,820	
<b>Total other support services - students-regular</b>	<b>2,108,945</b>	<b>(50,463)</b>	<b>2,058,482</b>	<b>2,058,125</b>	<b>356</b>
Other support services - students - special services:					
Salaries of other professional staff	2,702,032	39,402	2,741,434	2,741,434	
Salaries of secretarial and clerical assistants	256,536	4,001	260,537	260,537	
Salaries - other					
Unused vacation payment to terminated/retired staff		6,886	6,886	6,886	
Purchased professional educational services	166,950	(57,313)	109,637	66,872	42,765
Other Purchase Services (400-500 series)	3,000	(144)	2,856	1,003	1,853
Other objects	2,000	(1,146)	854	854	
<b>Total other support services - students - special services</b>	<b>3,130,518</b>	<b>(8,313)</b>	<b>3,122,205</b>	<b>3,077,586</b>	<b>44,618</b>
Improvement of instructional services:					
Salary of Supervisor of instruction	1,295,480	(50,924)	1,244,556	1,244,556	
Salaries of other professional staff	60,826	(34,726)	26,100	14,945	11,155
Salaries of secretary and clerical assistant	290,430	(44,514)	245,916	245,916	
Other purchased services	3,000		3,000	475	2,525
Supplies and materials	81,800	30,500	112,300	109,603	2,697
Other objects	10,027	(4,048)	5,979	4,885	1,094
<b>Total improvement of instructional services</b>	<b>\$1,741,563</b>	<b>(\$103,712)</b>	<b>\$1,637,851</b>	<b>\$1,620,380</b>	<b>\$17,471</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Educational media/school library:					
Salaries	\$850,288	(\$65,433)	\$784,855	\$784,854	\$1
Supplies and materials	67,501	(5,066)	62,435	53,024	9,411
Other objects	15,500	(15,500)			
<b>Total educational media/school library</b>	<b>933,289</b>	<b>(85,999)</b>	<b>847,290</b>	<b>837,878</b>	<b>9,412</b>
Instructional staff training services:					
Other Salaries	56,307	(800)	55,507	3,960	51,547
Purchased professional educational services	58,844	(35,989)	22,855	14,205	8,650
Other Purchase Services (400-500 series)	39,057	(22,009)	17,048	7,991	9,057
<b>Total Instructional staff training services</b>	<b>154,208</b>	<b>(58,798)</b>	<b>95,410</b>	<b>26,156</b>	<b>69,254</b>
Support services general administration:					
Salaries	865,680	25,431	891,111	891,111	
General Admin. Salaries- Governance Staff	4,800		4,800	4,800	
Legal services	292,417	540,383	832,801	727,796	105,004
Audit fees	59,000	(9,000)	50,000	50,000	
Architectural/Engineering Services	34,928	6,021	40,949	24,613	16,336
Other purchased professional services	10,000	(7,913)	2,087	1,395	692
Purchased technical services	2,000		2,000	1,888	112
Communications/telephone	485,517	(235,457)	250,060	248,724	1,336
Other purchased services	585,840	60,048	645,888	645,308	580
General Supplies	60,945	(36,962)	23,983	22,131	1,852
BOE in-house training/meeting supplies	6,293	(5,543)	751	751	
Judgements against the school district	25,000	(15,905)	9,095	9,095	
Miscellaneous expenditures	74,185	(65,439)	8,746	7,896	850
BOE Membership dues and fees	35,000	(8,308)	26,692	26,692	
<b>Total support services general administration</b>	<b>2,541,606</b>	<b>247,357</b>	<b>2,788,963</b>	<b>2,662,201</b>	<b>126,762</b>
Support services school administration:					
Salaries of principals/assistant principals	2,752,586	151,208	2,903,794	2,903,794	
Salaries of secretarial and clerical assistants	562,975	(3,104)	559,871	559,871	
Salaries of Other Professional Staff	1,210,421	46,079	1,256,500	1,256,500	
Other salaries	12,000	(11,400)	600	600	
Purchased professional and technical services	5,000		5,000	2,192	2,808
Other purchased services	10,006	3,495	13,501	7,194	6,307
Supplies and materials	96,341	(39,835)	56,506	53,751	2,755
Other objects	124,294	(9,665)	114,630	83,356	31,274
<b>Total support services school administration</b>	<b>\$4,773,623</b>	<b>\$136,779</b>	<b>\$4,910,402</b>	<b>\$4,867,258</b>	<b>\$43,144</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2020

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Central services:					
Salaries	\$1,168,491	(\$172,333)	\$996,158	\$996,158	
Unused vacation payment to terminated/retired staff		14,712	14,712	14,712	
Purchased professional services	120,693	(10,241)	110,452	88,562	\$21,891
Misc. purchased services (400-500 series)	13,384		13,384	4,182	9,202
Supplies and Materials	31,320	(2,600)	28,720	24,513	4,207
Miscellaneous Expenditures	15,000		15,000	6,134	8,866
<b>Total central services</b>	<b>1,348,888</b>	<b>(170,462)</b>	<b>1,178,426</b>	<b>1,134,261</b>	<b>44,165</b>
Administration information technology:					
Salaries	689,281	(29,168)	660,113	660,113	
Other Purchased Services	7,000	(4,338)	2,662	775	1,887
Supplies and Materials	80,250	(7,038)	73,212	65,948	7,264
<b>Total administration information technology</b>	<b>776,531</b>	<b>(40,545)</b>	<b>735,986</b>	<b>726,836</b>	<b>9,151</b>
Required maintenance for school facilities:					
Salaries	1,149,587	(21,416)	1,128,171	1,128,171	
Cleaning, repair, and maintenance services	557,221	28,884	586,105	475,793	110,312
General Supplies	390,196	(92,552)	297,644	233,528	64,116
Other Objects	88,479	(32,600)	55,879	49,730	6,149
<b>Total required maintenance for school facilities</b>	<b>2,185,484</b>	<b>(117,685)</b>	<b>2,067,799</b>	<b>1,887,222</b>	<b>180,577</b>
Other operations & maintenance of plant:					
Salaries	3,484,560	(208,062)	3,276,498	3,275,590	908
Salaries of Non-Instructional Aides	309,500	(37,056)	272,444	223,959	48,485
Unused vacation payment to terminated/retired staff		8,267	8,267	8,267	
Purchased professional and technical services	26,000	2,600	28,600	28,019	581
Cleaning, repair and maint. services	177,865	(13,182)	164,684	137,999	26,684
Other purchased property services	123,300		123,300	117,375	5,925
General supplies	306,000	(78,104)	227,896	216,617	11,279
Energy (Natural Gas)	652,500		652,500	483,462	169,039
Energy (Electricity)	1,309,609	(158,160)	1,151,449	1,028,432	123,017
<b>Total other operations &amp; maintenance of plant</b>	<b>\$6,389,335</b>	<b>(\$483,696)</b>	<b>\$5,905,638</b>	<b>\$5,519,719</b>	<b>\$385,919</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Care & Upkeep of Grounds					
Salaries	\$385,757	(\$61,534)	\$324,223	\$324,223	
Unused vacation payment to terminated/retired staff		6,174	6,174	6,174	
Purchased professional and technical services	36,000	(30,000)	6,000	1,839	\$4,161
General Supplies	47,397		47,397	28,148	19,249
<b>Total Care and Upkeep of Grounds</b>	<b>469,154</b>	<b>(85,359)</b>	<b>383,795</b>	<b>360,384</b>	<b>23,410</b>
Security:					
Salaries	1,165,991	(115,442)	1,050,549	1,049,861	688
Purchased professional and technical services	181,543	(51,977)	129,566	91,271	38,295
Cleaning, Repair, and Maintenance Services	101,120		101,120	98,396	2,725
General Supplies	16,351	4,000	20,351	13,446	6,905
Other Objects	11,435	3,200	14,635	7,341	7,295
<b>Total Security</b>	<b>1,476,441</b>	<b>(160,220)</b>	<b>1,316,221</b>	<b>1,260,314</b>	<b>55,907</b>
<b>Total operations &amp; maintenance of plant services</b>	<b>10,520,413</b>	<b>(846,960)</b>	<b>9,673,453</b>	<b>9,027,640</b>	<b>645,814</b>
Student transportation services:					
Salaries of non-instructional aides	574,294		574,294	516,107	58,187
Salaries for pupil transportation (between home and school) - regular	1,686,228	(41,256)	1,644,972	1,350,402	294,570
Salaries for pupil transportation (other than between home and school)	20,000	(4,586)	15,414	15,414	
Management Fee - ESC & CTSA Trans. Program	150,621	36,689	187,310	130,137	57,173
Other Purchased Prof. and Technical Serv.	14,500	(3,213)	11,287	11,287	
Cleaning, repair and maint. services	95,754	(2,017)	93,738	84,084	9,654
Contracted services (aid in lieu of payments)	313,747	99,305	413,052	299,433	113,619
Contract services (aid in lieu of payments)- Charter Sch	69,500	(44,000)	25,500	8,867	16,633
Contract services (aid in lieu of payments)- Choice Sch	21,000	17,647	38,647	30,803	7,844
Contracted services (other than between home and school) - vendors	163,315	(74,604)	88,711	88,709	2
Contracted services (regular students) - ESCs & CTSA	320,000	(206,753)	113,247	21,898	91,349
Contracted services (special education students) - ESCs & CTSA	3,131,621	1,746,011	4,877,632	3,571,057	1,306,575
General supplies	41,037	11,226	52,263	19,647	32,617
Transportation supplies	179,243	(16,418)	162,825	158,354	4,470
Other Objects	3,300	(2,205)	1,095	1,095	
<b>Total student transportation services</b>	<b>\$6,784,161</b>	<b>\$1,515,827</b>	<b>\$8,299,988</b>	<b>\$6,307,295</b>	<b>\$1,992,692</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2020

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Unallocated benefits:					
Social security contributions	\$1,242,398	\$230,585	\$1,472,984	\$1,407,720	\$65,264
Other retirement contributions - PERS	1,659,733	297,239	1,956,972	1,947,969	9,003
Pension contributions	56,906	24,755	81,662	77,951	3,711
Unemployment Compensation	20,000	(20,000)			
Workmen's compensation	750,000	40,694	790,694	790,694	
Health benefits	17,135,042	335,437	17,470,479	17,470,479	
Tuition reimbursement	111,966	(25,087)	86,879	86,879	
Unused sick payment to terminated/retired staff	400,000	(400,000)			
<b>Total unallocated benefits</b>	<b>21,376,045</b>	<b>483,625</b>	<b>21,859,670</b>	<b>21,781,692</b>	<b>77,977</b>
Allocated benefits:					
Regular programs - unused sick payment to terminated/retired staff		113,325	113,325	113,325	
Other support services- Special- unused sick payment to terminated/retired staff		30,000	30,000	30,000	
Improvement of instruction services - unused sick payment to terminated/retired staff		20,400	20,400	20,400	
Custodial services - unused sick payment to terminated/retired staff		11,715	11,715	11,715	
Care and Upkeep of Grounds - unused sick payment to terminated/retired staff		550	550	550	
Security services - unused sick payment to terminated/retired staff		6,095	6,095	6,095	
Student transportation services - unused sick payment to terminated/retired staff		11,584	11,584	11,584	
<b>Total allocated benefits</b>		<b>193,669</b>	<b>193,669</b>	<b>193,669</b>	
On-behalf TPAF post retirement medical (non budgeted)				4,499,313	(4,499,313)
On -behalf TPAF non-contributory insurance (non-budgeted)				213,555	(213,555)
On-behalf TPAF pension contribution (non-budgeted)				11,914,572	(11,914,572)
On-behalf TPAF long-term disability insurance (non-budgeted)				12,083	(12,083)
Reimbursed TPAF social security contributions (non-budgeted)				4,079,732	(4,079,732)
				20,719,255	(20,719,255)
<b>Total undistributed expenditures</b>	<b>75,725,807</b>	<b>984,484</b>	<b>76,710,291</b>	<b>94,092,717</b>	<b>(17,382,427)</b>
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	<b>\$127,433,326</b>	<b>\$1,308,389</b>	<b>\$128,741,714</b>	<b>\$145,621,458</b>	<b>(\$16,879,745)</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	\$5,000	(\$5,000)			
Equipment:					
Undistributed expenditures - instruction	3,325		\$3,325		\$3,325
Undistributed expenditures - Support serv. - Students - Reg.	20,577	(11,203)	9,374	\$8,598	776
Undistributed expenditures - Support serv. - Related & Extra	5,000		5,000		5,000
Undistributed equipment - Admin Info Tech.	72,486	113	72,599	72,599	
Undistributed equipment - Required maintenance for school facility	72,999	(5,000)	67,999	7,926	60,073
Undistributed expenditures - Custodial Services	65,000		65,000	37,024	27,976
Undistributed expenditures - Care and upkeep of grounds	69,000	35,000	104,000	103,036	964
Undistributed expenditures - Security	119,379	3,843	123,222	34,222	89,000
School buses -Regular	150,000	(42,021)	107,979	107,979	
Grades 1-5	2,000	39,902	41,902		41,902
Grades 6-8		40,907	40,907		40,907
Grades 9-12		32,291	32,291		32,291
School sponsored and other instructional program	28,000	(10,500)	17,500	17,427	73
Total equipment	607,766	83,332	691,098	388,812	302,286
Facilities acquisition and construction services					
Other objects		5,000	5,000		5,000
Assessment for debt service on SDA funding	101,460		101,460	101,460	
Assets Acquired Under Capital Leases (non-budgeted)				297,324	(297,324)
Total facilities acquisition and const. serv.	101,460	5,000	106,460	398,784	(292,324)
TOTAL CAPITAL OUTLAY:	714,226	83,332	797,558	787,597	9,961
CHARTER SCHOOLS:					
Transfer of funds to charter schools	548,085	(548,085)			
GENERAL FUND GRAND TOTAL	128,695,637	843,636	129,539,273	146,409,055	(16,869,784)
Excess (deficiency) of revenues over (under) expenditures	(\$1,983,176)	(\$843,636)	(\$2,826,812)	\$1,936,641	\$4,763,451

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2020

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Other financing sources (uses):					
Operating transfer in - capital projects fund				\$322,309	\$322,309
Operating transfer out - capital projects fund	(\$231,000)		(\$231,000)	(231,000)	
Lease Purchase (Non-Budgeted)				297,324	297,324
Total other financing sources (uses)	<u>(231,000)</u>		<u>(231,000)</u>	<u>388,633</u>	<u>619,633</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,214,176)	(\$843,636)	(3,057,812)	2,325,275	5,383,085
Fund balances, July 1	<u>9,422,421</u>		<u>9,422,421</u>	<u>9,422,421</u>	
Fund balances, June 30	<u>\$7,208,245</u>	<u>(\$843,636)</u>	<u>\$6,364,609</u>	<u>\$11,747,696</u>	<u>\$5,383,085</u>
Recapitulation:					
Assigned - year-end encumbrances				\$2,517,598	
Restricted - capital reserve				681,684	
Restricted - maintenance reserve				450,000	
Restricted - emergency reserve				725,000	
Restricted - excess surplus - designated for subsequent year's expenditures				2,227,251	
Restricted - excess surplus - current year				1,692,313	
Unassigned fund balance				<u>3,453,850</u>	
				\$11,747,696	
Reconciliation to Government Fund Statements					
Last Federal and State aid payments not recognized on GAAP basis				<u>(3,251,785)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$8,495,911</u>	



TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR FISCAL YEARS ENDED JUNE 30, 2020

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
<b>REVENUES:</b>					
State sources	\$3,591,673	(\$12,892)	\$3,578,781	\$3,125,106	(\$453,675)
Federal sources	2,700,677	1,497,489	4,198,166	3,838,363	(359,803)
Other sources		448,880	448,880	13,586	(435,295)
<b>Total revenues</b>	<b>\$6,292,350</b>	<b>\$1,933,477</b>	<b>\$8,225,827</b>	<b>\$6,977,055</b>	<b>(\$1,248,773)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	\$1,678,385	\$136,329	\$1,814,714	\$1,688,360	\$126,354
Other salaries for instruction	424,130	(990)	423,140	398,750	24,390
Purchased professional & technical services	316,765	(27,489)	289,276	196,776	92,500
Other purchased services	6,525	6,806	13,331		13,331
Tuition	1,502,000	287,149	1,789,149	1,789,149	
General supplies	483,180	364,026	847,206	752,633	94,573
Textbooks	26,433	(1,659)	24,774	22,060	2,714
Other objects	17,820	416,213	434,033	28,749	405,285
<b>Total instruction</b>	<b>4,455,238</b>	<b>1,180,385</b>	<b>5,635,623</b>	<b>4,876,477</b>	<b>759,147</b>
Support services:					
Other salaries	57,486	81,841	139,327	136,999	2,328
Salaries of Supervisors of Instruction	102,000		102,000	102,000	
Salaries of Other Professional Staff	205,471	13,000	218,471	152,470	66,001
Salaries of Secretarial and Clerical Assistants	45,961	4,500	50,461	50,461	
Salaries of Master Teachers	176,439		176,439	174,698	1,741
Purchased professional & technical services	96,180	118,593	214,773	116,539	98,234
Purchased professional & educational services	49,468	50,103	99,571	93,533	6,038
Personal services - employee benefits	899,316	204,825	1,104,141	1,063,680	40,461
Other purchased services	52,135	59,568	111,703	53,182	58,521
Supplies and materials	43,125	223,631	266,756	149,432	117,324
Other objects	500	290	790	150	640
<b>Total support services</b>	<b>1,728,081</b>	<b>756,351</b>	<b>2,484,432</b>	<b>2,093,144</b>	<b>391,288</b>
Facilities acquisition & construction services:					
Instructional Equipment	109,031	(3,258)	105,773	7,434	98,339
<b>Total expenditures</b>	<b>\$6,292,350</b>	<b>\$1,933,477</b>	<b>\$8,225,827</b>	<b>\$6,977,055</b>	<b>\$1,248,773</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
BUDGET TO GAAP RECONCILIATION  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	GENERAL FUND	SPECIAL REVENUE FUND
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$148,345,696	\$6,977,055
Difference - budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and related revenue is recognized.		(712,312)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	3,283,173	229,315
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(3,251,785)	(316,047)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$148,377,084	\$6,178,010
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$146,409,055	\$6,977,055
Difference - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial purposes		(712,312)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$146,409,055	\$6,264,742

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST SIX YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion of the Net Pension Liability (Asset) as a Percentage of It's Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.1848735643%	\$ 34,613,388	\$ 11,083,954	312.28%	52.08%
2015	0.1861144362%	41,778,961	11,766,218	355.08%	47.92%
2016	0.2047483398%	60,640,585	12,413,608	488.50%	40.14%
2017	0.2011942685%	46,834,809	13,144,042	356.32%	44.10%
2018	0.1986593800%	39,115,042	13,558,570	288.49%	53.60%
2019	0.2050093406%	36,939,573	14,313,544	258.07%	56.27%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST SEVEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	\$ 1,524,071	\$ 1,524,071	\$ -0-	\$ 11,083,954	13.75%
2015	1,600,845	1,600,845	-0-	11,766,218	13.61%
2016	1,865,776	1,865,776	-0-	12,413,608	15.03%
2017	1,966,877	1,966,877	-0-	13,144,042	14.96%
2018	1,976,019	1,976,019	-0-	13,558,570	14.57%
2019	1,994,147	1,994,147	-0-	14,313,544	13.93%
2020	2,145,990	2,145,990	-0-	12,400,104	17.31%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS PENSION AND ANNUITY FUND  
LAST SIX YEARS

<u>Measurement Date Ending June 30</u>	<u>District's Proportion of the Net Pension Liability (Asset)</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>State's Proportionate Share of the Net Pension Liability (Asset) associated with the District</u>	<u>District's Covered-Employee Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of It's Covered-Employee Payroll</u>	<u>State's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2014	0.4993965717%	\$ -0-	\$ 266,911,214	\$ 50,438,662	-0-	529.18%	33.64%
2015	0.5121144212%	-0-	323,678,183	52,609,495	-0-	615.25%	28.71%
2016	0.5273323977%	-0-	414,833,252	55,743,331	-0-	744.18%	22.33%
2017	0.5184152520%	-0-	349,534,277	56,538,225	-0-	618.23%	25.41%
2018	0.5310886758%	-0-	337,867,200	56,723,859	-0-	595.64%	26.49%
2019	0.5383778865%	-0-	330,407,591	58,118,053	-0-	568.51%	26.95%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2019	6.28%	7.00%	07/01/14-06/30/18
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2019	5.60%	7.00%	07/01/15-06/30/18
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12



**REQUIRED SUPPLEMENTARY INFORMATION - PART IV**

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (GASB 75)**

UNION TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST THREE YEARS

	Measurement Date Ended June 30,		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District</b>			
Balance at 6/30	\$220,598,168	\$256,298,313	\$276,132,530
Changes for the year:			
Service cost	8,923,406	10,142,025	12,246,214
Interest	8,766,235	9,437,523	8,137,888
Differences between expected and actual experience	(31,635,870)	(24,270,102)	
Changes in assumptions or other inputs	3,036,030	(25,314,744)	(34,500,500)
Membership Contributions	185,285	203,869	218,594
Benefit payments - Net	<u>(6,250,608)</u>	<u>(5,898,716)</u>	<u>(5,936,413)</u>
Net changes	<u>(16,975,522)</u>	<u>(35,700,145)</u>	<u>(19,834,217)</u>
Balance at 6/30	<u>\$203,622,646</u>	<u>\$220,598,168</u>	<u>\$256,298,313</u>
Covered Employee Payroll	72,431,597	70,282,429	69,682,267
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-	-0-
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	281.12%	313.87%	367.81%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

UNION TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART IV  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Change in benefit terms:     None

Change in assumptions:     The discount rate changed from 3.87% to 3.50% as of  
June 30, 2019.

**OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	IDEA Basic	IDEA Preschool	Title I	Title II Part A	Title III	Title III Immigrant	Title IV
<b>REVENUES:</b>							
State sources	\$	\$	\$	\$	\$	\$	\$
Federal sources	1,825,223	55,497	973,454	213,618	37,248	18,169	48,452
Other sources							
<b>Total revenues</b>	<b>\$ 1,825,223</b>	<b>\$ 55,497</b>	<b>\$ 973,454</b>	<b>\$ 213,618</b>	<b>\$ 37,248</b>	<b>\$ 18,169</b>	<b>\$ 48,452</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of teachers	\$	\$	\$ 545,570	\$ 100,790	\$ 10,813	\$	\$ 15,346
Other Salaries for Instruction							
Purchased professional and technical services			641				
Tuition	1,733,652	55,497					
General supplies			85,059		16,585	17,833	18,990
Textbooks							
Other objects							
<b>Total instruction</b>	<b>\$ 1,733,652</b>	<b>\$ 55,497</b>	<b>\$ 631,270</b>	<b>\$ 100,790</b>	<b>\$ 27,398</b>	<b>\$ 17,833</b>	<b>\$ 34,336</b>
Support services:							
Other salaries	\$	\$	\$ 118,280	\$ 9,269	\$ 1,072	\$ 336	\$ 1,126
Salaries of Supervisors of Instruction							
Salaries of Other Professional Staff			3,200				
Salaries of Secretarial and Clerical Assistants			3,000				
Salaries of Master Teachers							
Purchased professional and technical services			44,420	14,281	4,500		11,565
Purchased professional educational services	91,571						
Personal services - employee benefits			149,120	39,610	4,278		1,425
Other purchased services			4,175	49,007			
Supplies and materials			19,989	511			
Other objects				150			
<b>Total support services</b>	<b>\$ 91,571</b>	<b>\$</b>	<b>\$ 342,184</b>	<b>\$ 112,828</b>	<b>\$ 9,850</b>	<b>\$ 336</b>	<b>\$ 14,116</b>
Facilities acquisition and construction services:							
Instructional Equipment	\$	\$	\$	\$	\$	\$	\$
<b>Total facilities acquisition and construction services:</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Total expenditures</b>	<b>\$ 1,825,223</b>	<b>\$ 55,497</b>	<b>\$ 973,454</b>	<b>\$ 213,618</b>	<b>\$ 37,248</b>	<b>\$ 18,169</b>	<b>\$ 48,452</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	CARES Emergency Relief	Perkins Secondary	Nonpublic Textbooks	Nonpublic Technology	Nonpublic Security	Nonpublic Nursing	Ch. 192 Compensatory Education
REVENUES:							
State sources	\$		\$ 22,060	\$ 14,578	\$ 21,133	\$ 41,773	\$ 130,279
Federal sources	621,483	45,219					
Other sources							
Total revenues	<u>\$ 621,483</u>	<u>\$ 45,219</u>	<u>\$ 22,060</u>	<u>\$ 14,578</u>	<u>\$ 21,133</u>	<u>\$ 41,773</u>	<u>\$ 130,279</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers	\$						
Other Salaries for Instruction							
Purchased professional and technical services		1,377					130,279
Tuition							
General supplies	515,317	28,309					
Textbooks			22,060				
Other objects		585		14,578			
Total instruction	<u>\$ 515,317</u>	<u>\$ 30,271</u>	<u>\$ 22,060</u>	<u>\$ 14,578</u>	<u>\$</u>	<u>\$</u>	<u>\$ 130,279</u>
Support services:							
Other salaries	\$						
Salaries of Supervisors of Instruction		6,916					
Salaries of Other Professional Staff							
Salaries of Secretarial and Clerical Assistants							
Salaries of Master Teachers							
Purchased professional and technical services						41,773	
Purchased professional educational services							
Personal services - employee benefits		598					
Other purchased services							
Supplies and materials	106,166				21,133		
Other objects							
Total support services	<u>\$ 106,166</u>	<u>\$ 7,514</u>	<u>\$</u>	<u>\$</u>	<u>\$ 21,133</u>	<u>\$ 41,773</u>	<u>\$</u>
Facilities acquisition and construction services:							
Instructional Equipment		7,434					
Total facilities acquisition and construction services:		<u>\$ 7,434</u>					
Total expenditures	<u>\$ 621,483</u>	<u>\$ 45,219</u>	<u>\$ 22,060</u>	<u>\$ 14,578</u>	<u>\$ 21,133</u>	<u>\$ 41,773</u>	<u>\$ 130,279</u>



TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Ch. 192 <u>Transportation</u>	Ch. 193 <u>Examination &amp; Classification</u>	Ch. 193 <u>Corrective Speech</u>	Ch. 193 <u>Supplemental Instruction</u>	Preschool <u>Education Aid</u>	Other Local <u>Programs</u>	TOTAL <u>2020</u>
<b>REVENUES:</b>							
State sources	\$ 19,587	\$ 13,939	\$ 13,306	\$ 17,647	\$ 2,830,804	\$	\$ 3,125,106
Federal sources							3,838,363
Other sources						13,586	13,586
<b>Total revenues</b>	<b>\$ 19,587</b>	<b>\$ 13,939</b>	<b>\$ 13,306</b>	<b>\$ 17,647</b>	<b>\$ 2,830,804</b>	<b>\$ 13,586</b>	<b>\$ 6,977,055</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of teachers					1,015,841		1,688,360
Other Salaries for Instruction					398,750		398,750
Purchased professional & technical services	19,587	13,939	13,306	17,647			196,776
Tuition							1,789,149
General supplies					70,540		752,633
Textbooks							22,060
Other objects						13,586	28,749
<b>Total instruction</b>	<b>\$ 19,587</b>	<b>\$ 13,939</b>	<b>\$ 13,306</b>	<b>\$ 17,647</b>	<b>\$ 1,485,131</b>	<b>\$ 13,586</b>	<b>\$ 4,876,477</b>
<b>Support services:</b>							
Other salaries							136,999
Salaries of Supervisors of Instruction					102,000		102,000
Salaries of Other Professional Staff					149,270		152,470
Salaries of Secretarial and Clerical Assistants					47,461		50,461
Salaries of Master Teachers					174,698		174,698
Purchased professional and technical services							116,539
Purchased professional educational services					1,962		93,533
Personal services - employee benefits					868,649		1,063,680
Other purchased services							53,182
Supplies and materials					1,633		149,432
Other objects							150
<b>Total support services</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 1,345,673</b>	<b>\$</b>	<b>\$ 2,093,144</b>
<b>Facilities acquisition &amp; construction services:</b>							
Instructional Equipment							7,434
<b>Total facilities acquisition &amp; construction services</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 7,434</b>
<b>Total expenditures</b>	<b>\$ 19,587</b>	<b>\$ 13,939</b>	<b>\$ 13,306</b>	<b>\$ 17,647</b>	<b>\$ 2,830,804</b>	<b>\$ 13,586</b>	<b>\$ 6,977,055</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$1,052,888	\$1,015,841	\$37,047
Other Salaries for Instruction	423,140	398,750	24,390
Purchased Professional - Educational Services	15,000		15,000
Other Purchased Services (400-500 Series)	6,525		6,525
General supplies	94,165	70,540	23,625
Total instruction	<u>1,591,718</u>	<u>1,485,131</u>	<u>106,587</u>
Support Services:			
Salaries of Supervisors of Instruction	102,000	102,000	
Salaries of Other Professional Staff	205,471	149,270	56,201
Salaries of Secretarial and Clerical Assistants	47,461	47,461	
Salaries of Master Teachers	176,439	174,698	1,741
Personal Services - Employee Benefits	899,316	868,649	30,667
Purchased Professional - Educational Services	8,000	1,962	6,038
Other Purchased Professional Services	6,000		6,000
Other Purchased Services (400-500 series)	52,135		52,135
Supplies and Materials	6,000	1,633	4,367
Other Objects	500		500
Total support services	<u>1,503,322</u>	<u>1,345,673</u>	<u>157,649</u>
Facilities acquisition and const. serv.:			
Buildings			
Instructional Equipment	61,031		61,031
Noninstructional Equipment	4,444		4,444
Total facilities acquisition and const. serv.	<u>65,475</u>		<u>65,475</u>
Total expenditures	<u>\$3,160,515</u>	<u>\$2,830,804</u>	<u>\$329,711</u>

CALCULATION OF BUDGET AND CARRYOVER

Total 2019-20 Preschool Education Aid Allocation	\$3,160,515
Add: Actual PreK Carryover (June 30, 2019)	<u>135,585</u>
Total Preschool Education Funds Available for 2019-20 Budget	\$3,296,100
Less: 2019-20 Budgeted Prek (Including prior year budgeted carryover)	<u>3,160,515</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2020	\$135,585
Add: June 30, 2020 Unexpended Preschool Education Aid	<u>329,711</u>
2019-20 actual Carryover-Preschool Education Aid	<u>\$465,296</u>
2019-20 Preschool Education Aid Carryover Budgeted for Preschool Programs 2020-21	<u>\$135,585</u>

**CAPITAL PROJECTS FUND DETAIL STATEMENTS**

TOWNSHIP OF UNION SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>ISSUE/PROJECT TITLE</u>	<u>REVISED AUTHORIZED COST</u>	<u>EXPENDITURES TO DATE</u>		<u>UNEXPENDED BALANCE JUNE 30, 2020</u>
		<u>PRIOR YEAR(S)</u>	<u>CURRENT YEAR</u>	
District-Wide Upgrades	\$ 1,140,000	\$ 801,715	\$ 338,285	\$
District-Wide Door Replacement	434,263	142,544	186,126	105,593
District-Wide Upgrades	<u>231,000</u>	<u></u>	<u>183,991</u>	<u>47,009</u>
	<u>\$ 1,805,263</u>	<u>\$ 944,259</u>	<u>\$ 708,401</u>	<u>\$ 152,603</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Revenues and financing sources:</u>	
Capital Outlay transfer to Capital Projects	\$ <u>231,000</u>
Total revenues and financing sources	\$ <u>231,000</u>
<u>Expenditures and financing uses:</u>	
Construction services	\$ 386,092
Operating Transfers Out-General Fund	<u>322,309</u>
Total expenditures and Transfers	\$ <u>708,401</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(477,401)</u>
Net change in fund balances	\$ (477,401)
Fund balance - beginning	<u>630,004</u>
Fund balance - ending	\$ <u><u>152,602</u></u>
<u>Recapitulation of Fund Balance</u>	
Committed:	
Year-end encumbrances	\$ 57,998
Other purposes	<u>94,604</u>
Fund balance - GAAP basis (exhibit B-1)	\$ <u><u>152,602</u></u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS - BUDGETARY BASIS  
DISTRICT-WIDE UPGRADES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Capital Outlay Transfer	\$ 1,140,000	\$ _____	\$ 1,140,000	\$ 1,140,000
Total revenues	<u>\$ 1,140,000</u>	<u>\$ _____</u>	<u>\$ 1,140,000</u>	<u>\$ 1,140,000</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional & technical services	\$ 58,810	\$ 49,976	\$ 58,810	\$ 93,630
Construction services	742,905	288,309	792,881	1,046,370
Transfer to general fund		288,309	288,309	
Total expenditures	<u>\$ 801,715</u>	<u>\$ 338,285</u>	<u>\$ 1,140,000</u>	<u>\$ 1,140,000</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 338,285</u>	<u>\$ (338,285)</u>	<u>\$ _____</u>	
<b>Additional project information:</b>				
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Original Authorized Cost	1,140,000			
Additional Authorized Cost				
Revised Authorized Cost	1,140,000			
Percentage completion	100%			
Original target completion date	12/30/2019			
Revised target completion date	6/30/2021			

TOWNSHIP OF UNION SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS - BUDGETARY BASIS  
DISTRICT-WIDE DOOR REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Outlay Transfer	\$ 434,263	\$ _____	\$ 434,263	\$ 434,263
Total revenues	<u>\$ 434,263</u>	<u>\$ _____</u>	<u>\$ 434,263</u>	<u>\$ 434,263</u>
Expenditures and Other Financing Uses				
Purchased professional & technical services	\$ 24,950	\$ _____	\$ 24,950	\$ 24,950
Construction services	117,594	186,126	303,720	409,313
Total expenditures	<u>\$ 142,544</u>	<u>\$ 186,126</u>	<u>\$ 328,670</u>	<u>\$ 434,263</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 291,719</u>	<u>\$ (186,126)</u>	<u>105,593</u>	
Additional project information:				
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Original Authorized Cost	303,000			
Additional Authorized Cost	131,263			
Revised Authorized Cost	434,263			
Percentage Increase over Original Authorized Cost	43%			
Percentage completion	76%			
Original target completion date	12/1/2019			
Revised target completion date	6/30/2021			

TOWNSHIP OF UNION SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND  
PROJECT STATUS - BUDGETARY BASIS  
DISTRICT-WIDE UPGRADES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Capital Outlay Transfer	\$ _____	\$ 231,000	\$ 231,000	\$ 231,000
Total revenues	\$ _____	\$ 231,000	\$ 231,000	\$ 231,000
Expenditures and Other Financing Uses				
Purchased professional & technical services	\$ _____	\$ _____	\$ _____	\$ 21,000
Construction services		149,991	149,991	210,000
Transfer to general fund		34,000	34,000	
Total expenditures	\$ _____	\$ 183,991	\$ 183,991	\$ 231,000
Excess (deficiency) or revenues over (under) expenditures	\$ _____	\$ 47,009	\$ 47,009	
Additional project information:				
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Original Authorized Cost	231,000			
Additional Authorized Cost				
Revised Authorized Cost	231,000			
Percentage Increase over Original Authorized Cost				
Percentage completion	80%			
Original target completion date	6/30/2021			
Revised target completion date				



## FIDUCIARY FUND DETAIL STATEMENTS

Fiduciary funds are used to account for assets when a school district is functioning either as a trustee or as an agent for another party.

### **Unemployment Compensation**

#### **Insurance Trust Fund:**

This trust fund is used to account for board contributions which are utilized to pay unemployment compensation claims as they arise.

#### **Scholarship Trust Fund:**

This trust fund is used to account for assets held by the district for grants to students where there are no restrictions regarding the use of principal and interest.

#### **Student Activity Fund:**

This agency fund is used to account for student funds held at the schools.

#### **Payroll Agency Fund:**

This agency fund is used to account for the payroll transactions of the school district

TOWNSHIP OF UNION SCHOOL DISTRICT  
COMBINING STATEMENTS OF FIDUCIARY NET POSITION  
JUNE 30, 2020

	<u>AGENCY FUNDS</u>			<u>SCHOLARSHIP FUNDS</u>	<u>STATE UNEMPLOYMENT INSURANCE</u>	<u>TOTALS</u>
	<u>STUDENT ACTIVITY</u>	<u>PAYROLL AGENCY</u>	<u>TOTAL AGENCY</u>			
<b>ASSETS</b>						
Cash and cash equivalents	\$ 413,138	\$ 4,805,993	\$ 5,219,131	\$ 256,095	\$ 1,174,120	\$ 6,649,346
Due from Other Funds					215,962	215,962
<b>Total assets</b>	<b>\$ 413,138</b>	<b>\$ 4,805,993</b>	<b>\$ 5,219,131</b>	<b>\$ 256,095</b>	<b>\$ 1,390,082</b>	<b>\$ 6,865,308</b>
<b>LIABILITIES</b>						
Net Salary payable	\$	\$ 3,685,323	\$ 3,685,323	\$	\$	\$ 3,685,323
Payroll deductions and withholdings		904,709	904,709			904,709
Due to student groups	413,138		413,138			413,138
Due to other funds		215,962	215,962			215,962
<b>Total liabilities</b>	<b>\$ 413,138</b>	<b>\$ 4,805,993</b>	<b>\$ 5,219,131</b>	<b>\$</b>	<b>\$</b>	<b>\$ 5,219,131</b>
<b>NET POSITION</b>						
Reserve for state unemployment	\$	\$	\$	\$	\$ 1,390,082	\$ 1,390,082
Reserve for scholarship awards				256,095		256,095
<b>Total net position</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 256,095</b>	<b>\$ 1,390,082</b>	<b>\$ 1,646,178</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>SCHOLARSHIP FUNDS</u>	<u>STATE UNEMPLOYMENT INSURANCE</u>	<u>TOTAL</u>
ADDITIONS:			
Contributions:			
Employee contributions	\$	\$ 118,019	\$ 118,019
Other	67,000		
Total contributions	<u>\$ 67,000</u>	<u>\$ 118,019</u>	<u>\$ 118,019</u>
Investment earnings:			
Interest	\$ 3,896	\$ 16,142	\$ 16,142
Net investment earnings	<u>\$ 3,896</u>	<u>\$ 16,142</u>	<u>\$ 16,142</u>
Total additions	<u>\$ 70,896</u>	<u>\$ 134,161</u>	<u>\$ 134,161</u>
DEDUCTIONS:			
Unemployment claims	\$	\$ 173,568	\$ 173,568
Miscellaneous		12,449	12,449
Awards	37,790		
Total deductions	<u>\$ 37,790</u>	<u>\$ 186,017</u>	<u>\$ 186,017</u>
Change in net position	<u>\$ 33,106</u>	<u>\$ (51,857)</u>	<u>\$ (51,857)</u>
Net position beginning of year	<u>\$ 222,989</u>	<u>\$ 1,441,939</u>	<u>\$ 1,441,939</u>
Net position end of year	<u>\$ 256,095</u>	<u>\$ 1,390,082</u>	<u>\$ 1,390,082</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> <u>JULY 1, 2019</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 412,917	\$ 541,382	\$ 541,161	\$ 413,138
Total assets	<u>\$ 412,917</u>	<u>\$ 541,382</u>	<u>\$ 541,161</u>	<u>\$ 413,138</u>
<b>LIABILITIES:</b>				
Due student groups:				
Senior High School:				
Union Township High school activities	\$ 253,331	\$ 301,898	\$ 338,178	\$ 217,051
Athletic Account	54,140	161,137	125,830	89,447
Junior High School:				
Burnett	32,004	13,829	16,007	29,825
Kawameeh	58,700	39,960	42,536	56,124
Elementary Schools:				
Battle Hill	3,328	3,571	3,403	3,496
Central Five - Jefferson	224			224
Connecticut Farms	2,438	49	59	2,428
Franklin	48	7,475	7,003	520
Hannah Caldwell	4,147	4,368	3,685	4,830
Livingston	659	4,484	340	4,803
Washington	3,898	4,612	4,119	4,390
Total liabilities	<u>\$ 412,917</u>	<u>\$ 541,382</u>	<u>\$ 541,161</u>	<u>\$ 413,138</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
PAYROLL AGENCY FUNDS  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> <u>JULY 1, 2019</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 4,604,136	\$ 43,782,281	\$ 43,580,424	\$ 4,805,993
<b>Total assets</b>	<b>\$ 4,604,136</b>	<b>\$ 43,782,281</b>	<b>\$ 43,580,424</b>	<b>\$ 4,805,993</b>
<b>LIABILITIES:</b>				
Net Salary Payable	\$ 3,502,085	\$ 3,685,323	\$ 3,502,085	\$ 3,685,323
Payroll deductions and withholdings	819,828	40,096,958	40,012,078	904,709
Due to other funds	282,223		66,261	215,962
<b>Total liabilities</b>	<b>\$ 4,604,136</b>	<b>\$ 43,782,281</b>	<b>\$ 43,580,424</b>	<b>\$ 4,805,993</b>

## **LONG-TERM DEBT SCHEDULES**

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

TOWNSHIP OF UNION SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS  
 JUNE 30, 2020

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2019	RETIRED	BALANCE JUNE 30, 2020
			DATE	AMOUNT				
Refunding School Bonds - Series 2010	11/10/2010	\$ 20,175,000	8/15/2020	\$ 1,315,000	4.000%	\$ 12,420,000	\$ 1,325,000	\$ 11,095,000
			8/15/2021	1,310,000	4.000%			
			8/15/2022	1,295,000	3.000%			
			8/15/2023	1,275,000	3.125%			
			8/15/2024	1,255,000	3.393%			
			8/15/2025	1,190,000	3.375%			
			8/15/2026	1,175,000	3.500%			
			8/15/2027	1,155,000	3.625%			
			8/15/2028	1,125,000	4.000%			
School Bonds - Series 2011	9/8/2011	6,712,000	1/1/2021	340,000	3.000%	4,832,000	330,000	4,502,000
			1/1/2022	340,000	3.000%			
			1/1/2023	360,000	3.000%			
			1/1/2024	360,000	3.000%			
			1/1/2025	370,000	3.250%			
			1/1/2026	370,000	3.250%			
			1/1/2027	380,000	3.500%			
			1/1/2028	390,000	3.500%			
			1/1/2029	395,000	3.500%			
			1/1/2030	400,000	3.625%			
			1/1/2031	400,000	3.625%			
			1/1/2032	397,000	3.750%			
			Refunding School Bonds 2015	1/15/2015	4,280,000			
1/1/2022	590,000	4.000%						
1/1/2023	620,000	4.000%						
						\$ 19,557,000	\$ 2,190,000	\$ 17,367,000

TOWNSHIP OF UNION SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>PURPOSE</u>	<u>DATE OF LEASE</u>	<u>TERM OF LEASE</u>	<u>AMOUNT OF ORIGINAL LEASE PRINCIPAL</u>	<u>INTEREST RATE PAYABLE</u>	<u>BALANCE JULY 1, 2019 (as restated)</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2020</u>
Buses	8/30/2018	5	224,547	3.46%	\$ 165,994	\$	\$ 53,462	\$ 112,532
Radios	7/1/2018	5	447,704	2.88%	268,479		86,965	181,514
Buses	11/5/2019	5	297,324	2.77%		297,324	62,826	234,499
Computers	5/15/2020	3	750,000	1.41%		750,000	253,519	496,481
					<u>\$ 434,473</u>	<u>\$ 1,047,324</u>	<u>\$ 456,772</u>	<u>\$ 1,025,025</u>



TOWNSHIP OF UNION SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local sources:				
Local tax levy	\$ 2,749,240	\$ 2,749,240	\$ 2,749,240	\$
State sources:				
Debt service aid type II	<u>114,510</u>	<u>114,510</u>	<u>114,510</u>	<u>                    </u>
Total revenues	<u>\$ 2,863,750</u>	<u>\$ 2,863,750</u>	<u>\$ 2,863,750</u>	<u>\$</u>
EXPENDITURES:				
Regular debt service:				
Interest on bonds	\$ 673,750	\$ 673,750	\$ 673,750	\$
Redemption of bond principal	<u>2,190,000</u>	<u>2,190,000</u>	<u>2,190,000</u>	<u>                    </u>
Total regular debt service-expenditures	<u>\$ 2,863,750</u>	<u>\$ 2,863,750</u>	<u>\$ 2,863,750</u>	<u>\$</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Fund balance, July 1	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance, June 30	<u><u>                    </u></u>	<u><u>                    </u></u>	<u><u>                    </u></u>	<u><u>                    </u></u>

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
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-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to J-9
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information:	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

**TOWNSHIP OF UNION SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**UNAUDITED**

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Governmental activities</b>										
Net investment in capital assets	\$ 73,459,183	\$ 74,076,190	\$ 74,901,201	\$ 69,521,056	\$ 66,817,323	\$ 66,419,122	\$ 48,844,016	\$ 46,148,044	\$ 35,319,295	\$ 34,136,549
Restricted	8,446,449	5,405,186	5,156,593	16,685,083	21,523,970	26,714,466	27,872,924	29,289,218	36,160,171	31,360,472
Unrestricted (deficit)	(48,159,338)	(46,626,549)	(45,053,851)	(42,540,373)	(36,583,405)	(39,152,868)	(4,259,726)	(3,786,510)	(3,739,077)	(3,842,315)
<b>Total governmental activities net position</b>	<b>\$ 33,746,294</b>	<b>\$ 32,854,827</b>	<b>\$ 35,003,943</b>	<b>\$ 43,665,766</b>	<b>\$ 51,757,888</b>	<b>\$ 53,980,720</b>	<b>\$ 72,457,214</b>	<b>\$ 71,650,752</b>	<b>\$ 67,740,389</b>	<b>\$ 61,654,706</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 818,105	\$ 812,620	\$ 823,161	\$ 819,426	\$ 879,360	\$ 840,238	\$ 918,049	\$ 722,552	\$ 224,930	\$ 239,255
Unrestricted	153,158	303,752	452,546	504,928	1,336,305	1,413,476	1,237,267	1,514,079	2,113,754	2,163,203
<b>Total business-type activities net position</b>	<b>\$ 971,263</b>	<b>\$ 1,116,372</b>	<b>\$ 1,275,707</b>	<b>\$ 1,324,354</b>	<b>\$ 2,215,665</b>	<b>\$ 2,253,714</b>	<b>\$ 2,155,316</b>	<b>\$ 2,236,631</b>	<b>\$ 2,338,684</b>	<b>\$ 2,402,458</b>
<b>District-wide</b>										
Net investment in capital assets	\$ 74,277,289	\$ 74,888,810	\$ 75,724,362	\$ 70,340,482	\$ 67,696,683	\$ 67,259,360	\$ 49,762,065	\$ 46,870,596	\$ 35,544,225	\$ 34,375,804
Restricted	8,446,449	5,405,186	5,156,593	16,685,083	21,523,970	26,714,466	27,872,924	29,289,218	36,160,171	31,360,472
Unrestricted (deficit)	(48,006,180)	(46,322,797)	(44,601,305)	(42,035,445)	(35,247,100)	(37,739,392)	(3,022,459)	(2,272,431)	(1,625,323)	(1,679,112)
<b>Total district net position</b>	<b>\$ 34,717,557</b>	<b>\$ 33,971,199</b>	<b>\$ 36,279,650</b>	<b>\$ 44,990,120</b>	<b>\$ 53,973,553</b>	<b>\$ 56,234,434</b>	<b>\$ 74,612,530</b>	<b>\$ 73,887,383</b>	<b>\$ 70,079,073</b>	<b>\$ 64,057,164</b>

Source: CAFR Schedule A-1

TOWNSHIP OF UNION SCHOOL DISTRICT  
CHANGES IN NET POSITION  
(UNAUDITED)

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>EXPENSES</b>										
<b>Governmental activities</b>										
Instruction										
Regular	\$ 68,991,187	\$ 71,649,152	\$ 77,805,228	\$ 79,393,892	\$ 70,648,204	\$ 60,751,603	\$ 53,776,650	\$ 52,466,604	\$ 52,217,721	\$ 52,376,919
Special education	30,123,608	19,878,494	21,311,083	21,277,414	18,918,112	14,052,549	11,932,208	11,548,962	10,797,298	10,439,297
Other instruction	6,672,430	5,988,480	8,380,690	8,016,714	7,428,413	5,990,569	5,089,451	5,143,017	4,436,423	5,043,022
Support Services:										
Tuition		13,218,157	12,670,283	10,198,341	8,946,007	7,596,460	7,577,508	7,639,508	7,837,710	8,628,491
Student & instruction related services	26,188,636	22,601,372	24,400,356	19,753,092	17,763,555	19,628,392	17,095,022	16,489,731	14,636,548	15,039,927
General administrative services	3,286,800	3,022,813	3,115,368	4,394,509	2,777,974	3,666,127	3,286,224	3,239,943	2,908,893	2,984,890
School administrative services	8,700,031	7,561,387	7,412,288	6,602,185	6,919,671	8,639,564	7,571,482	7,652,111	7,544,966	7,198,559
Central services and information technology	2,223,623	3,386,269	3,330,408	2,715,148	2,044,175					
Plant operations and maintenance	11,313,235	12,359,449	13,764,466	13,091,671	11,532,667	14,374,411	13,550,694	12,385,363	10,221,600	10,385,493
Student transportation services	7,697,206	8,059,568	7,956,901	7,555,417	5,943,785	7,718,450	6,629,300	6,340,912	5,003,000	4,671,128
Interest on long-term debt	635,170	719,095	798,995	1,037,076	814,673	1,155,993	1,149,619	1,214,817	1,244,639	1,041,958
Capital Outlay		928,733	712,743	481,027	379,000					
Unallocated amortization		1,603,755	101,460	74,805	951,182					
Unallocated depreciation	80,876					63,625	63,625	63,625	63,625	
Total governmental activities expenses	\$ 165,912,803	\$ 170,976,724	\$ 181,760,269	\$ 174,591,291	\$ 155,067,418	\$ 143,637,743	\$ 127,721,783	\$ 124,184,593	\$ 116,912,423	\$ 117,809,684
<b>Business-type activities:</b>										
Food Service	\$ 2,752,023	\$ 3,309,698	\$ 3,303,360	\$ 3,342,381	\$ 3,256,197	\$ 2,973,746	\$ 3,186,555	\$ 3,036,046	\$ 3,131,227	\$ 2,997,205
Total business-type activities expense	\$ 2,752,023	\$ 3,309,698	\$ 3,303,360	\$ 3,342,381	\$ 3,256,197	\$ 2,973,746	\$ 3,186,555	\$ 3,036,046	\$ 3,131,227	\$ 2,997,205
Total district expenses	\$ 168,664,826	\$ 174,286,422	\$ 185,063,629	\$ 177,933,672	\$ 158,323,615	\$ 146,611,489	\$ 130,908,338	\$ 127,220,639	\$ 120,043,650	\$ 120,806,889
<b>PROGRAM REVENUES</b>										
<b>Governmental activities:</b>										
Charges for services	\$	\$ 221,780	\$ 191,385	\$ 113,032	\$ 150,214	\$	\$	\$	\$	\$
Operating grants and contributions	37,827,972	48,689,313	53,491,509	48,459,115	36,896,315	22,660,690	9,510,490	11,261,352	8,705,420	7,381,358
Total governmental activities program revenues	\$ 37,827,972	\$ 48,911,093	\$ 53,682,894	\$ 48,572,147	\$ 37,046,529	\$ 22,660,690	\$ 9,510,490	\$ 11,261,352	\$ 8,705,420	\$ 7,381,358
<b>Business-type activities:</b>										
Charges for services										
Food Service	\$ 1,173,002	\$ 1,429,670	\$ 1,521,825	\$ 1,630,647	\$ 1,617,053	\$ 1,570,430	\$ 1,612,301	\$ 1,533,692	\$ 1,607,621	\$ 1,563,826
Operating grants and contributions	1,428,421	1,712,479	1,727,977	1,679,296	1,597,231	1,499,038	1,488,765	1,398,897	1,446,136	1,420,418
Total business type activities program revenues	\$ 2,601,423	\$ 3,142,149	\$ 3,249,802	\$ 3,309,943	\$ 3,214,284	\$ 3,069,468	\$ 3,101,066	\$ 2,930,589	\$ 3,053,757	\$ 2,984,244
Total district program revenues	\$ 40,429,395	\$ 52,053,242	\$ 56,932,696	\$ 51,882,090	\$ 40,260,813	\$ 25,730,158	\$ 12,711,556	\$ 14,191,941	\$ 11,759,177	\$ 10,365,602

TOWNSHIP OF UNION SCHOOL DISTRICT  
CHANGES IN NET POSITION  
UNAUDITED

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>NET (EXPENSE)/REVENUE</b>										
Governmental activities	\$ (128,084,831)	\$ (122,065,631)	\$ (128,077,375)	\$ (126,019,144)	\$ (118,020,889)	\$ (120,977,053)	\$ (118,111,293)	\$ (112,923,241)	\$ (108,207,003)	\$ (110,428,326)
Business-type activities	(150,600)	(167,549)	(53,558)	(32,438)	(41,913)	95,722	(85,489)	(105,457)	(77,470)	(12,961)
Total district-wide net expense	\$ (128,235,430)	\$ (122,233,180)	\$ (128,130,933)	\$ (126,051,582)	\$ (118,062,802)	\$ (120,881,331)	\$ (118,196,782)	\$ (113,028,698)	\$ (108,284,473)	\$ (110,441,287)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 91,571,651	\$ 89,776,128	\$ 87,700,754	\$ 85,981,132	\$ 84,295,227	\$ 81,661,987	\$ 80,060,772	\$ 78,490,953	\$ 76,951,915	\$ 75,443,054
Taxes levied for debt service	2,749,240	2,767,366	2,808,184	2,814,225	2,790,533	2,828,639	2,858,913	2,603,922	2,407,988	1,832,700
Grants and contributions	33,682,659	26,513,994	28,340,927	27,779,891	28,081,549	36,395,653	35,445,395	35,057,716	34,198,245	38,016,691
Miscellaneous income	546,648	859,027	565,687	458,834	630,748	701,969	681,970	746,530	761,657	1,028,605
Transfers				892,940			(1,095)			
Special Items									(4,709)	13,859
Total governmental activities	\$ 128,550,198	\$ 119,916,515	\$ 119,415,552	\$ 117,927,022	\$ 115,798,057	\$ 121,588,248	\$ 119,045,955	\$ 116,899,121	\$ 114,315,096	\$ 116,334,909
Business-type activities:										
Miscellaneous income	\$ 5,490	\$ 8,214	\$ 4,911	\$ 7,757	\$ 3,864	\$ 2,676	\$ 3,079	\$ 3,404	\$ 4,935	\$ 4,794
Transfers				(866,630)			1,095			
Total business-type activities	\$ 5,490	\$ 8,214	\$ 4,911	\$ (858,873)	\$ 3,864	\$ 2,676	\$ 4,174	\$ 3,404	\$ 4,935	\$ 4,794
Total district-wide	\$ 128,555,688	\$ 119,924,729	\$ 119,420,463	\$ 117,068,149	\$ 115,801,921	\$ 121,590,924	\$ 119,050,129	\$ 116,902,525	\$ 114,320,031	\$ 116,339,703
<b>CHANGE IN NET POSITION</b>										
Governmental activities	\$ 465,367	\$ (2,149,116)	\$ (8,661,823)	\$ (8,092,122)	\$ (2,222,832)	\$ 611,195	\$ 934,662	\$ 3,975,880	\$ 6,108,093	\$ 5,906,583
Business-type activities	(145,109)	(159,335)	(48,647)	(891,311)	(38,049)	98,398	(81,315)	(102,053)	(72,535)	(8,167)
Total district	\$ 320,258	\$ (2,308,451)	\$ (8,710,470)	\$ (8,983,433)	\$ (2,260,881)	\$ 709,593	\$ 853,347	\$ 3,873,827	\$ 6,035,558	\$ 5,898,416

Source: CAFR Schedule A-2

**TOWNSHIP OF UNION SCHOOL DISTRICT  
FUND BALANCES - GOVERNMENTAL FUNDS  
(UNAUDITED)**

	<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>
General Fund										
Restricted	\$ 5,776,248	\$ 4,775,182	\$ 5,106,228	\$ 16,618,331	\$ 16,283,943	\$ 11,329,281	\$ 16,008,626	\$ 13,184,065	\$ 11,830,414	\$ 11,849,574
Committed	2,517,598					7,066,626	4,914,537	6,208,928	8,120,050	949,909
Assigned		1,174,609	865,930	1,094,429	2,563,838	43,823	14,632	2,216,935		795,331
Unassigned	202,065	189,457	525,976	353,566					(73,645)	(1,192,190)
Total general fund	<u>\$ 8,495,911</u>	<u>\$ 6,139,248</u>	<u>\$ 6,498,134</u>	<u>\$ 18,066,326</u>	<u>\$ 18,847,781</u>	<u>\$ 18,439,730</u>	<u>\$ 20,937,795</u>	<u>\$ 21,609,928</u>	<u>\$ 19,876,819</u>	<u>\$ 12,402,624</u>
All Other Governmental Funds										
Restricted	\$ 57,998		\$ 50,365	\$ 66,752	\$ 5,240,027	\$ 6,254,300	\$ 4,879,239	\$ 5,027,577	\$ 5,387,536	\$ 16,515,120
Committed		630,004	428,768	557,404	326,368					
Assigned	94,604					970,244	1,102,566	2,142,872	10,479,039	1,505,568
Unassigned/(Deficit)	(316,047)	(229,318)								
Total all other governmental funds	<u>\$ (163,445)</u>	<u>\$ 400,686</u>	<u>\$ 479,133</u>	<u>\$ 624,156</u>	<u>\$ 5,566,415</u>	<u>\$ 7,224,544</u>	<u>\$ 5,981,805</u>	<u>\$ 7,170,449</u>	<u>\$ 15,866,575</u>	<u>\$ 18,020,688</u>

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Source: CAFR Schedule B-1



**TOWNSHIP OF UNION SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
UNAUDITED**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues</b>										
Tax levy	\$ 94,320,891	\$ 92,543,494	\$ 90,508,938	\$ 88,795,357	\$ 87,085,760	\$ 84,490,626	\$ 82,919,685	\$ 81,094,875	\$ 79,359,903	\$ 77,275,754
Tuition charges	52,264									
Interest on capital reserve	26,011									
Interest on investments	300,471									
Miscellaneous	167,902	1,131,157	799,501	631,348	806,283	701,969	681,970	746,530	781,486	1,028,606
State sources	59,276,996	56,824,848	50,901,333	47,736,891	46,495,876	44,421,420	41,756,746	43,263,466	38,360,855	41,076,652
Federal sources	3,274,309	3,468,106	3,039,377	2,900,950	2,915,231	3,041,273	3,299,139	3,055,602	4,518,021	4,321,396
<b>Total revenue</b>	<b>\$ 157,418,844</b>	<b>\$ 153,967,605</b>	<b>\$ 145,249,149</b>	<b>\$ 140,064,546</b>	<b>\$ 137,303,150</b>	<b>\$ 132,655,288</b>	<b>\$ 128,657,540</b>	<b>\$ 128,160,473</b>	<b>\$ 123,020,265</b>	<b>\$ 123,702,408</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	\$ 41,085,048	\$ 40,808,573	\$ 40,272,135	\$ 39,625,679	\$ 38,667,742	\$ 39,720,263	\$ 39,616,616	\$ 37,929,274	\$ 36,667,485	\$ 37,925,856
Special education instruction	11,662,722	9,896,763	10,083,236	9,689,681	9,454,286	9,423,068	8,815,258	8,349,001	7,988,660	7,829,276
Other instruction	3,182,271	3,395,827	4,446,171	4,115,339	4,199,877	3,929,942	3,702,066	3,718,002	3,287,431	3,972,437
<b>Support Services:</b>										
Tuition	12,057,596	13,095,665	12,577,721	11,977,151	10,875,321	7,596,460	7,577,509	7,639,508	7,837,710	8,628,491
Student & instruction related services	16,610,395	15,057,359	14,961,615	13,691,265	13,162,243	13,016,826	12,643,570	11,920,793	11,402,773	12,038,503
General administrative services	2,662,201	2,475,400	2,260,776	2,234,559	2,431,836	2,367,839	2,412,110	2,342,227	2,046,895	2,184,278
School Administrative services	4,867,258	5,226,792	5,440,401	5,284,613	4,891,270	5,571,724	5,505,959	5,531,881	5,300,083	5,114,441
Central services & administrative tech.	1,861,096	1,264,877	1,192,343	1,069,061	933,813					
Plant operations and maintenance	9,046,000	9,325,469	9,514,488	9,763,807	9,184,486	9,412,268	10,209,772	8,953,655	7,779,988	8,116,214
Student transportation services	6,318,880	6,931,928	6,535,648	6,394,379	5,407,232	5,177,319	4,918,400	4,583,986	4,358,247	4,071,889
Unallocated employee benefits	42,500,948	42,004,997	39,715,639	35,871,544	34,277,386	30,814,981	28,086,371	29,305,655	26,524,349	25,622,615
Capital outlay	1,205,476	2,566,493	7,471,941	4,731,691	2,157,793	3,665,503	3,904,316	11,771,841	8,659,433	4,397,348
<b>Debt service:</b>										
Principal	2,190,000	2,175,000	2,105,000	2,045,000	1,960,000	1,890,000	1,830,000	1,715,000	1,445,000	1,240,000
Interest and other charges	673,750	757,350	833,250	905,900	949,943	1,105,575	1,167,075	1,297,150	1,091,719	1,078,847
Charter Schools						218,845	128,200	65,517	22,410	
<b>Total expenditures</b>	<b>\$ 155,923,639</b>	<b>\$ 154,982,493</b>	<b>\$ 157,410,364</b>	<b>\$ 147,399,669</b>	<b>\$ 138,553,228</b>	<b>\$ 133,910,613</b>	<b>\$ 130,517,222</b>	<b>\$ 135,123,490</b>	<b>\$ 125,213,855</b>	<b>\$ 122,220,195</b>
Excess (Deficiency) of revenues over (under) expenditures	\$ 1,495,205	(1,014,888)	(12,161,215)	(7,335,123)	(1,250,078)	(1,255,325)	(1,859,682)	(6,963,017)	(2,193,590)	1,482,213
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)	297,324	577,555	448,000	735,144						
Transfers in	553,309	1,140,000	531,834	8,023,766	464,804				1,093,317	12,572,702
Transfers out	(553,309)	(1,140,000)	(531,834)	(7,147,501)	(464,804)		(1,095)		(1,093,317)	(12,572,702)
<b>Total other financing sources (uses)</b>	<b>\$ 297,324</b>	<b>\$ 577,555</b>	<b>\$ 448,000</b>	<b>\$ 1,611,409</b>	<b>\$</b>	<b>\$</b>	<b>\$ (1,095)</b>	<b>\$</b>	<b>\$ 6,712,000</b>	<b>\$</b>
<b>Net change in fund balances</b>	<b>\$ 1,792,529</b>	<b>(437,333)</b>	<b>(11,713,215)</b>	<b>(5,723,714)</b>	<b>(1,250,078)</b>	<b>(1,255,325)</b>	<b>(1,860,777)</b>	<b>(6,963,017)</b>	<b>4,518,410</b>	<b>1,482,213</b>
<b>Debt service as a percentage of noncapital expenditures</b>										
	1.85%	1.92%	1.96%	8.33%	2.13%	2.30%	2.37%	2.44%	2.18%	1.97%

Source: CAFR Schedule B-2

TOWNSHIP OF UNION SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
(UNAUDITED)

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Interest On</u> <u>Investments</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Rentals</u>	<u>Misc.</u>	<u>Total</u>
2020	\$ 52,264	\$ 326,482	\$ 44,840	\$ 22,137	\$ 62,987	\$ 508,710
2019	171,267	375,004	203,581	37,119	72,875	859,846
2018	191,385	233,431	219,384	39,997	94,836	779,033
2017	113,032	194,943	112,700	32,300	339,718	792,693
2016	150,214	18,592	222,237	33,814	128,689	553,546
2015	136,115	60,683	333,935	42,549	25,936	599,218
2014	236,379	64,473	196,764	52,011	156,260	705,887
2013	189,794	72,732	97,393	58,576	10,597	429,092
2012	239,754	65,601	200,614	89,398	30,202	625,569
2011	211,139	72,135	453,402	145,295	116,030	998,001

Source: District Records

TOWNSHIP OF UNION SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - UNION  
UNAUDITED

Fiscal Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Tax Exempt Property	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2019	\$ 7,836,600	\$ 745,957,200	\$ 190,645,900	\$ 66,716,100	\$ 23,656,000	\$1,034,811,800	\$ 195,912,900	\$ 1,414,534	1,036,226,334	6,701,384,331	\$ 9.103
2018	6,086,400	744,964,800	189,266,800	69,478,800	22,773,600	1,032,570,400	196,215,800	1,452,617	1,034,023,017	6,428,188,642	8.950
2017	7,914,100	743,548,000	186,518,100	68,853,900	21,752,900	1,028,587,000	187,830,100	1,482,416	1,030,069,416	6,272,037,939	8.787
2016	8,171,500	741,892,000	188,646,000	70,590,000	20,807,900	1,030,107,400	188,170,200	1,533,331	1,031,640,731	6,032,620,003	8.607
2015	8,549,400	742,161,900	190,863,500	70,630,300	20,603,500	1,032,808,600	187,627,400	1,454,499	1,034,263,099	6,127,489,228	8.420
2014	6,348,400	741,128,900	185,346,700	69,774,800	20,572,300	1,023,171,100	185,224,600	1,437,411	1,024,608,511	6,023,633,409	8.247
2013	5,725,100	739,570,500	187,297,800	70,256,500	20,572,300	1,023,422,200	184,689,800	1,592,044	1,025,014,244	6,322,915,083	8.090
2012	5,127,600	741,447,600	183,215,700	82,123,700	20,746,500	1,032,661,100	182,160,000	1,755,137	1,034,416,237	6,380,143,648	7.840
2011	4,925,900	741,672,200	186,972,400	93,708,500	20,751,500	1,048,030,500	182,056,000	1,604,756	1,049,635,256	6,815,847,279	7.561
2010	5,219,200	743,316,700	188,371,200	96,046,700	20,751,500	1,053,705,300	184,054,100	1,632,739	1,055,338,039	7,087,747,736	7.090

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

(b): Tax rates are per \$100

TOWNSHIP OF UNION SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES - UNION  
UNAUDITED

Calendar Year Ended December 31,	Township of Union			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Township of Union	Union County	
2019	\$ 8.838	\$ 0.265	\$ 9.103	\$ 7.267	\$ 3.363	\$ 19.733
2018	8.682	0.268	8.950	7.150	3.298	19.398
2017	8.514	0.273	8.787	7.037	3.287	19.111
2016	8.330	0.275	8.605	6.698	3.144	18.447
2015	8.150	0.270	8.420	6.739	3.175	18.334
2014	5.315	2.932	8.247	6.528	3.149	17.924
2013	7.811	0.279	8.090	6.413	3.097	17.600
2012	7.588	0.252	7.840	6.261	2.997	17.098
2011	7.332	0.229	7.561	6.104	2.893	16.558
2010	6.950	0.140	7.090	5.667	2.591	15.348

Source: District Records and Municipal Tax Collector  
(Rates are per \$100 of assessed value)

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

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

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Union Mill Run, LLC	\$ 10,930,700	1	1.05%	\$ 10,450,000	2	1.00%
Mcminn-L. Robbins, Trustee	8,966,000	2	0.87%	7,250,000	5	0.69%
Union 22 Plaza	8,928,600	3	0.86%	8,928,600	4	0.85%
Union VF, LLC	7,900,000	4	0.76%	9,076,000	3	0.86%
VNO 2445 Springfield Ave.	6,225,000	5	0.60%	6,948,000	6	0.66%
I&G Direct Real Estate 45	5,310,100	6	0.51%			
Bed, Bath & Beyond	5,307,700	7	0.51%	4,010,000	7	0.38%
Liberty Hall Joint Venture	3,855,600	8	0.37%	3,855,600	8	0.37%
Island Southeast Union	3,538,900	9	0.34%			
Target Corporation	3,372,700	10	0.33%	3,372,700	9	0.32%
MERCK Corporation				26,328,600	1	2.51%
Dayton Hudson Corp				3,029,400	10	0.29%
<b>Total</b>	<b>\$ 64,335,300</b>		<b>6.21%</b>	<b>\$ 83,248,900</b>		<b>7.93%</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		Collections in <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2020	\$ 94,320,891	\$ 94,320,891	100.00%	-
2019	92,543,494	92,543,494	100.00%	-
2018	90,508,938	90,508,938	100.00%	-
2017	88,795,357	88,795,357	100.00%	-
2016	87,085,760	87,085,760	100.00%	-
2015	84,490,626	84,490,626	100.00%	-
2014	82,919,685	82,919,685	100.00%	-
2013	81,094,875	81,094,875	100.00%	-
2012	79,359,903	79,359,903	100.00%	-
2011	77,275,754	77,275,754	100.00%	-

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

Note: 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 is the amount voted upon or certified prior to the end of the school year.

TOWNSHIP OF UNION SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Capital Leases			
2020	\$ 17,367,000	\$ 1,546,143	\$ 18,913,143	0.47%	\$ 323
2019	19,557,000	703,387	20,260,387	0.53%	346
2018	21,732,000	599,663	22,331,663	0.61%	382
2017	23,837,000	485,967	24,322,967	0.68%	417
2016	25,882,000		25,882,000	0.76%	449
2015	27,842,000		27,842,000	0.86%	484
2014	30,042,000		30,042,000	0.95%	523
2013	31,872,000		31,872,000	1.05%	558
2012	33,587,000		33,587,000	1.16%	590
2011	28,320,000		28,320,000	1.00%	499

Source: District CAFR Schedules I-1, I-2

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

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

(b) Includes Early Retirement Incentive Plan (ERIP) refunding if applicable.

TOWNSHIP OF UNION SCHOOL DISTRICT  
RATIOS OF NET BONDED DEBT OUTSTANDING  
(UNAUDITED)

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>		Percentage of Actual Taxable Value (a) of <u>Property</u>	<u>Per Capita (b)</u>
	<u>General Obligation Bonds</u>	<u>Net General Bonded Debt Outstanding</u>		
2020	\$ 17,367,000	\$ 17,367,000	0.26%	\$ 297
2019	19,557,000	19,557,000	1.89%	333
2018	21,732,000	21,732,000	2.11%	370
2017	23,837,000	23,837,000	2.31%	402
2016	25,882,000	25,882,000	2.50%	442
2015	27,842,000	27,842,000	2.69%	481
2014	30,042,000	30,042,000	2.93%	520
2013	31,872,000	31,872,000	3.11%	554
2012	33,587,000	33,587,000	3.25%	587
2011	28,320,000	28,320,000	3.70%	497

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

(a) See Exhibit J-6 for property tax data.

(b) Population data can be found in Exhibit J-14.



TOWNSHIP OF UNION SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2019  
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Township of Union	\$ 59,557,606	100%	\$ 59,557,606
Other debt Union County	608,951,895	9.52%	<u>57,972,220</u>
Township of Union School District Direct Debt	19,557,000	100%	<u>19,557,000</u>
Total direct and overlapping debt			\$ <u><u>137,086,826</u></u>

Source: Municipal Chief Financial Officer, County Treasurer's Office

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 district. 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

TOWNSHIP OF UNION SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
(UNAUDITED)

Legal Debt Margin Calculation for Year 2019:

Equalized Valuation Basis

Calendar Year	<u>UNION</u>
2019	\$6,889,559,254
2018	6,640,324,116
2017	6,357,150,803
	<u>\$19,887,034,173</u>
 Average Equalized Valuation of Taxable Property	 <u>\$6,629,011,391</u>
Debt Limit (4% (a) of average equalization value)	\$265,160,456
Total Net Debt Applicable to Limit	<u>17,367,000</u>
Legal Debt Margin	<u>\$247,793,456</u>

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	<u>Fiscal Year Ending June 30,</u>									
	<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>
Debt Limit	\$265,160,456	\$252,476,580	\$246,783,560	\$243,843,854	\$243,452,334	\$243,843,854	\$243,843,854	\$248,393,109	\$257,077,412	\$270,383,280
Total Net Debt Applicable To Limit	<u>17,367,000</u>	<u>19,557,000</u>	<u>21,732,000</u>	<u>25,882,000</u>	<u>23,837,000</u>	<u>25,882,000</u>	<u>27,842,000</u>	<u>30,042,000</u>	<u>31,872,000</u>	<u>33,587,000</u>
Legal Debt Margin	<u>\$247,793,456</u>	<u>\$232,919,580</u>	<u>\$225,051,560</u>	<u>\$217,961,854</u>	<u>\$219,615,334</u>	<u>\$217,961,854</u>	<u>\$216,001,854</u>	<u>\$218,351,109</u>	<u>\$225,205,412</u>	<u>\$236,796,280</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	6.55%	7.75%	8.81%	10.61%	9.79%	10.61%	11.42%	12.09%	12.40%	12.42%

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 for a K through 12 district; other % limits would be applicable for other district types.

TOWNSHIP OF UNION SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
(UNAUDITED)

Year	Population (a)	Personal Income (b)	Per Capita	Unemployment
	Union		Personal Income (c)	Rate (d)
				Union
2019	58,488	\$3,992,507,856	\$68,262.00	3.50%
2018	58,604	3,811,369,744	65,036.00	4.20%
2017	58,460	3,655,269,960	62,526.00	4.40%
2016	58,302	3,572,163,540	61,270.00	4.90%
2015	57,600	3,411,648,000	59,230.00	5.60%
2014	57,515	3,228,259,435	56,129.00	6.40%
2013	57,427	3,167,156,477	55,151.00	8.00%
2012	57,130	3,035,145,510	53,127.00	9.20%
2011	56,970	2,907,179,100	51,030.00	9.70%
2010	56,798	2,824,734,934	49,733.00	9.60%

## Source:

- (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 municipality estimated based upon US Department of Commerce, Bureau of Economic Analysis.  
(d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.  
\* Information not applicable prior to merger

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

<u>Employer</u>	2020			2011		
	<u># of Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u># of Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
	NOT AVAILABLE					
	=====		=====	=====		=====
	=====		=====	=====		=====

Source: Municipal Records

TOWNSHIP OF UNION SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
(UNAUDITED)

<u>Function/Program</u>	<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>
Instruction										
Regular	508	471	535	542	527	579	537	527	523	533
Special education	132	132	140	244	199	163	153	159	155	151
Support Services:										
Student & instruction related services	208	225	236	142	234	246	199	171	168	170
General administration	9	10	11	11	12	14	13	10	10	14
School administrative services	52	50	48	50	49	44	48	48	48	48
Central services	11	12	10	10	9	11	10	10	10	10
Administrative Information Technology	7	7	8	7	5	6	7	7	7	7
Plant operations and maintenance	119	141	117	126	140	159	140	137	137	146
Pupil transportation	82	89	76	75	83	80	74	72	72	74
Total	<u>1,128</u>	<u>1,137</u>	<u>1,181</u>	<u>1,207</u>	<u>1,258</u>	<u>1,302</u>	<u>1,181</u>	<u>1,141</u>	<u>1,130</u>	<u>1,153</u>

Source: District Personnel Records

TOWNSHIP OF UNION SCHOOL DISTRICT  
OPERATING STATISTICS  
(UNAUDITED)

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	% Change	Teaching Staff (b)	Teacher/Pupil Ratio			Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2020	7,113	\$146,409,055	20,583	(2.11%)	697	1:10	1:10	1:10	7,197	6,868	1.24%	95.43%
2019	7,109	149,483,650	21,027	3.09%	697	1:10	1:10	1:10	7,109	6,752	(1.36%)	94.98%
2018	7,207	147,000,173	20,397	7.66%	733	1:11	1:11	1:11	7,207	6,859	(0.33%)	95.17%
2017	7,231	136,989,478	18,945	3.11%	732	1:11	1:11	1:11	7,231	6,857	(0.47%)	94.83%
2016	7,265	133,485,492	18,374	11.57%	735	1:11	1:11	1:11	7,265	6,911	(3.21%)	95.13%
2015	7,506	123,615,831	16,469	(0.20%)	742	1:11	1:11	1:11	7,506	7,134	0.20%	95.04%
2014	7,491	123,615,831	16,502	1.67%	690	1:11	1:11	1:11	7,491	7,139	(0.03%)	95.30%
2013	7,414	120,339,499	16,231	9.75%	686	1:11	1:11	1:11	7,493	7,109	(0.24%)	94.88%
2012	7,654	113,193,621	14,789	(1.39%)	689	1:11	1:11	1:11	7,511	7,137	(0.27%)	95.02%
2011	7,702	115,504,000	14,997	2.53%	665	1:11	1:11	1:11	7,531	7,130	(1.63%)	94.68%

Sources: District records, ASSA

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
UNAUDITED

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>District Building</u>						
<u>Elementary</u>						
Battle Hill						
Square Feet	57,375	57,375	57,375	57,375	57,375	57,375
Capacity (students)	387	387	387	387	387	387
Enrollment	398	398	409	414	398	428
Connecticut Farms						
Square Feet	57,740	57,740	57,740	57,740	57,740	57,740
Capacity (students)	513	513	513	513	513	513
Enrollment	358	358	397	407	417	422
Franklin						
Square Feet	58,635	58,635	58,635	58,635	58,635	58,635
Capacity (students)	581	581	581	581	581	581
Enrollment	450	450	421	451	431	442
Hamilton						
Square Feet	35,328	35,328	35,328	35,328	35,328	35,328
Capacity (students)	312	312	312	312	312	312
Enrollment						
Hannah Caldwell						
Square Feet	87,000	87,000	87,000	87,000	87,000	87,000
Capacity (students)	550	550	550	550	550	550
Enrollment	574	574	494	529	582	619
Livingston						
Square Feet	48,600	48,600	48,600	48,600	48,600	48,600
Capacity (students)	525	525	525	525	525	525
Enrollment	400	400	433	424	440	432
Washington						
Square Feet	64,615	64,615	64,615	64,615	64,615	64,615
Capacity (students)	656	656	656	656	656	656
Enrollment	559	559	598	613	608	608
Jefferson / Central Five						
Square Feet	68,940	68,940	68,940	68,940	68,940	68,940
Capacity (students)	660	660	660	660	660	660
Enrollment	526	526	562	533	535	558
<u>Middle School</u>						
Burnet						
Square Feet	167,163	167,163	167,163	167,163	167,163	167,163
Capacity (students)	1,036	1,036	1,036	1,036	1,036	1,036
Enrollment	1,028	1,028	977	983	978	1,034
Kawameeh						
Square Feet	105,202	105,202	105,202	105,202	105,202	105,202
Capacity (students)	822	822	822	822	822	822
Enrollment	701	701	665	681	675	637
<u>High School</u>						
Union High School						
Square Feet	358,161	358,161	358,161	358,161	358,161	358,161
Capacity (students)	2,228	2,228	2,228	2,228	2,228	2,228
Enrollment	2,207	2,207	2,151	2,195	2,200	2,324
<u>Other</u>						
<u>Field House</u>						
Square Feet	11,316	11,316	11,316	11,316	11,316	11,316
Capacity (students)						
Enrollment						
Administration Building						
Square Feet	25,200	25,200	25,200	25,200	25,200	25,200
Number of Schools at June 30, 2020						
Elementary - 8						
Middle School - 2						
Senior High School - 1						
Other- 2						

Source: District records

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

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

School Facilities	Project # (s)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Battle Hill	N/A	\$ 24,391	\$ 24,162	\$ 22,808	\$ 30,734	\$ 40,104	\$ 73,357	\$ 25,652	\$ 72,190	\$ 33,896	\$ 24,997
Connecticut Farms	N/A	52,759	52,263	27,543	43,952	39,367	24,923	49,271	40,746	19,253	15,249
Franklin	N/A	36,469	36,126	49,654	52,318	39,365	28,093	35,652	83,868	36,941	59,196
Hamilton	N/A	69,529	68,876	31,713	35,103	24,200	24,466	29,872	15,733	23,208	7,136
Central Five	N/A	34,971	34,643	28,400	30,623	29,675	31,168	21,314		8,167	10,128
Livingston	N/A	39,759	39,386	30,708	58,510	18,623	31,437	75,977	58,572	91,485	37,799
Washington	N/A	36,459	36,116	32,987	66,072	47,952	53,611	42,969	36,330	30,773	16,175
Kawameeh	N/A	58,283	57,735	43,176	48,634	95,588	45,850	36,570	103,561	21,527	26,808
Union High School	N/A	180,998	179,297	162,364	172,422	165,450	232,820	513,270	287,404	122,524	80,540
Burnet	N/A	70,034	69,376	72,094	78,879	105,698	45,042	129,332	179,099	76,280	42,978
Hannah Caldwell	N/A	58,784	58,231	74,896	71,422	76,162	76,683	65,620	86,764	37,645	31,745
Total School Facilities		\$ 662,436	\$ 656,211	\$ 576,343	\$ 688,669	\$ 682,184	\$ 667,451	\$ 1,025,498	\$ 964,267	\$ 501,699	\$ 352,750
District-Wide Facilities *		\$ 1,224,786	\$ 1,213,271	\$ 1,232,342	\$ 1,276,906	\$ 1,308,333	\$ 1,288,245	\$ 1,365,498	\$ 1,150,573	\$ 1,088,273	\$ 975,752
Grand Total		\$ 1,887,222	\$ 1,869,482	\$ 1,808,685	\$ 1,965,575	\$ 1,990,517	\$ 1,955,696	\$ 2,390,996	\$ 2,114,840	\$ 1,589,972	\$ 1,328,502



UNION TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2020  
(UNAUDITED)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
NJSIG	Property Blanket Building & Contents- Replacement Cost Values	\$ 256,102,240	\$ 5,000
NJSIG	Excess Liability		
	-General Aggregate	11,000,000	
	-Automobile Liability	11,000,000	
	-Including Auto Physical Damage	ACV based on Schedule	1,000
	-Employee Benefits Liability	11,000,000	
NJSIG	Excess Worker's Compensation & Employer's Liability		
	-Excess Worker's Compensation	Statutory	
	-Excess Employer's Liability	3,000,000	per acc.
NJSIG	Commercial Crime Coverage		
	-Faithful Performance	1,000,000	1,000
	-Forgery & Alteration, Employee Theft	500,000	1,000
	-Money & Securities (inside/outside)	100,000	1,000
	-Money orders/Counterfeit	100,000	1,000
	-Computer Fraud	1,000,000	1,000
AIG Insurance Group	School Board Legal Liability and Employer Practices Liability	5,000,000	50,000
Chubb Insurance / Ace American Insurance	Underground Storage Tank	1,000,000 / 2,000,000	5,000
XL Catlin/US Fire	Student Accident Insurance	5,000,000	1,000
	Surety Bonds		
	- Business Administrator/Board Secretary	470,000	

Source: District Records

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**SINGLE AUDIT SECTION**



**SUPLEE, CLOONEY & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Union School District (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 31, 2020.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's control over financial reporting (internal control) as a basis for designing 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 Township of Union School District's internal control.

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

# SUPLEE, CLOONEY & COMPANY

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 financial statements. 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*. We noted other matters that have been reported to the Union Board of Education of the Union School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated December 31, 2020.

## ***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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
PUBLIC SCHOOL ACCOUNTANT NO. 962

December 31, 2020



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL  
AND STATE FINANCIAL ASSISTANCE PROGRAMS AND  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

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

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

We have audited the Township of Union School District's compliance with the types of compliance requirements described in the federal *OMB Compliance Supplement* and the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Township of Union School District's major federal and state programs for the year ended June 30, 2020. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Township of Union School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08. Those standards, the Uniform Guidance and New Jersey 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 Township of Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

# SUPLEE, CLOONEY & COMPANY

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

In our opinion, the Township of Union School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2020.

## **Report on Internal Control Over Compliance**

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

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

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

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

  
CERTIFIED PUBLIC ACCOUNTANTS

  
PUBLIC SCHOOL ACCOUNTANT NO. 962

December 31, 2020

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2019	CARRYOVER AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBRECIPIENT BUDGETARY EXPENDITURES	ADJUSTMENT	BALANCE AT JUNE 30, 2020 (ACCOUNTS RECEIVABLE)	UNEARNED REVENUE
<b>Enterprise Funds</b>													
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Child Nutrition Cluster:													
National School Lunch Program - Commodities	10.555	191NJ304N1099	N/A	7/1/18 6/30/19	274,440	\$ 11,129	\$	\$	(11,129)	\$	\$	\$	\$
National School Lunch Program - Commodities	10.555	201NJ304N1099	N/A	7/1/19 6/30/20	221,166			221,166	(192,948)				28,218
National School Lunch Program	10.555	191NJ304N1089	N/A	7/1/18 6/30/19	1,179,659	(86,420)		86,420					
National School Lunch Program	10.555	201NJ304N1089	N/A	7/1/19 6/30/20	848,620			848,620	(848,620)				
National School Lunch Program - COVID 19	10.555	201NJ304N1099	N/A	7/1/19 6/30/20	101,526			72,101	(101,526)			(29,425)	
National School Lunch Program -HHFKA	10.555	201NJ304N1099	N/A	7/1/19 6/30/20	36,764			36,160	(36,764)			(604)	
National School Breakfast Program	10.553	191NJ304N1099	N/A	7/1/18 6/30/19	227,544	(21,369)		21,369					
National School Breakfast Program	10.553	201NJ304N1099	N/A	7/1/19 6/30/20	155,090			155,090	(155,090)				
National School Breakfast Program - COVID 19	10.553	201NJ304N1099	N/A	7/1/19 6/30/20	54,782			36,144	(54,782)			(18,638)	
Total Child Nutrition Cluster						(96,660)		1,477,070	(1,400,859)			(48,667)	28,218
Total Enterprise Fund						\$ (96,660)	\$	\$ 1,477,070	\$ (1,400,859)	\$	\$	\$ (48,667)	\$ 28,218
<b>General Fund</b>													
U.S. Department of Education													
Passed-through State Department of Education:													
Medical Assistance Program (SEMI)	93.778	2005NJ5MAP	N/A	7/1/19 6/30/20	186,220			186,220	(186,220)				
Total General Fund								\$ 186,220	\$ (186,220)				
<b>Special Revenue Fund</b>													
U.S. Department of Education													
I.D.E.A. Part B Special Education Cluster:													
I.D.E.A. Part B, Basic	84.027	H027A190100	IDEA529019	7/1/18 6/30/19	1,818,472	(264,453)		264,453					
I.D.E.A. Part B, Basic	84.027	H027A200100	IDEA529020	7/1/19 6/30/20	1,825,223			1,494,572	(1,825,223)			(330,651)	
I.D.E.A. Part B-Preschool	84.173	H173A190114	IDEA529019	7/1/18 6/30/19	54,605	(5,003)		5,003					
I.D.E.A. Part B-Preschool	84.173	H173A200114	IDEA529020	7/1/19 6/30/20	55,497			52,866	(55,497)			(2,631)	
Total Special Education Cluster						(269,456)		1,816,894	(1,880,720)			(333,282)	
<b>E.S.E.A.:</b>													
Title I	84.010	S010A190030	ESEA529019	7/1/18 6/30/19	1,108,479	(301,173)		290,119				(11,054)	
Title I	84.010	S010A200030	ESEA529020	7/1/19 6/30/20	1,037,513			651,155	(973,454)			(322,299)	
Title II, Part A	84.367A	S367A190029	ESEA529019	7/1/18 6/30/19	379,476	(103,191)		103,191					
Title II, Part A	84.367A	S367A200029	ESEA529020	7/1/19 6/30/20	249,384			132,483	(213,618)			(81,135)	
Title III	84.365	S365A190030	ESEA529019	7/1/18 6/30/19	54,796	(6,387)		8,387					
Title III	84.365	S365A200030	ESEA529020	7/1/19 6/30/20	56,006			17,581	(37,248)			(19,667)	
Title III, Immigrant	84.365	S365A190030	ESEA529019	7/1/18 6/30/19	19,769	(671)		581				(90)	
Title III, Immigrant	84.365	S365A200030	ESEA529020	7/1/19 6/30/20	24,169			18,169	(18,169)				
Title IV	84.424	S424A190031	ESEA529019	7/1/18 6/30/19	68,378	(5,153)		5,153					
Title IV	84.424	S424A200031	ESEA529020	7/1/19 6/30/20	103,308			45,913	(48,452)			(2,539)	
Total E.S.E.A.						(418,575)		1,272,732	(1,290,941)			(436,784)	
Carl D. Perkins Secondary Education	84.048A	V048A180030	N/A	7/1/18 6/30/19	49,182	(12,783)		12,783					
Carl D. Perkins Secondary Education	84.048A	V048A190030	N/A	7/1/19 6/30/20	50,552			34,015	(45,219)			(11,204)	
Total Carl D. Perkins						(12,783)		46,798	(45,219)			(11,204)	
CARES Emergency Relief Grant	84.425D	S425D200027	N/A	3/13/20 9/30/22	725,703				(621,483)			(621,483)	
Total CARES Emergency Relief Grant									(621,483)			(621,483)	
Total Special Revenue Fund						\$ (700,814)	\$	\$ 3,136,424	\$ (3,838,363)	\$	\$	\$ (1,402,753)	\$
Total Expenditures of Federal Awards						\$ (797,474)	\$	\$ 4,799,714	\$ (5,425,443)	\$	\$	\$ (1,451,421)	\$ 28,218

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.



TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2019		CARRYOVER / (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEAR BALANCES	BALANCE AT JUNE 30, 2020		MEMO		
				UNEARNED REVENUE (ACCTS.REC.)	DUE TO GRANTOR					UNEARNED REVENUE (ACCTS.REC.)	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
<b>General Fund:</b>														
<b>State Aid Cluster:</b>														
Equalization Aid	20-495-034-5120-078	25,765,094	7/1/19	6/30/20	\$	\$	\$	\$ 23,227,726	\$ (25,765,994)	\$ 2,537,368	\$	\$	\$ (2,537,368)	\$ 25,765,094
Special Education Aid	20-495-034-5120-089	4,934,707	7/1/19	6/30/20			4,448,565	(4,934,707)	466,142				(486,142)	4,934,707
Security Aid	20-495-034-5120-084	423,870	7/1/19	6/30/20			382,247	(423,870)	41,623				(41,623)	423,870
<b>Total State Aid Cluster</b>							<b>28,058,538</b>	<b>(31,123,671)</b>	<b>3,065,133</b>				<b>(3,065,133)</b>	<b>31,123,671</b>
<b>Extraordinary Special Education Costs Aid</b>														
Extraordinary Special Education Costs Aid	19-495-034-5120-044	1,540,361	7/1/18	6/30/19			(2,043,636)		2,043,636					1,540,361
Extraordinary Special Education Costs Aid	20-495-034-5120-044	2,341,380	7/1/19	6/30/20					(2,341,380)		(2,341,380)		(2,341,380)	2,341,380
Nonpublic School Transportation Costs Aid	19-495-034-5120-014	100,236	7/1/18	6/30/19			(106,989)		106,989					100,236
Categorical Transportation Aid	20-495-034-5120-014	1,894,809	7/1/19	6/30/20					(1,894,809)	186,652			(186,652)	1,894,809
On-behalf TPAF Pension Contribution	20-495-034-5094-006	11,914,572	7/1/19	6/30/20					(11,914,572)					11,914,572
On-behalf TPAF non-contributory insurance	20-495-034-5094-005	213,555	7/1/19	6/30/20					(213,555)					213,555
On-behalf TPAF post retirement medical	20-495-034-5094-001	4,499,313	7/1/19	6/30/20					(4,499,313)					4,499,313
On-behalf TPAF long term disability insurance	20-495-034-5094-004	12,083	7/1/19	6/30/20					(12,083)					12,083
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	4,076,206	7/1/18	6/30/19			(197,350)		197,350					4,076,206
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	4,079,732	7/1/19	6/30/20					(3,876,209)	(4,079,732)	(203,523)		(203,523)	4,079,732
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
					(2,347,975)			52,630,402	(56,079,115)	3,251,785	(2,544,903)		(5,796,688)	61,795,918
<b>Special Revenue Fund:</b>														
Preschool Education Aid	20-495-034-5120-086	3,160,515	7/1/19	6/30/20	\$	\$	\$	\$ 135,585	\$ 2,844,468	\$ (2,830,804)	\$ 316,047	\$ 466,297	\$	\$ 2,830,804
Preschool Education Aid	19-495-034-5120-086	2,293,150	7/1/18	6/30/19			135,585	(135,585)	229,315		(229,315)		(0)	2,157,565
Textbook Aid	19-100-034-5120-064	26,433	7/1/18	6/30/19				1,628			(1,628)			24,805
Textbook Aid	20-100-034-5120-064	24,774	7/1/19	6/30/20					24,774	(22,060)		2,714		22,060
Nursing Aid	19-100-034-5120-070	48,015	7/1/18	6/30/19				2,883			(2,883)			45,132
Nursing Aid	20-100-034-5120-070	45,590	7/1/19	6/30/20					45,590	(41,773)		3,817		41,773
Technology Aid	19-100-034-5120-373	17,820	7/1/18	6/30/19				287			(287)			17,533
Technology Aid	20-100-034-5120-373	16,920	7/1/19	6/30/20					16,920	(14,578)		2,342		14,578
Security Aid	19-100-034-5120-509	74,250	7/1/18	6/30/19				17,213			(17,213)			57,037
Security Aid	20-100-034-5120-509	70,500	7/1/19	6/30/20					70,500	(21,133)		49,367		21,133
<b>Handicapped Services:</b>														
Supplementary Instruction	19-100-034-5120-066	38,062	7/1/18	6/30/19				12,924			(12,924)			25,138
Supplementary Instruction	20-100-034-5120-066	39,665	7/1/19	6/30/20					35,899	(17,647)		(3,966)	22,018	17,647
Examination and Classification	19-100-034-5120-065	45,675	7/1/18	6/30/19				24,189			(24,189)			21,486
Examination and Classification	20-100-034-5120-066	39,574	7/1/19	6/30/20					35,613	(13,939)		(3,961)	25,635	13,939
Corrective Speech	19-100-034-5120-066	16,070	7/1/18	6/30/19				5,981			(5,981)			10,089
Corrective Speech	20-100-034-5120-066	16,405	7/1/19	6/30/20					14,768	(13,306)		(1,637)	3,099	13,306
<b>Auxiliary Services:</b>														
Compensatory Education	19-100-034-5120-067	147,049	7/1/18	6/30/19				19,783			(19,783)			127,266
Compensatory Education	20-100-034-5120-067	142,769	7/1/19	6/30/20					128,493	(130,279)		(14,276)	12,490	130,279
E.S.L.	20-100-034-5120-067	2,482	7/1/19	6/30/20					2,233			(249)	2,482	2,482
Transportation	20-100-034-5120-067	19,587	7/1/19	6/30/20					17,629	(19,587)		(1,958)		19,587
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
					135,585	84,888		3,466,002	(3,125,106)	1,844	438,250	123,964		5,613,639
<b>Debt Service Fund:</b>														
<b>Debt Service Aid - Type II</b>														
	20-495-034-5120-017	114,510	7/1/19	6/30/20	\$	\$	\$	\$ 5,054	\$ 109,456	\$ (114,510)	\$	\$	\$	\$ 114,510
					\$	\$	\$	\$ 5,054	\$ 109,456	\$ (114,510)	\$	\$	\$	\$ 114,510
<b>Enterprise Fund:</b>														
<b>Child Nutrition Cluster:</b>														
National School Lunch Program (State Share)	19-100-010-3360-067	37,914	7/1/18	6/30/19	\$	\$	\$	\$ 3,359	\$	\$	\$	\$	\$	\$ 37,914
National School Lunch Program (State Share)	20-100-010-3360-067	27,562	7/1/19	6/30/20				27,087	(27,562)		(475)		(475)	27,562
<b>Total Child Nutrition Cluster</b>					\$	\$	\$	\$ 30,446	\$ (27,562)	\$	\$ (475)	\$	\$ (475)	\$ 65,476
<b>Total State Financial Assistance</b>					\$	\$	\$	\$ 56,236,307	\$ (59,346,293)	\$ 3,253,629	\$ (2,106,128)	\$ 123,964	\$ (5,797,183)	\$ 67,589,543
<b>Less: On-Behalf amounts not utilized for determination of Major Programs:</b>														
On-behalf TPAF pension contribution								\$ 11,914,572	\$ (11,914,572)					
On-behalf TPAF non-contributory insurance								213,555	(213,555)					
On-behalf TPAF post retirement medical								4,499,313	(4,499,313)					
On-behalf TPAF long term disability insurance								12,083	(12,083)					
<b>Total State Financial Assistance Subject to Single Audit</b>								\$ 39,596,784	\$ (42,706,770)					

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

**Township of Union School District**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2020**

**NOTE 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Township of Union School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

**Township of Union School District**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**and State Financial Assistance**  
**Year Ended June 30, 2020**

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$31,388.00 for the general fund and (823,397.00) for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$186,220	\$56,079,115	\$56,265,335
Special Revenue Fund	3,838,363	3,125,106	6,963,469
Debt Service Fund		114,510	114,510
Food Service Fund	<u>1,400,859</u>	<u>27,562</u>	<u>1,428,421</u>
Total Awards & Financial Assistance	\$5,425,442	\$59,346,293	\$64,771,735
GAAP Adjustment	<u>(750,274)</u>	<u>(41,736)</u>	<u>(792,009)</u>
Total: GAAP Basis	<u><u>\$4,675,168</u></u>	<u><u>\$59,304,558</u></u>	<u><u>\$64,771,735</u></u>

**NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5: OTHER**

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2020. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2020.

**Township of Union School District**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2020**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

- |     |  |            |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued:   | Unmodified |
| (2) | Internal Control Over Financial Reporting:   |            |
|     | (a) Material weakness identified?  | No         |
|     | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No         |
| (3) | Noncompliance material to basic financial statements noted?                                | No         |

**Federal Program(s)**

- |     |  |            |
|-----|--|------------|
| (1) | Internal Control Over Major Federal Programs:  |            |
|     | (a) Material weakness identified?  | No         |
|     | (a) Significant deficiencies identified that are not considered to be material weaknesses?             | No         |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)?                            | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No         |

- (4) Identification of Major Federal Program(s):

<u>Program</u>	<u>CFDA</u>
E.S.E.A:	
Title I	84.010
Title II, Part A	84.367A

- |     |   |     |
|-----|---|-----|
| (5) | Program Threshold Determination:<br>Type A Federal Program Threshold > \$750,000.00<br>Type B Federal Program Threshold <= \$750,000.00 |     |
| (6) | Auditee qualified as a low-risk auditee under the Uniform Guidance?   | Yes |

**Township of Union School District**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2020**

**Section I – Summary of Auditor’s Results (Continued)**

**State Program(s)**

- (1) Internal Control Over Major State Programs:
- (a) Material weakness identified? No
- (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? No
- (4) Identification of Major State Program(s):
- | <u>Program</u>                                | <u>Grant Number</u> |
|---|---------------------|
| State Aid Cluster:                            |                     |
| Equalization Aid                              | 20-495-034-5120-078 |
| Special Education Aid                         | 20-495-034-5120-089 |
| Security Aid                                  | 20-495-034-5120-084 |
| Extraordinary Special Education Costs Aid     | 20-495-034-5120-044 |
| Reimbursed TPAF Social Security Contributions | 20-495-034-5094-003 |
- (5) Program Threshold Determination:  
Type A State Program Threshold > \$1,281,203  
Type B State Program Threshold <= \$1,281,203
- (6) Auditee qualified as a low-risk auditee under NJ OMB Circular 15-08? Yes

**Township of Union School District**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2020**

**Section II – Financial Statement Audit – Reported Findings**  
**Under Government Auditing Standards**

**Internal Control Findings**

None Reported

**Compliance Findings**

None Reported

**Section III – Findings and Questioned Costs Relative to Major Federal and State Programs**

Federal Programs – None Reported

State Programs – None Reported

**Township of Union School District**

**Schedule of Prior Year Audit Findings**

There were no prior year findings.





