

**UNION TOWNSHIP
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2021

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



**UNION TOWNSHIP
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

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UNION TOWNSHIP SCHOOLS

Nicholas A. Diaz, Superintendent

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

February 22, 2022

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

Dear Board Members and Constituents of Union Township:

The Annual Comprehensive Financial Report of the Union Township School District (district) for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All discourse necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES

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

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

School Year	Student Enrollment	Percent Change
2020 - 2021	408	-6.4
2019 - 2020	436	+9
2018 - 2019	432	-6.5
2017 - 2018	462	+2.6
2016 - 2017	450	-.7
2015 - 2016	453	-8.2
2014 - 2015	495	+4
2013 - 2014	493	+3.7
2012 - 2013	475	-3.7
2011 - 2012	493	-4.6

2) ECONOMIC CONDITION AND OUTLOOK

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

Single family residential housing remains the most common type of new development. There is a new proposed residential development site located across the street from the Elementary School. This proposed development is slated to contain 74 single family homes on individual lots. Sales are projected to start in April of 2022 with the first delivery in October of 2022. The sales pace is anticipated at around three per month.

A large international corporation, the township's largest taxpayer has corporate offices within the township. A private recycling operation also operates a facility within the township. Tax ratable increase is mainly dependent upon homes. The increase in business within the township is minimal.

3) MAJOR INITIATIVES

The District continues to work hard to expand its continuum of services despite the budgeting limitations imposed by legislation.

During the 2020-21 school year the fire suppression system was replaced, and an exhaust hood was added at the Middle School. At the Elementary School, boiler controls were replaced, and the catch basin was repaired. Offices and other areas had carpet replaced at both schools.

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

Middle School:

- Interior and Exterior doors need replacement
- Air conditioning in some classrooms
- Access road repairs to stop it from washing out in rainstorms.
- Parking lot repairs/resurfacing.
- Stage renovation
- Exterior stairs to the boiler room need to be replaced.
- Upgrades to domestic water system
- Phone system replacement

Elementary School:

- Library carpeting
- Parking lot repairs/resurfacing.
- HVAC controls upgrade.
- Interior and exterior doors need to be replaced
- Sound system for the gymnasium
- Phone system replacement

The major educational initiatives are related to the five-year strategic plan themes for Vision 2023. These three themes are: *College or Career Readiness*, *The School Experience*, and *School Facilities*. The District will support these themes by allocating funds to achieve the goals and objectives determined by the stakeholders. Technology will continue to support the District's initiative to promote student innovation and collaboration. Technology devices to support these goals include Chromebooks, iPads, 3D printers, etc. The District will also continue to seek opportunities for shared services with Franklin Township School.

4) INTERNAL ACCOUNTING CONTROLS

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

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

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

5) BUDGETARY CONTROLS

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

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

6) ACCOUNTING SYSTEM AND REPORTS

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

7) CASH MANAGEMENT

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

8) RISK MANAGEMENT

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

9) OTHER INFORMATION

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

10) ACKNOWLEDGMENTS

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

Yours in Education,

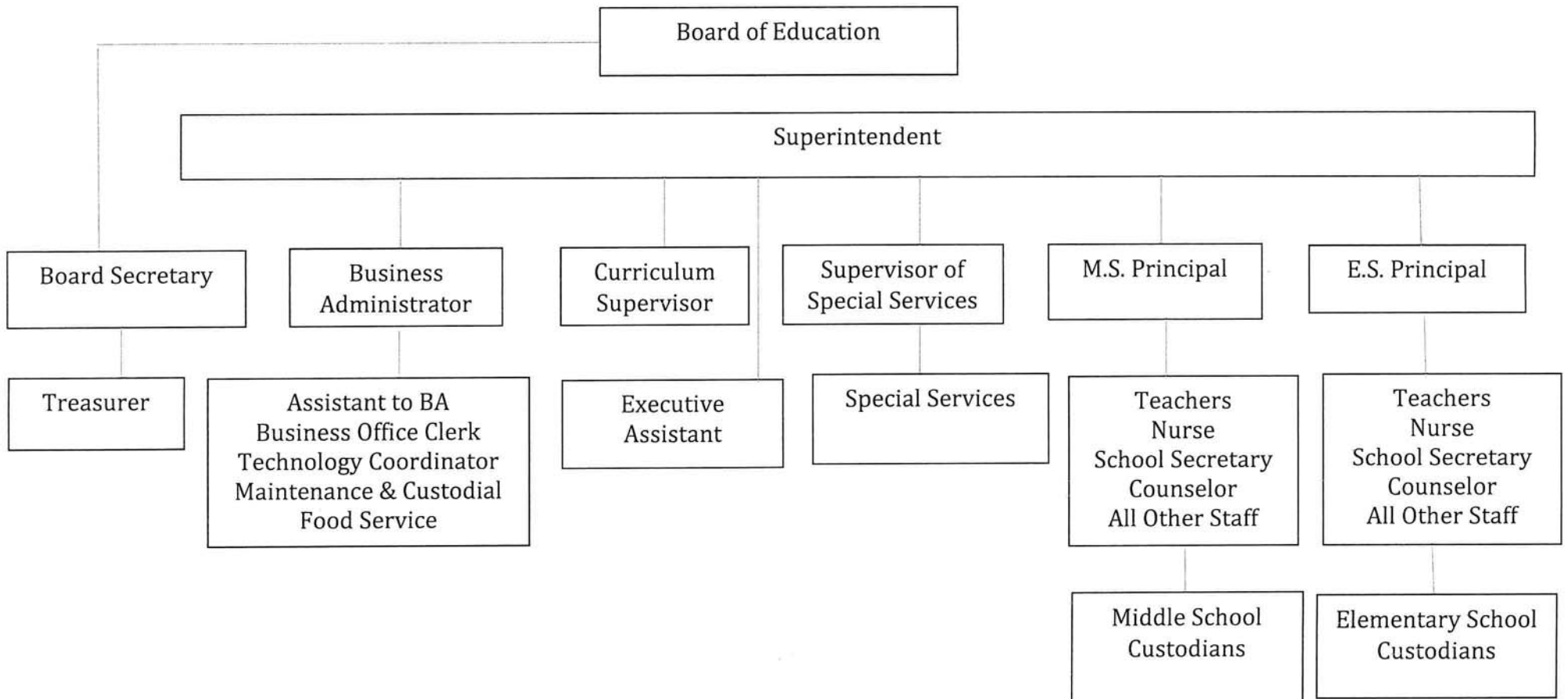


Nicholas Diaz
Superintendent



Lori Tirone
Business Administrator/Board Secretary

UNION TOWNSHIP BOARD OF EDUCATION
Organizational Chart
June 30, 2021



UNION TOWNSHIP SCHOOL DISTRICT
Roster of Officials
June 30, 2021

Members of the Board of Education	Title	Term Expires
Lou Palma	President	2023
Jennifer Sigler	Vice-President	2022
Marcello DaSilva		2021
Brian Rowe		2021
Jeff Monsell		2021
Kara Cherney		2022
Mary Ellen Folsom		2022
James Teipel		2023
Suzanne Wender		2023

Other Officials	Title
Nicholas Diaz	Superintendent
Patricia Martucci	Board Secretary/School Business Administrator
Paula Hatch	Treasurer

UNION TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors
June 30, 2021

AUDIT FIRM

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

ATTORNEY

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

ARCHITECT

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

OFFICIAL DEPOSITRY

Investors Bank



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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Union Township School District, (the District) in the County of Hunterdon, the State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Union Township School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The District adopted new accounting guidance as promulgated by GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The introduction section, combining and individual non-major fund financial statements, long term debt statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also not a required part of the basic financial statements.

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

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

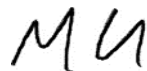
The introduction and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report February 22, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BKC, CPAs, PC



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

February 22, 2022
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The discussion and analysis of Union Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- In total, net position increased \$960,137 which represents a 12.87% increase from 2020.
- General revenues accounted for \$15,063,101 in revenue or 97.45% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$394,048 or 2.55% to total revenues of \$15,457,149.
- Total assets of governmental activities decreased by \$170,009 as cash and cash equivalents increased by \$445,564, receivables and other assets decreased by \$267,217 and capital assets decreased by \$348,356.
- The School District had \$14,497,012 in expenses; only \$394,048 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$15,063,101 were adequate to provide for these programs.
- Among major funds, the general fund had \$11,437,648 in revenues, \$11,084,255 in expenditures. The general fund's balance increased \$353,393 from fiscal year 2020.

Using this Annual Comprehensive Financial Report (ACFR)

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Union Township Public School District, the general fund is by far the most significant fund.

UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole, looks at all financial transactions and asks the question. "How did we do financially during fiscal year 2021?"

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital projects fund and debt service fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds measure and report the operating results by measuring cash on hand and other assets that can be easily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides.

UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Table 1 provides a summary of the District's net position at June 30, 2021 with comparisons to June 30, 2020.

Table 1
Net Position

	06/30/21	06/30/20	Variance	
			Dollars	%
Assets				
Current & other assets	\$ 4,409,261	\$ 4,215,165	\$ 194,096	4.60%
Capital assets	16,956,252	17,301,423	(345,171)	-2.00%
Total assets	<u>21,365,513</u>	<u>21,516,588</u>	<u>(151,075)</u>	-0.70%
Deferred pension activity	656,712	561,672	95,040	16.92%
Deferred amount on refunding	122,762	133,922	(11,160)	-8.33%
Total deferred outflow of resources	<u>779,474</u>	<u>695,594</u>	<u>83,880</u>	12.06%
Liabilities				
Long-term liabilities	12,493,907	13,399,079	(905,172)	-6.76%
Other liabilities	325,775	481,696	(155,921)	-32.37%
Total liabilities	<u>12,819,682</u>	<u>13,880,775</u>	<u>(1,061,093)</u>	-7.64%
Deferred pension activity	<u>902,087</u>	<u>868,326</u>	<u>33,761</u>	3.89%
Total deferred inflow of resources	<u>902,087</u>	<u>868,326</u>	<u>33,761</u>	3.89%
Net position				
Net investment in capital assets	8,221,252	7,981,423	239,829	3.00%
Restricted	3,282,889	2,798,246	484,643	17.32%
Unrestricted	(3,080,923)	(3,316,588)	235,665	7.11%
Total net position	<u>\$ 8,423,218</u>	<u>\$ 7,463,081</u>	<u>\$ 960,137</u>	12.87%

Total assets for district-wide purposes decreased \$151,075. Cash and cash equivalents increased by \$450,591; receivables and other assets decreased by \$256,495 and capital assets decreased by \$345,171. Unrestricted net position increased by \$235,665 and represents the part of net position that can be used to finance day to day activities without constraints, established by grants or legal requirements of the School District.

UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The negative balance in unrestricted net position is the result of reporting required by GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 provides a summary of the School District's changes in net position for the fiscal year ended June 30, 2021 with comparisons to the fiscal year ended June 30, 2020.

Table 2
Changes in Net Position

	Fiscal Year Ending		Variance	
	06/30/21	06/30/20	Dollars	%
Revenues				
Program revenues				
Charges for services	\$ 82,935	\$ 240,917	\$ (157,982)	-65.58%
Operating grants	311,113	216,252	94,861	43.87%
General revenues				
Property taxes	9,493,911	9,339,618	154,293	1.65%
Unrestricted grants	5,509,492	3,908,062	1,601,430	40.98%
Other	59,698	187,393	(127,695)	-68.14%
Total revenues	<u>15,457,149</u>	<u>13,892,242</u>	<u>1,564,907</u>	11.26%
Expenses				
Instruction				
Regular	5,226,676	4,948,697	277,979	5.62%
Special	2,435,779	1,934,496	501,283	25.91%
Other	182,615	361,902	(179,287)	-49.54%
Support services				
Tuition	400,379	344,343	56,036	16.27%
Student & instructional staff	2,727,248	2,202,756	524,492	23.81%
General & business administration	700,122	558,843	141,279	25.28%
School administration	561,551	492,382	69,169	14.05%
Maintenance	1,357,015	1,178,939	178,076	15.10%
Transportation	471,055	607,272	(136,217)	-22.43%
Special schools	-	25,561	(25,561)	-100.00%
Food service	100,835	96,167	4,668	4.85%
Interest on long-term debt	333,737	347,972	(14,235)	-4.09%
Total expenses	<u>14,497,012</u>	<u>13,099,330</u>	<u>1,397,682</u>	10.67%
Increase (decrease) in net position	<u>\$ 960,137</u>	<u>\$ 792,912</u>	<u>\$ 167,225</u>	21.09%

UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 63.03% of revenues for governmental activities for the Union Township School District for fiscal year 2021.

Instruction comprises 54.12% of district expenses. Support services expenses make up 42.58% of the expenses. Interest on long-term debt makes up 2.30% of the expenses.

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

Table 3 provides a summary of the School District's cost of governmental services for the fiscal year ended June 30, 2021 with comparisons to the fiscal year ended June 30, 2020.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/21	06/30/20	06/30/21	06/30/20
Instruction	\$ 7,845,070	\$ 7,245,095	\$ 7,690,455	\$ 7,016,503
Support services				
Tuition	400,379	344,343	300,963	219,710
Student & instructional staff	2,727,248	2,202,756	2,698,975	2,197,312
General & business administration	700,122	558,843	700,122	558,843
School administration	561,551	492,382	561,551	492,382
Plant operations & maintenance	1,357,015	1,178,939	1,356,890	1,174,711
Pupil transportation	471,055	607,272	471,055	606,041
Special schools	-	25,561	-	25,561
Food service	100,835	96,167	(10,784)	3,126
Interest on long-term debt	333,737	347,972	333,737	347,972
Total expenses	<u>\$ 14,497,012</u>	<u>\$ 13,099,330</u>	<u>\$ 14,102,964</u>	<u>\$ 12,642,161</u>

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

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

UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

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

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

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

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

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

The dependence upon tax revenues is apparent. For all activities tax revenue support is 67.23 percent. The community, as a whole, is the primary support for the Union Township School District.

The School District's Funds

The School District's funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$12,584,227, expenditures of \$12,230,099. The net positive change in fund balance for the year of \$353,393 occurred in the general fund.

General Fund Budgeting Highlights

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

During the fiscal year 2021, the School District amended its general fund budget as needed. The School District uses program-based budgeting and the budgeting systems are designed to lightly control total program budgets but provide flexibility for program management.

For the general fund, budget basis revenue was \$9,718,058 which was \$194,242 above original budgeted estimates of \$9,553,816. This difference was due primarily to unbudgeted state aid realized of \$95,510.

The general fund revenues of the School District were greater than expenditures and other financing uses by \$352,121.

UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Capital Assets

At the end of the fiscal year 2021, the School District had \$17,301,423 invested in land, buildings, vehicles, and furniture and equipment.

Table 4 provides a summary of the School District's capital assets net of depreciation at June 30, 2021 with comparisons to June 30, 2020.

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

	06/30/21	06/30/20	Variance	
			Dollars	%
Land	\$ 189,696	\$ 189,696	\$ -	0.00%
Construction in progress	20,300	-	20,300	100.00%
Land improvements	123,407	134,265	(10,858)	-8.09%
Buildings & improvements	14,764,157	15,056,626	(292,469)	-1.94%
Leased building improvements	1,125,000	1,187,500	(62,500)	-5.26%
Vehicles	20,196	28,274	(8,078)	-28.57%
Furniture and equipment	713,496	705,062	8,434	1.20%
Total	\$ 16,956,252	\$ 17,301,423	\$ (345,171)	-2.00%

Overall capital assets decreased \$345,171 from fiscal year 2020 to fiscal year 2021. Increases in capital assets (primarily buildings and improvements and furniture and equipment) were offset by depreciation expenses for the year.

UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Debt Administration

At June 30, 2021, the School District had \$12,493,907 in long-term liabilities. This amount is detailed in Table 5.

At June 30, 2021, the School District's overall legal debt limit was \$25,592,923 and the legal debt margin was \$16,857,923.

Table 5 provides a summary of the School District's outstanding long-term liabilities at June 30, 2021 with comparisons to June 30, 2020.

Table 5
Long-Term Liabilities at Year-End

	06/30/21	06/30/20	Variance	
			Dollars	%
General obligation bonds	\$ 8,735,000	\$ 9,320,000	\$ (585,000)	-6.28%
Net pension liability	1,891,490	1,871,693	19,797	1.06%
Unamortized bond premium	836,179	914,757	(78,578)	-8.59%
Capital lease payable	996,198	1,250,000	(253,802)	-20.30%
Compensated absences	35,040	42,629	(7,589)	-17.80%
	<u>\$ 12,493,907</u>	<u>\$ 13,399,079</u>	<u>\$ (905,172)</u>	<u>-6.76%</u>

For the Future

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

Union Township is primarily a residential community with very few ratables which places the tax burden on residential homeowners. During the 2020-21 school year, the district plans to replace the fire suppression system at the Middle School; install carpeting at both the Middle and Elementary Schools; make parking lot repairs at both schools; in addition to maintaining all other building functions.

The Union Township School District commits itself to financial excellence every year and the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Lori Tirone, Union Township Board of Education, 149 Perryville Rd., Hampton, NJ 08827.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 579,014	\$ 40,779	\$ 619,793
Due from other funds	225	-	225
Receivables, net	483,569	10,579	494,148
Inventory	-	5,761	5,761
Restricted assets			
Capital reserve account - cash	2,170,189	-	2,170,189
Emergency reserve account - cash	193,900	-	193,900
Maintenance reserve account - cash	715,000	-	715,000
Student activities - cash	19,190	-	19,190
Unemployment compensation - cash	191,055	-	191,055
Capital assets, net			
Land and construction in progress	209,996	-	209,996
Other capital assets, net of depreciation	16,737,939	8,317	16,746,256
Total assets	21,300,077	65,436	21,365,513
Deferred outflows of resources			
Deferred amount on pension activity	656,712	-	656,712
Deferred amount on refunding bond issue	122,762	-	122,762
Total deferred outflows of resources	779,474	-	779,474
Liabilities			
Accounts payable	89,214	8,154	97,368
Due to other funds	-	225	225
Accrued interest	196,826	-	196,826
Payroll deductions and withholdings payable	8,499	-	8,499
Unearned revenue	8,578	7,834	16,412
Unemployment compensation claims payable	6,445	-	6,445
Long-term liabilities			
Due within one year	924,685	-	924,685
Due beyond one year	11,569,222	-	11,569,222
Total liabilities	12,803,469	16,213	12,819,682
Deferred inflows of resources			
Deferred amount on pension liability	902,087	-	902,087

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Net Position (continued)
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 8,212,935	\$ 8,317	\$ 8,221,252
Restricted for			
Capital reserve fund	2,170,189	-	2,170,189
Emergency reserve fund	193,900	-	193,900
Maintenance reserve fund	715,000	-	715,000
Student activities	19,190	-	19,190
Unemployment claims	184,610	-	184,610
Unrestricted	<u>(3,121,829)</u>	<u>40,906</u>	<u>(3,080,923)</u>
Total net position	<u>\$ 8,373,995</u>	<u>\$ 49,223</u>	<u>\$ 8,423,218</u>

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 2,727,833	\$ 2,498,843	\$ 82,000	\$ 72,615	\$ -	\$ (5,072,061)	\$ -	\$ (5,072,061)
Special education	1,346,570	1,089,209	-	-	-	(2,435,779)	-	(2,435,779)
Other special instruction	86,870	34,961	-	-	-	(121,831)	-	(121,831)
Other instruction	50,386	10,398	-	-	-	(60,784)	-	(60,784)
Support services								
Tuition	400,379	-	-	99,416	-	(300,963)	-	(300,963)
Students and instruction related services	1,542,723	1,184,525	735	27,538	-	(2,698,975)	-	(2,698,975)
General and business administration services	463,422	236,700	-	-	-	(700,122)	-	(700,122)
School administration services	319,670	241,881	-	-	-	(561,551)	-	(561,551)
Plant operations and maintenance	1,239,863	117,152	125	-	-	(1,356,890)	-	(1,356,890)
Pupil transportation	464,120	6,935	-	-	-	(471,055)	-	(471,055)
Interest on long-term debt	333,737	-	-	-	-	(333,737)	-	(333,737)
Total governmental activities	<u>8,975,573</u>	<u>5,420,604</u>	<u>82,860</u>	<u>199,569</u>	<u>-</u>	<u>(14,113,748)</u>	<u>-</u>	<u>(14,113,748)</u>
Business-type activities								
Food service	100,835	-	75	111,544	-	-	10,784	10,784
Total business-type activities	<u>100,835</u>	<u>-</u>	<u>75</u>	<u>111,544</u>	<u>-</u>	<u>-</u>	<u>10,784</u>	<u>10,784</u>
Total primary government	<u>\$ 9,076,408</u>	<u>\$ 5,420,604</u>	<u>\$ 82,935</u>	<u>\$ 311,113</u>	<u>\$ -</u>	<u>(14,113,748)</u>	<u>10,784</u>	<u>(14,102,964)</u>
			General revenues, special items and transfers					
						8,547,636	-	8,547,636
						946,275	-	946,275
						5,509,492	-	5,509,492
						5,454	53	5,507
						54,191	-	54,191
						<u>15,063,048</u>	<u>53</u>	<u>15,063,101</u>
						949,300	10,837	960,137
						7,424,695	38,386	7,463,081
						<u>\$ 8,373,995</u>	<u>\$ 49,223</u>	<u>\$ 8,423,218</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 579,014	\$ -	\$ -	\$ -	\$ 579,014
Due from other funds	18,965	-	-	-	18,965
Receivables from other governments					
State	412,492	27,419	-	-	439,911
Other accounts receivable	43,658	-	-	-	43,658
Restricted cash and equivalents	3,270,144	19,190	-	-	3,289,334
Total assets	\$ 4,324,273	\$ 46,609	\$ -	\$ -	\$ 4,370,882
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ 18,740	\$ -	\$ -	\$ 18,740
Accounts payable	89,113	101	-	-	89,214
Payroll deductions and withholdings payable	8,499	-	-	-	8,499
Unearned revenue	-	8,578	-	-	8,578
Unemployment compensation claims payables	6,445	-	-	-	6,445
Total liabilities	104,057	27,419	-	-	131,476
Fund balances					
Restricted fund balance					
Capital reserve account	2,170,189	-	-	-	2,170,189
Emergency reserve account	193,900	-	-	-	193,900
Maintenance reserve account	715,000	-	-	-	715,000
Student activities	-	19,190	-	-	19,190
Unemployment claims	184,610	-	-	-	184,610
Committed fund balance					
Year-end encumbrances	134,970	-	-	-	134,970
Assigned fund balance					
Designated for subsequent year's expenditures	197,437	-	-	-	197,437
Unassigned fund balance	624,110	-	-	-	624,110
Total fund balances	4,220,216	19,190	-	-	4,239,406
Total liabilities and fund balances	\$ 4,324,273	\$ 46,609	\$ -	\$ -	

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2021

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:	
Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$27,546,674 and the accumulated depreciation is \$10,598,739.	\$ 16,947,935
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.	(122,613)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(12,493,907)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(196,826)</u>
Total net position of governmental activities	<u><u>\$ 8,373,995</u></u>

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 8,547,636	\$ -	\$ -	\$ 946,275	\$ 9,493,911
Tuition - individuals	38,500	-	-	-	38,500
Tuition - other LEAs	43,500	-	-	-	43,500
Interest income	5,454	-	-	-	5,454
Rents and royalties	125	-	-	-	125
Miscellaneous	54,191	19,547	-	-	73,738
Total local sources	<u>8,689,406</u>	<u>19,547</u>	<u>-</u>	<u>946,275</u>	<u>9,655,228</u>
State sources	2,748,242	-	-	-	2,748,242
Federal sources	-	180,757	-	-	180,757
Total revenues	<u>11,437,648</u>	<u>200,304</u>	<u>-</u>	<u>946,275</u>	<u>12,584,227</u>
Expenditures					
Current					
Instructional					
Regular instruction	2,680,468	47,365	-	-	2,727,833
Special education instruction	1,346,570	-	-	-	1,346,570
Other special instruction	86,870	-	-	-	86,870
Other instruction	50,386	-	-	-	50,386
Support service and undistributed costs					
Tuition	300,963	99,416	-	-	400,379
Student and instruction related services	1,515,185	27,538	-	-	1,542,723
General and business administrative services	463,422	-	-	-	463,422
School administrative services	319,670	-	-	-	319,670
Plant operations and maintenance	1,239,863	-	-	-	1,239,863
Pupil transportation	464,120	-	-	-	464,120
Unallocated benefits	1,907,811	-	-	-	1,907,811

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 680,810	\$ 25,250	\$ -	\$ -	\$ 706,060
Debt service					
Principal	-	-	-	585,000	585,000
Interest and other charges	-	-	-	361,275	361,275
NJ SDA debt service assessment	28,117	-	-	-	28,117
Total expenditures	<u>11,084,255</u>	<u>199,569</u>	<u>-</u>	<u>946,275</u>	<u>12,230,099</u>
Excess (deficiency) of revenues over (under) expenditures	353,393	735	-	-	354,128
Fund balances, July 1 (as restated)	<u>3,866,823</u>	<u>18,455</u>	<u>-</u>	<u>-</u>	<u>3,885,278</u>
Fund balances, June 30	<u><u>\$ 4,220,216</u></u>	<u><u>\$ 19,190</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,239,406</u></u>

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Total net changes in fund balances - Governmental fund (from B-2) \$ 354,128

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

Capital outlays are reported in governmental funds as expenditures.

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

Capital outlays	\$ 706,060	
Depreciation and amortization expense	<u>(800,614)</u>	(94,554)

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

Bond principal payments	585,000
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Governmental funds report the effect of bond issue premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Amortization of bond premium	78,578
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Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

41,482

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities (continued)
For the Fiscal Year Ended June 30, 2021

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.	\$ (11,763)
In the Statement of Activities, deferred outflows for refunding bond costs are amortized to current year expenses over the amortization period.	(11,160)
In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	<u>7,589</u>
Change in net position of governmental activities	<u><u>\$ 949,300</u></u>

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Fund Net Position
June 30, 2021

	Food Service Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 40,779
Receivables from other governments	
State	471
Federal	10,108
Inventory	5,761
Total current assets	57,119
Noncurrent assets	
Capital assets	53,460
Less: accumulated depreciation	45,143
Total noncurrent assets	8,317
Total assets	65,436
Liabilities	
Current liabilities	
Accounts payable	8,154
Interfund payable	225
Unearned revenues - commodities	1,297
Unearned revenues - prepaid sales	6,537
Total liabilities	16,213
Net position	
Net investment in capital assets	8,317
Unrestricted	40,906
Total net position	\$ 49,223

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2021

	<u>Food Service Fund</u>
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 75
Total operating revenues	<u>75</u>
Operating expenses	
Cost of sales - reimbursable programs	41,741
Commodity food costs	6,271
Covid related costs	8,743
Salaries	21,466
Employee benefits	2,999
Purchased professional/technical services	1,013
Purchased property services	5,356
Other purchased services	
Insurance	3,220
Management fee	7,521
General supplies	1,202
Depreciation	896
Miscellaneous	407
Total operating expenses	<u>100,835</u>
Operating income (loss)	<u>(100,760)</u>
Non-operating revenues (expenses)	
State sources	
State school lunch program	4,238
Federal sources	
National school lunch program	
Cash assistance	66,380
Non cash assistance (commodities)	6,271
National school breakfast program	34,591
Miscellaneous	64
Interest earned on investments	53
Total non-operating revenues (expenses)	<u>111,597</u>
Change in net position	10,837
Net position, beginning	<u>38,386</u>
Net position, ending	<u><u>\$ 49,223</u></u>

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021

	Food Service Fund
Cash flows from operating activities	
Receipts from customers (net)	\$ (318)
Payments to Food Service Management Company	(79,625)
Payments to vendors (net)	(6,226)
Net cash provided by (used for) operating activities	(86,169)
Cash flows from non-capital financing activities	
State sources	3,775
Federal sources	91,385
Miscellaneous	64
Net cash provided by (used for) non-capital financing activities	95,224
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(4,081)
Net Cash Provided by (Used For) Capital Financing Activities	(4,081)
Cash flows from investing activities	
Interest earned on investments	53
Net cash provided by (used for) investing activities	53
Net increase (decrease) in cash and cash equivalents	5,027
Cash and cash equivalents, beginning	35,752
Cash and cash equivalents, ending	\$ 40,779
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (100,760)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	896
Federal food donation program	6,271
(Increase) decrease in inventory	(866)
Increase (decrease) in accounts receivable	193
Increase (decrease) in interfund payable	225
Increase (decrease) in accounts payable	8,154
Increase (decrease) in unearned revenues	(282)
Net cash provided by (used for) operating activities	\$ (86,169)

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2021 of 408 students.

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

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

During the year ended June 30, 2021, the District implemented the provisions detailed in GASB Statement No. 84, *Fiduciary Activities*. Based on a review of the financial records, the District has no funds that meet the criteria of a fiduciary fund.

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

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

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

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

Additionally, the District reports the following fund types:

Proprietary Fund types

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

Proprietary Fund types (continued)

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

The District's enterprise fund is comprised of the food service fund.

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

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

Equipment	12 Years
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Fiduciary fund types

As stated in Note 1 (B), the district does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No 84, *Fiduciary Activities*.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal year 2020-2021 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable/payables

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

J. Capital assets

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

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

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences

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

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

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

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

L. Unearned revenue

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

M. Long-term obligations

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

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

O. Fund balances - governmental funds

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

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

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows and inflows of resources

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

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

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

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

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

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

Note 3 - Deposits and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2021, the District had no investments.

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and investments (continued)

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured.

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

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

As of June 30, 2021, the District's bank balances of \$3,401,463 were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	3,941,431
Total	\$ 4,191,431

Deposits at June 30, 2021 appear in the financial statements as summarized below:

Cash		\$ 3,909,127
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 579,014
Enterprise funds, Statement of Net Position	B-4	40,779
Restricted cash		
Governmental funds, Balance Sheet	B-1	3,289,334
Total cash		\$ 3,909,127

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 189,696	\$ -	\$ -	\$ 189,696
Construction in progress	-	20,300	-	20,300
Total	<u>189,696</u>	<u>20,300</u>	<u>-</u>	<u>209,996</u>
Capital assets, being depreciated				
Land improvements	222,656	-	-	222,656
Building & improvements	23,979,402	340,494	-	24,319,896
Leased building improvements (intangible assets)	1,250,000	-	-	1,250,000
Vehicles	99,109	-	-	99,109
Furniture & equipment	1,465,340	91,464	111,787	1,445,017
Total	<u>27,016,507</u>	<u>431,958</u>	<u>111,787</u>	<u>27,336,678</u>
Accumulated depreciation and amortization				
Land improvements	88,391	10,858	-	99,249
Building & improvements	8,922,776	632,963	-	9,555,739
Leased building improvements (intangible assets)	62,500	62,500	-	125,000
Vehicles	70,835	8,078	-	78,913
Furniture & equipment	765,410	86,215	111,787	739,838
Total	<u>9,909,912</u>	<u>800,614</u>	<u>111,787</u>	<u>10,598,739</u>
Total capital assets, being depreciated, net	<u>17,106,595</u>	<u>(368,656)</u>	<u>-</u>	<u>16,737,939</u>
Governmental activities capital assets, net	<u>\$ 17,296,291</u>	<u>\$ (348,356)</u>	<u>\$ -</u>	<u>\$ 16,947,935</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 49,379	\$ 4,081	\$ -	\$ 53,460
Less: accumulated depreciation	44,247	896	-	45,143
Business type activities capital assets, net	<u>\$ 5,132</u>	<u>\$ 3,185</u>	<u>\$ -</u>	<u>\$ 8,317</u>

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

Instruction		
Regular	\$ 343,890	
Special education	156,956	
Other special instruction	10,126	
Co-curricular activities	5,873	
Support services		
Student & instruction	179,704	
General & business administration	54,017	
School administration	37,261	
Plant & maintenance	12,787	
Total depreciation and amortization expense, governmental activities	<u>\$ 800,614</u>	

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 9,320,000	\$ -	\$ 585,000	\$ 8,735,000	\$ 605,000
Unamortized bond premium	914,757	-	78,578	836,179	78,578
Capital leases payable	1,250,000	-	253,802	996,198	241,107
PERS net pension liability	1,871,693	19,797	-	1,891,490	-
Compensated absences payable	42,629	-	7,589	35,040	-
Total governmental activities long- term liabilities	<u>\$ 13,399,079</u>	<u>\$ 19,797</u>	<u>\$ 924,969</u>	<u>\$ 12,493,907</u>	<u>\$ 924,685</u>

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2021 including interest payments are listed as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2022	\$ 605,000	\$ 341,725	\$ 946,725
2023	620,000	321,525	941,525
2024	650,000	296,700	946,700
2025	675,000	268,128	943,128
2026	705,000	238,084	943,084
2026 - 2030	3,135,000	618,325	3,753,325
2031 - 2034	2,345,000	127,369	2,472,369
Total	\$ 8,735,000	\$ 2,211,856	\$ 10,946,856

General Obligation Bonds - General obligation school building bonds payable at June 30, 2021, with their outstanding balances are comprised of the following individual issues:

\$3,105,000 - 2016 refunding school bonds, interest at 2.00% to 3.00%, due in annual installments beginning July 15, 2016 to July 15, 2030.	\$ 1,560,000
\$7,725,000 - 2017 refunding school bonds, interest at 2.00% to 5.00%, due in annual installments beginning July 15, 2017 to July 15, 2032.	7,175,000
Total	\$ 8,735,000

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2021 is \$25,592,923. General obligation debt at June 30, 2021 is \$8,735,000, resulting in a legal debt margin of \$16,857,923.

Capital lease payable

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

The annual requirements for the capital lease payable as of June 30, 2021, including interest payments are listed as follows:

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

Fiscal Year Ended June 30	Principal	Interest	Total
2022	\$ 241,107	\$ 21,564	\$ 262,671
2023	246,326	16,345	262,671
2024	251,659	11,012	262,671
2025	257,106	5,565	262,671
Total	<u>\$ 996,198</u>	<u>\$ 54,486</u>	<u>\$ 1,050,684</u>

Note 6 - Pension plans
Description of systems

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

A. Public employees' retirement system (PERS)

Plan description

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All pension benefits vest after 10 years of service.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Plan description (continued)

The following represents the membership tiers for PERS:

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

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

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2020 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2020 measurement date.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Allocation methodology and reconciliation to financial statements (continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2019 through June 30, 2020. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

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

The District's contractually required contribution rate for the year ended June 30, 2021 was 13.87% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of measurement date June 30, 2020:

Net pension liability	\$ 1,891,490
Proportionate share	0.0115989808%

Plan fiduciary net position as a percentage of the total pension liability	58.32%
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The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%

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

Investment rate of return	7.00%
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Preretirement mortality rates were based on the Pub-10 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit to determine the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2020 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$	1,891,490
At a 1% lower rate (6.00%)		2,399,794
At a 1% higher rate (8.00%)		1,487,675

Collective deferred outflows of resources and deferred inflows of resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,441	\$ 6,689
Changes of assumptions	61,362	791,985
Net difference between projected and actual earnings on pension plan investments	64,653	-
Changes in proportion and differences between District contributions and proportionate share of contributions	369,369	103,413
District contributions subsequent to the measurement date	126,887	-
Total	\$ 656,712	\$ 902,087

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

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

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2021, the plan measurement date is June 30, 2020) of \$126,887 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2020 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 33,594	\$ 847	\$ 34,441
Changes of assumptions	186,895	(125,533)	61,362
Differences between projected and actual investment earnings on pension plan investments	-	64,653	64,653
Deferred inflows of resources			
Differences between expected and actual experience	(8,268)	1,579	(6,689)
Changes of assumptions	(649,659)	(142,326)	(791,985)
Differences between projected and actual investment earnings on pension plan investments	(29,545)	29,545	-
Net of deferred outflows	<u>\$ (466,983)</u>	<u>\$ (171,235)</u>	<u>\$ (638,218)</u>

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

State Fiscal Year Ended June 30

2021	\$ (237,347)
2022	(216,389)
2023	(123,661)
2024	(50,006)
2025	(10,815)
Total	<u>\$ (638,218)</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Pension expense

For the fiscal year ended June 30, 2021, the District recognized net pension expense of \$85,408, which represents the District's proportionate share of allocable plan pension expense of \$45,196, plus the net amortization of deferred amounts from changes in proportion of \$66,058, less other adjustments to the net pension liability of \$25,846. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2021 measurement date are as follows:

Service cost	\$	89,357
Interest on total pension liability		291,150
Benefit changes		(1,996)
Member contributions		(63,514)
Administrative expense		1,519
Expected investment return net of investment expense		(171,395)
Pension expense related to specific liabilities of individual employers		(796)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		20,527
Changes of assumptions		(151,210)
Difference between projected and actual investment earnings on pension plan investments		31,554
Pension expense	\$	45,196

B. Teachers' pension and annuity fund (TPAF)

Plan description

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

The following represents the membership Tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Special funding situation

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

During the state fiscal year ended June 30, 2020, the State of New Jersey contributed \$851,111 to the TPAF for normal pension benefits on behalf of the District.

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2020 measurement date is as follows:

District proportionate share of net pension liability	\$ 32,801,081	
Less: State proportionate share of net pension liability	8,068,542	
Net pension liability	\$ 24,732,539	
 Proportionate share	 0.0375595915%	
 Plan fiduciary net position as a percentage of the total pension liability	 24.60%	

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 measurement date are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Rate of Return
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investment of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 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 78% of the actuarially determined contributions for the State.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Discount rate (continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the District as of June 30, 2020 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (5.40%)	\$ 24,732,539
At a 1% lower rate (4.40%)	29,051,264
At a 1% higher rate (6.40%)	21,146,563

Pension expense

The components of allocable pension expense, which pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2020 measurement date are as follows:

Service cost	\$ 616,089
Interest on total pension liability	1,754,288
Benefit changes	(6,273)
Member contributions	(324,942)
Administrative expense	5,064
Expected investment return net of investment expense	(571,667)
Pension expense related to specific liabilities of individual employers	1,780
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	66,392
Changes of assumptions	(147,955)
Difference between projected and actual investment earnings on pension plan investments	145,199
Pension expense	<u>\$ 1,537,975</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2021) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's net contribution to the DCRP for fiscal year ended 2021 was \$4,721.

D. Other pension plan information

During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$337,173 to the TPAF for postretirement medical benefits, \$20,088 for non-contributory insurance premiums, \$613 for long-term disability insurance, and \$1,055,821 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$274,623 during the year ended June 30, 2021 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State of New Jersey provides post-retirement (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In fiscal year 2020, the State paid PRM benefits for 143,053 State and local retirees.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

The State funds postretirement medical benefits on a pay-as-you-go basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have decreased from fiscal year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State including Medicare Advantage contracts. The State has appropriated \$1.775 billion in fiscal year 2021 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The fiscal year 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76 billion liability recorded in fiscal year 2019.

Total OPEB liability

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

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Total OPEB liability (continued)

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2020 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 67,809,962,608
District's proportionate share of the State's OPEB liability	26,058,132
Employer OPEB expense and related revenue	1,223,275

Allocable proportionate percentage	0.0384281763%
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Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2019	\$ 16,371,530
Service cost	651,474
Interest cost	588,173
Change of benefit terms	-
Differences between expected and actual experiences	4,126,931
Changes of assumptions	4,759,925
Member contributions	13,750
Gross benefit payments	(453,651)
Total OPEB liability at June 30, 2020	<u>\$ 26,058,132</u>

There were no changes of the benefit terms from June 30, 2019 to June 30, 2020.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% as of the June 30, 2019 plan measurement date to 2.21% as of the June 30, 2020 plan measurement date.

The total non-employer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	<u>TPAF</u>	<u>PERS</u>
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
Thereafter	1.55% - 4.45%	3.00% - 7.00%

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For Pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal years 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

The following presents the total non-employer OPEB liability as of June 30, 2020 measurement date, using the District’s allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (2.21%)	\$ 26,058,132
At a 1% lower rate (1.21%)	31,414,423
At a 1% higher rate (3.21%)	21,870,028

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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

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

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$ 26,058,132
At a 1% lower rate (1% decrease)	21,035,003
At a 1% higher rate (1% increase)	32,039,562

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$1,223,275 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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

Note 8 - Deferred compensation

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

AXA Equitable
 Lincoln Financial Group

Note 9 - Interfund receivable and payables

The composition of interfund balances as of June 30, 2021 is as follows:

Fund	Receivable Fund	Payable Fund
General fund	\$ 18,965	\$ -
Special revenue fund	-	18,740
Cafeteria fund	-	225
Total	\$ 18,965	\$ 18,965

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 9 - Interfund receivable and payables (continued)

The special revenue fund has an interfund payable for \$18,740 due to the general fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues.

Note 10 - Inventory

Inventory in the food service fund as of June 30, 2021 consisted of the following:

Food	\$ 2,946
Supplies	2,815
Total	\$ 5,761

Note 11 - Contingent liabilities

Grantor agencies

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

Note 12 - Risk management

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

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the Benefit Reimbursement Method. Under this plan, the District is required to reimburse the NJ unemployment trust fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the state for benefits paid and the ending balance available for claims of the District's unemployment compensation insurance fund:

Fiscal Year	District Contribution	Interest Earnings	Employee Deposits	Amount Reimbursed	Ending Balance Available for Claims
2020 - 2021	\$ -	\$ 266	\$ 9,149	\$ 2,704	\$ 191,055
2019 - 2020	62,058	1,368	9,477	55,342	184,344
2018 - 2019	100,000	973	9,458	861	166,783

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Reserve accounts

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

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

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$763,000 to their capital reserve account and \$47,750 to their maintenance reserve account by Board resolution in June 2021.

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

<u>Reserve Type</u>	<u>Beginning Balance</u>	<u>District Contribution</u>	<u>Interest Earnings</u>	<u>Withdrawals Net of Return</u>	<u>Ending Balance</u>
Capital	\$ 1,630,447	\$ 763,000	\$ 1,742	\$ 225,000	\$ 2,170,189
Maintenance	715,000	47,750	-	47,750	715,000
Emergency	250,000	-	-	56,100	193,900
Total	<u>\$ 2,595,447</u>	<u>\$ 810,750</u>	<u>\$ 1,742</u>	<u>\$ 328,850</u>	<u>\$ 3,079,089</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balance

As described in Note 1 (O) fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2021 is as follows:

Restricted	
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	\$ 2,170,189
Emergency reserve account - Represents funds restricted to finance unanticipated general fund expenditures required for a thorough and efficient education.	193,900
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:76-9).	715,000
Unemployment compensation - Represents funds accumulated for future unemployment claims.	184,610
Committed	
Year-end encumbrance - Represents fund balance assigned for purchase orders that have been issued but goods or services were not received as of June 30.	134,970
Assigned	
Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	197,437
Unassigned	
Undesignated - Represents fund balance which has not been restricted or designated.	683,547
Total fund balance - Budgetary basis (Exhibit C-1)	4,279,653
Last state aid payments not recognized on GAAP basis	(59,437)
Total fund balance - GAAP basis (Exhibit B-1)	\$ 4,220,216

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund, fund balance at the fiscal year-end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$0.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 16 - Restatement of prior year net position

During the fiscal year ended June 30, 2021, the District restated net position for governmental activities as of June 30, 2020 as a result of the implementation of GASB Statement No. 84:

	Governmental Activities
Net position, June 30, 2020	\$ 7,221,896
Additions	
Reserved fund balance - unemployment fund	184,344
Reserved fund balance - student activity fund	18,455
Net position, June 30, 2020, as restated	\$ 7,424,695

Note 17 - Restatement of prior year fund balance

During the fiscal year ended June 30, 2021, the District restated fund balance for the general fund and special revenue fund as of June 30, 2020 as a result of the implementation of GASB Statement No. 84:

	General Fund	Special Revenue Fund
Fund balance June 30, 2020	\$ 3,682,479	\$ -
Additions		
Reserved fund balance - unemployment fund	184,344	-
Reserved fund balance - student activity fund	-	18,455
Fund balance, June 30, 2020 as restated	\$ 3,866,823	\$ 18,455

Note 18 - Recent accounting pronouncements not yet effective

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

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

Note 19 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2021 of (\$3,121,829) on Schedule A-1 Statement of Net Position. The deficit balance is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 20 - Risks and uncertainties

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

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

Note 21 - Subsequent events

The District has evaluated subsequent events through February 22, 2022, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenue					
Local sources					
Local tax levy	\$ 8,547,636	\$ -	\$ 8,547,636	\$ 8,547,636	\$ -
Tuition from individuals	65,000	-	65,000	38,500	(26,500)
Tuition from other LEAs within the state	12,000	-	12,000	43,500	31,500
Rents and royalties	5,000	-	5,000	-	(5,000)
Unrestricted miscellaneous revenues	189,236	-	189,236	57,762	(131,474)
Interest earned on capital reserve funds	-	-	-	1,742	1,742
Other restricted miscellaneous revenues	-	-	-	266	266
Total	8,818,872	-	8,818,872	8,689,406	(129,466)
State sources					
Categorical transportation aid	233,413	-	233,413	233,413	-
Extraordinary aid	90,000	-	90,000	409,661	319,661
Categorical special education aid	360,251	-	360,251	358,788	(1,463)
Categorical security aid	36,554	-	36,554	36,554	-
Adjustment aid	14,726	-	14,726	14,726	-
Other state aid	-	-	-	5,510	5,510
TPAF Pension (on-behalf)	-	-	-	1,075,909	1,075,909
TPAF Social Security (reimbursed)	-	-	-	274,623	274,623
TPAF Postretirement benefits	-	-	-	337,173	337,173
TPAF Long-term disability insurance	-	-	-	613	613
Total	734,944	-	734,944	2,746,970	2,012,026
Total revenues	\$ 9,553,816	\$ -	\$ 9,553,816	\$ 11,436,376	\$ 1,882,560
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 26,325	\$ -	26,325	\$ 26,325	\$ -
Kindergarten	125,735	(4,000)	121,735	119,723	2,012
Grades 1-5	1,059,425	(15,999)	1,043,426	990,286	53,140
Grades 6-8	994,493	(91,776)	902,717	868,240	34,477
Home instruction					
Salaries of teacher	25,000	-	25,000	1,260	23,740
Regular programs - undistributed instruction					
Purchased professional - educational services	4,000	-	4,000	-	4,000
Purchased technical services	50,000	2,000	52,000	50,428	1,572
Other purchased services	15,450	(2,000)	13,450	5,120	8,330
General supplies	116,772	(19,804)	96,968	89,816	7,152
Textbooks	72,250	(55,000)	17,250	16,142	1,108
Other objects	5,000	(3,500)	1,500	1,497	3
Total	2,494,450	(190,079)	2,304,371	2,168,837	135,534

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special education					
Learning and/or language disabilities					
Salaries of teachers	\$ 205,605	\$ -	\$ 205,605	\$ 197,914	\$ 7,691
General supplies	4,895	-	4,895	4,895	-
Total	<u>210,500</u>	<u>-</u>	<u>210,500</u>	<u>202,809</u>	<u>7,691</u>
Resource room/resource center					
Salaries of teachers	637,485	(61,455)	576,030	564,811	11,219
Other salaries for instruction	140,359	68,525	208,884	208,596	288
General supplies	8,275	1,223	9,498	8,790	708
Other objects	19,000	(1,223)	17,777	14,697	3,080
Total	<u>805,119</u>	<u>7,070</u>	<u>812,189</u>	<u>796,894</u>	<u>15,295</u>
Preschool disabilities - part-time					
Salaries of teachers	30,324	-	30,324	27,619	2,705
Other salaries for instruction	28,379	-	28,379	26,840	1,539
General supplies	2,500	-	2,500	355	2,145
Other objects	450	-	450	188	262
Total	<u>61,653</u>	<u>-</u>	<u>61,653</u>	<u>55,002</u>	<u>6,651</u>
Total special education	<u>1,077,272</u>	<u>7,070</u>	<u>1,084,342</u>	<u>1,054,705</u>	<u>29,637</u>
Basic skills/remedial					
Salaries of teachers	44,720	-	44,720	33,540	11,180
General supplies	750	-	750	745	5
Total	<u>45,470</u>	<u>-</u>	<u>45,470</u>	<u>34,285</u>	<u>11,185</u>
Bilingual education - instruction					
Salaries of teachers	25,334	-	25,334	25,334	-
General supplies	250	(250)	-	-	-
Total	<u>25,584</u>	<u>(250)</u>	<u>25,334</u>	<u>25,334</u>	<u>-</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	30,000	-	30,000	15,473	14,527
Supplies and materials	1,000	-	1,000	-	1,000
Total	<u>31,000</u>	<u>-</u>	<u>31,000</u>	<u>15,473</u>	<u>15,527</u>
School-sponsored athletics - instruction					
Salaries	35,000	-	35,000	15,000	20,000
Purchased services	10,000	-	10,000	-	10,000
Supplies and materials	8,000	-	8,000	3,604	4,396
Total	<u>53,000</u>	<u>-</u>	<u>53,000</u>	<u>18,604</u>	<u>34,396</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Summer school - instruction					
Salaries of teachers	\$ 10,000	\$ -	\$ 10,000	\$ 10,000	\$ -
Other salaries of instruction	5,000	-	5,000	5,000	-
General supplies	250	-	250	144	106
Total	<u>15,250</u>	<u>-</u>	<u>15,250</u>	<u>15,144</u>	<u>106</u>
Total instruction regular	<u>\$ 3,742,026</u>	<u>\$ (183,259)</u>	<u>\$ 3,558,767</u>	<u>\$ 3,332,382</u>	<u>\$ 226,385</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ -	\$ 24,220	\$ 24,220	\$ 24,220	\$ -
Tuition to priv. school for the disabled w/i state	122,721	154,100	276,821	276,743	78
Total	<u>122,721</u>	<u>178,320</u>	<u>301,041</u>	<u>300,963</u>	<u>78</u>
Undistributed expenditures - attendance & social work					
Salaries	45,000	-	45,000	45,000	-
Total	<u>45,000</u>	<u>-</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>
Undistributed expenditures - health services					
Salaries	163,450	12,006	175,456	174,095	1,361
Purchased professional and technical services	2,250	-	2,250	2,250	-
Other purchased services	750	-	750	170	580
Supplies and materials	6,044	-	6,044	3,963	2,081
Other objects	150	-	150	149	1
Total	<u>172,644</u>	<u>12,006</u>	<u>184,650</u>	<u>180,627</u>	<u>4,023</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	93,734	-	93,734	92,038	1,696
Purchased professional - educational services	119,250	-	119,250	69,388	49,862
Supplies and materials	4,000	-	4,000	1,040	2,960
Other objects	1,500	-	1,500	1,275	225
Total	<u>218,484</u>	<u>-</u>	<u>218,484</u>	<u>163,741</u>	<u>54,743</u>
Undistributed expend - other supp. service stds. - extra service					
Salaries	42,406	-	42,406	39,084	3,322
Purchased professional - educational services	73,500	-	73,500	35,933	37,567
Total	<u>115,906</u>	<u>-</u>	<u>115,906</u>	<u>75,017</u>	<u>40,889</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	145,125	-	145,125	145,125	-
Other purchased professional & technical services	500	(500)	-	-	-
Other purchased services	-	500	500	-	500
Supplies and materials	1,300	-	1,300	728	572
Total	<u>146,925</u>	<u>-</u>	<u>146,925</u>	<u>145,853</u>	<u>1,072</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - child study teams					
Salaries of other professional staff	\$ 327,399	\$ -	\$ 327,399	\$ 314,659	\$ 12,740
Salaries of secretarial and clerical assistants	45,000	-	45,000	45,000	-
Other purchased professional & technical services	9,775	-	9,775	9,757	18
Other purchased services	8,275	-	8,275	1,968	6,307
Supplies and materials	7,000	-	7,000	6,233	767
Other objects	1,500	-	1,500	845	655
Total	<u>398,949</u>	<u>-</u>	<u>398,949</u>	<u>378,462</u>	<u>20,487</u>
Undistributed expenditures - improvement of inst. service					
Salaries of other professional staff	48,000	11,997	59,997	59,996	1
Salaries of facilitators, math & literacy coaches	15,000	(11,997)	3,003	-	3,003
Other purchased services	500	-	500	294	206
Supplies and materials	500	-	500	468	32
Total	<u>64,000</u>	<u>-</u>	<u>64,000</u>	<u>60,758</u>	<u>3,242</u>
Undistributed expenditures - edu. media service/sch. library					
Salaries	15,000	(4,804)	10,196	152	10,044
Salaries of technology coordinators	65,500	1	65,501	65,500	1
Purchased professional and technical services	61,200	(4,800)	56,400	54,127	2,273
Other purchased services	2,300	-	2,300	-	2,300
Supplies and materials	37,000	9,603	46,603	44,492	2,111
Total	<u>181,000</u>	<u>-</u>	<u>181,000</u>	<u>164,271</u>	<u>16,729</u>
Undistributed expenditures - instructional staff training services					
Purchased professional - educational services	15,000	-	15,000	3,271	11,729
Other purchased services	1,000	-	1,000	-	1,000
Total	<u>16,000</u>	<u>-</u>	<u>16,000</u>	<u>3,271</u>	<u>12,729</u>
Undistributed expenditures - support service - general admin.					
Salaries	139,125	-	139,125	121,125	18,000
Legal services	22,900	19,993	42,893	38,132	4,761
Audit fees	20,000	500	20,500	20,500	-
Architectural/engineering services	17,138	(10,000)	7,138	3,128	4,010
Other purchased professional services	3,000	(625)	2,375	1,164	1,211
Purchased technical services	4,875	10,000	14,875	13,235	1,640
Communications/telephone	11,753	(3,244)	8,509	8,509	-
BOE other purchased services	4,000	(1,408)	2,592	2,592	-
Misc purch services	12,475	(1,187)	11,288	11,252	36
General supplies	2,000	(1,004)	996	996	-
BOE in-house training/meeting supplies	900	(123)	777	777	-
Miscellaneous expenditures	3,700	(1,763)	1,937	1,937	-
BOE membership dues and fees	5,500	(281)	5,219	5,219	-
Total	<u>247,366</u>	<u>10,858</u>	<u>258,224</u>	<u>228,566</u>	<u>29,658</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - support service - school admin.					
Salaries of principals/assistant principals	\$ 210,000	\$ -	\$ 210,000	\$ 204,283	\$ 5,717
Salaries of secretarial and clerical assistants	45,000	-	45,000	45,000	-
Purchased professional and technical services	3,975	(3,000)	975	975	-
Other purchased services	12,300	(9,443)	2,857	1,662	1,195
Supplies and materials	5,000	-	5,000	3,045	1,955
Other objects	5,000	(2,000)	3,000	2,366	634
Total	281,275	(14,443)	266,832	257,331	9,501
Undistributed expenditures - central services					
Salaries	52,000	1	52,001	52,000	1
Purchased professional services	88,000	(1)	87,999	87,970	29
Purchased technical services	10,550	650	11,200	10,967	233
Miscellaneous purchased services	1,317	(250)	1,067	577	490
Supplies and materials	2,500	-	2,500	2,488	12
Other objects	2,500	(650)	1,850	1,198	652
Total	156,867	(250)	156,617	155,200	1,417
Undistributed expenditures - required maint. for school facilities					
Salaries	96,000	-	96,000	96,000	-
Cleaning, repair, and maintenance services	366,092	12,161	378,253	291,916	86,337
General supplies	10,000	-	10,000	5,517	4,483
Other objects	825	(360)	465	-	465
Total	472,917	11,801	484,718	393,433	91,285
Undistributed expenditures - custodial services					
Salaries	317,170	(7,000)	310,170	257,843	52,327
Salaries of non-instructional aides	12,000	(12,000)	-	-	-
Purchased professional and technical services	82,860	5,000	87,860	75,714	12,146
Cleaning, repair, and maintenance service	-	6,000	6,000	5,725	275
Other purchased property services	500	110	610	610	-
Insurance	78,500	(8,466)	70,034	70,033	1
Miscellaneous purchased services	1,500	-	1,500	-	1,500
General supplies	50,945	(6,000)	44,945	38,802	6,143
Energy (natural gas)	95,000	12,000	107,000	88,684	18,316
Energy (electricity)	125,000	-	125,000	100,435	24,565
Energy (gasoline)	3,000	-	3,000	1,414	1,586
Other objects	50,400	(41,131)	9,269	9,244	25
Total	816,875	(51,487)	765,388	648,504	116,884
Undistributed expenditures - care and upkeep of grounds					
Purchased professional and technical services	5,000	-	5,000	4,694	306
Cleaning, repair, and maintenance service	15,000	-	15,000	13,152	1,848
General supplies	5,000	-	5,000	4,728	272
Total	25,000	-	25,000	22,574	2,426
Undistributed expenditures - security					
General supplies	6,000	-	6,000	5,677	323
Total	6,000	-	6,000	5,677	323

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - student transportation service					
Salaries for pupil trans, (between home & school) - reg.	\$ 22,500	\$ -	\$ 22,500	\$ 22,500	\$ -
Management fee - esc & ctsa trans. program	25,000	-	25,000	13,515	11,485
Contract serv. - aid in lieu pymts. - non-public schools	25,211	(1,100)	24,111	16,959	7,152
Contract serv. - aid in lieu pymts. - choice school students	3,822	1,100	4,922	2,840	2,082
Contract serv. (oth. than between home & school) - vend.	18,700	-	18,700	-	18,700
Contract serv. (between home & school) - joint agreements	-	1,500	1,500	1,500	-
Contract serv. (reg. students) - escs & ctsas	282,850	-	282,850	282,079	771
Contract serv. (spl. ed. students) - escs & ctsas	244,009	(32,945)	211,064	124,727	86,337
Total	622,092	(31,445)	590,647	464,120	126,527
Allocated benefits - employee benefits					
Regular programs - instruction					
Social Security contributions	18,025	-	18,025	17,148	877
Health benefits	568,255	(4,490)	563,765	471,075	92,690
Tuition reimbursement	-	17,000	17,000	15,408	1,592
Unused sick payment for terminated/retired staff	-	8,000	8,000	8,000	-
Total	586,280	20,510	606,790	511,631	95,159
Special programs - instruction					
Social Security contributions	14,450	-	14,450	12,952	1,498
Health benefits	328,857	(1,714)	327,143	306,164	20,979
Total	343,307	(1,714)	341,593	319,116	22,477
Other instructional programs - instruction					
Social security contributions	6,450	-	6,450	1,165	5,285
Total	6,450	-	6,450	1,165	5,285
Attendance and social work services					
Social security contributions	3,500	-	3,500	2,582	918
Health benefits	59,650	-	59,650	55,716	3,934
Total	63,150	-	63,150	58,298	4,852
Health services					
Health benefits	21,891	-	21,891	20,479	1,412
Total	21,891	-	21,891	20,479	1,412
Other support services - speech/ot/pt & related services					
Health benefits	38,710	(191)	38,519	33,688	4,831
Total	38,710	(191)	38,519	33,688	4,831
Other supp services- students - extraordinary					
Social security contributions	3,300	-	3,300	2,866	434
Health benefits	16,127	-	16,127	14,614	1,513
Total	19,427	-	19,427	17,480	1,947
Other support services - guidance					
Health benefits	55,930	-	55,930	51,693	4,237
Total	55,930	-	55,930	51,693	4,237

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Other support services - child study teams					
Social Security contributions	\$ 5,251	\$ -	\$ 5,251	\$ 4,397	\$ 854
Health benefits	102,683	-	102,683	84,385	18,298
Tuition reimbursement	5,000	-	5,000	-	5,000
Other employee benefits	3,000	-	3,000	3,000	-
Total	<u>115,934</u>	<u>-</u>	<u>115,934</u>	<u>91,782</u>	<u>24,152</u>
Improvement of instruction services					
Health benefits	2,500	-	2,500	-	2,500
Tuition reimbursement	3,000	-	3,000	-	3,000
Total	<u>5,500</u>	<u>-</u>	<u>5,500</u>	<u>-</u>	<u>5,500</u>
Educational media services - sch. library					
Social security contributions	6,500	-	6,500	3,347	3,153
Health benefits	25,935	-	25,935	21,418	4,517
Tuition reimbursement	1,000	-	1,000	-	1,000
Total	<u>33,435</u>	<u>-</u>	<u>33,435</u>	<u>24,765</u>	<u>8,670</u>
Support services - general administration					
Social Security contributions	4,295	-	4,295	2,866	1,429
Health benefits	40,156	-	40,156	36,020	4,136
Tuition reimbursement	5,000	(414)	4,586	4,550	36
Other employee benefits	3,000	-	3,000	3,000	-
Total	<u>52,451</u>	<u>(414)</u>	<u>52,037</u>	<u>46,436</u>	<u>5,601</u>
Support services - school administration					
Social Security contributions	3,500	-	3,500	2,298	1,202
Health benefits	43,724	-	43,724	39,487	4,237
Tuition reimbursement	10,581	4,000	14,581	14,581	-
Other employee benefits	6,000	-	6,000	5,972	28
Total	<u>63,805</u>	<u>4,000</u>	<u>67,805</u>	<u>62,338</u>	<u>5,467</u>
Support services - central services					
Social Security contributions	6,250	-	6,250	2,836	3,414
Health benefits	32,503	-	32,503	30,385	2,118
Total	<u>38,753</u>	<u>-</u>	<u>38,753</u>	<u>33,221</u>	<u>5,532</u>
Required maintenance for school facilities					
Social Security contributions	5,100	-	5,100	5,100	-
Health benefits	25,935	1	25,936	23,818	2,118
Total	<u>31,035</u>	<u>1</u>	<u>31,036</u>	<u>28,918</u>	<u>2,118</u>
Custodial services					
Social Security contributions	31,000	-	31,000	27,564	3,436
Health benefits	120,062	-	120,062	112,093	7,969
Tuition reimbursement	5,000	-	5,000	1,100	3,900
Total	<u>156,062</u>	<u>-</u>	<u>156,062</u>	<u>140,757</u>	<u>15,305</u>
Total allocated benefits - employees	<u>\$ 1,632,120</u>	<u>\$ 22,192</u>	<u>\$ 1,654,312</u>	<u>\$ 1,441,767</u>	<u>\$ 212,545</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Unallocated benefits - employee benefits					
Social Security contributions	\$ 5,000	\$ 11,013	\$ 16,013	\$ 16,012	\$ 1
Other retirement contributions - PERS	116,000	11,776	127,776	127,776	-
Other retirement contributions - regular	7,000	(2,000)	5,000	4,731	269
Workmen's compensation	46,500	(7,259)	39,241	39,241	-
Health benefits	22,563	(5,745)	16,818	15,085	1,733
Other employee benefits	30,000	(264)	29,736	16,648	13,088
Total	<u>227,063</u>	<u>7,521</u>	<u>234,584</u>	<u>219,493</u>	<u>15,091</u>
On-behalf TPAF Pension contribution	-	-	-	1,075,909	(1,075,909)
On-behalf TPAF Postretirement medical benefits	-	-	-	337,173	(337,173)
On-behalf TPAF Long-term disability insurance	-	-	-	613	(613)
Reimbursed TPAF Social Security contribution	-	-	-	274,623	(274,623)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,688,318</u>	<u>(1,688,318)</u>
Total undistributed expenditures	<u>\$ 5,969,204</u>	<u>\$ 145,073</u>	<u>\$ 6,114,277</u>	<u>\$ 7,042,946</u>	<u>\$ (928,669)</u>
Total current	<u>\$ 9,711,230</u>	<u>\$ (38,186)</u>	<u>\$ 9,673,044</u>	<u>\$ 10,375,328</u>	<u>\$ (702,284)</u>
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ 50,608	\$ (3,000)	\$ 47,608	\$ 47,608	\$ -
Undistributed expenditures - care and upkeep of grounds	8,191	3,910	12,101	8,191	3,910
Undistributed expenditures - security	66,230	(300)	65,930	65,930	-
Total equipment	<u>125,029</u>	<u>610</u>	<u>125,639</u>	<u>121,729</u>	<u>3,910</u>
Facilities acquisition and construction service					
Architectural/engineering services	75,000	-	75,000	20,300	54,700
Construction services	1,751,970	33,524	1,785,494	284,979	1,500,515
Lease purchase agreements - principal	250,000	3,802	253,802	253,802	-
Assessment for debt service on SDA funding	28,117	-	28,117	28,117	-
Total facilities acquisition and construction service	<u>2,105,087</u>	<u>37,326</u>	<u>2,142,413</u>	<u>587,198</u>	<u>1,555,215</u>
Total capital outlay	<u>\$ 2,230,116</u>	<u>\$ 37,936</u>	<u>\$ 2,268,052</u>	<u>\$ 708,927</u>	<u>\$ 1,559,125</u>
Total expenditures	<u>\$ 11,941,346</u>	<u>\$ (250)</u>	<u>\$ 11,941,096</u>	<u>\$ 11,084,255</u>	<u>\$ 856,841</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,387,530)</u>	<u>\$ 250</u>	<u>\$ (2,387,280)</u>	<u>\$ 352,121</u>	<u>\$ 2,739,401</u>
Other financing sources (uses)					
Operating transfer in					
Transfers from other funds	25,000	-	25,000	-	(25,000)
Capital leases (budgeted)	1,250,000	-	1,250,000	-	(1,250,000)
Total other financing sources (uses)	<u>1,275,000</u>	<u>-</u>	<u>1,275,000</u>	<u>-</u>	<u>(1,275,000)</u>
Excess (deficiency) of revenues & other financing sources over (under) expenditures & other financing uses	<u>(1,112,530)</u>	<u>250</u>	<u>(1,112,280)</u>	<u>352,121</u>	<u>1,464,401</u>
Fund balances, July 1 (as restated)	3,927,532	-	3,927,532	3,927,532	-
Fund balances, June 30	<u>\$ 2,815,002</u>	<u>\$ 250</u>	<u>\$ 2,815,252</u>	<u>\$ 4,279,653</u>	<u>\$ 1,464,401</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (498,942)	\$ -	\$ (498,942)	\$ (498,942)	\$ -
Increase in capital reserve	-	763,000	763,000	763,000	-
Interest deposit to capital reserve	10,000	(10,000)	-	1,742	1,742
Withdrawal from capital reserve	(225,000)	-	(225,000)	(225,000)	-
Interest earned on emergency reserve	1	-	1	-	(1)
Withdrawal from Emergency Reserve	(56,100)	-	(56,100)	(56,100)	-
Increase in maintenance reserve	-	47,750	47,750	47,750	-
Interest earned on maintenance reserve	1	-	1	-	(1)
Withdrawal from maintenance reserve	(47,750)	-	(47,750)	(47,750)	-
Interest earned on unemployment compensation	-	-	-	266	266
Budgeted fund balance	(294,740)	(800,500)	(1,095,240)	367,155	1,462,395
Total	\$ (1,112,530)	\$ 250	\$ (1,112,280)	\$ 352,121	\$ 1,464,401
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 2,170,189	
Emergency reserve				193,900	
Maintenance reserve				715,000	
Unemployment compensation				184,610	
Committed fund balance					
Year-end encumbrances				134,970	
Assigned fund balance					
Designated for subsequent year's expenditures				197,437	
Unassigned fund balance				<u>683,547</u>	
Fund balance per budgetary basis				4,279,653	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(59,437)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 4,220,216</u>	

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 305,125	\$ -	\$ 305,125	\$ 180,468	\$ (124,657)
Local sources	-	735	735	735	-
Total revenues	<u>\$ 305,125</u>	<u>\$ 735</u>	<u>\$ 305,860</u>	<u>\$ 181,203</u>	<u>\$ (124,657)</u>
Expenditures					
Instruction					
Salaries	\$ 21,850	\$ -	\$ 21,850	\$ 8,758	\$ 13,092
Purchased professional and technical services	6,185	-	6,185	-	6,185
General supplies	45,802	-	45,802	36,623	9,179
Total	<u>73,837</u>	<u>-</u>	<u>73,837</u>	<u>45,381</u>	<u>28,456</u>
Support services					
Employee benefits	5,348	-	5,348	883	4,465
Tuition	99,416	-	99,416	99,416	-
Purchased professional and technical services	16,053	-	16,053	10,717	5,336
Other purchased services	6,700	-	6,700	2,732	3,968
General supplies	49,634	-	49,634	13,089	36,545
Total	<u>177,151</u>	<u>-</u>	<u>177,151</u>	<u>126,837</u>	<u>50,314</u>
Capital outlay					
Facilities	23,861	-	23,861	-	23,861
Equipment	30,276	-	30,276	8,250	22,026
Total	<u>54,137</u>	<u>-</u>	<u>54,137</u>	<u>8,250</u>	<u>45,887</u>
Total expenditures	<u>\$ 305,125</u>	<u>\$ -</u>	<u>\$ 305,125</u>	<u>\$ 180,468</u>	<u>\$ 124,657</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 735	\$ 735	\$ 735	\$ -
Fund balances, July 1 (as restated)	<u>18,455</u>	<u>-</u>	<u>18,455</u>	<u>18,455</u>	<u>-</u>
Fund balances, June 30	<u>\$ 18,455</u>	<u>\$ 735</u>	<u>\$ 19,190</u>	<u>\$ 19,190</u>	<u>\$ -</u>
Recapitulation of fund balance					
Restricted fund balance					
Student activities				\$ 19,190	
Fund balance per budgetary basis				<u>\$ 19,190</u>	

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part II
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2021

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 11,436,376	\$ 181,203
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	19,115
Outstanding encumbrances - prior year canceled	-	(14)
Differences - Budget to GAAP		
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not		
State aid receivable prior year	60,709	-
State aid receivable current year	(59,437)	-
Total revenues (GAAP basis)	<u>\$ 11,437,648</u>	<u>\$ 200,304</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 11,084,255	\$ 180,468
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	19,115
Outstanding encumbrances - prior year canceled	-	(14)
Total expenditures (GAAP basis)	<u>\$ 11,084,255</u>	<u>\$ 199,569</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - percentage	N/A	0.0115989808%	0.0103876257%	0.0098260000%	0.0106296117%	0.0094218084%	0.0103440398%	0.0095938120%	0.01054043%	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 1,891,490	\$ 1,871,693	\$ 1,934,691	\$ 2,474,404	\$ 2,790,469	\$ 2,322,030	\$ 1,796,224	\$ 2,014,486	N/A
District's covered employee payroll	914,515	995,444	800,916	725,948	628,284	697,072	734,312	702,442	652,482	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	190.01%	233.69%	266.51%	393.84%	400.31%	316.22%	255.71%	308.74%	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	N/A

N/A - Information Is Not Available

See independent auditors' report.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 126,887	\$ 101,041	\$ 97,737	\$ 98,472	\$ 83,702	\$ 88,931	\$ 79,090	\$ 79,420	\$ 77,802	\$ 108,036
Contributions in relation to the contractually required contribution	<u>(126,887)</u>	<u>(101,041)</u>	<u>(97,737)</u>	<u>(98,472)</u>	<u>(83,702)</u>	<u>(88,931)</u>	<u>(79,090)</u>	<u>(79,420)</u>	<u>(77,802)</u>	<u>(108,036)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 914,515	\$ 995,444	\$ 800,916	\$ 725,948	\$ 628,284	\$ 697,072	\$ 734,312	\$ 702,442	\$ 652,482	\$ 717,286
Contributions as a percentage of covered employee payroll	13.87%	10.15%	12.20%	13.56%	13.32%	12.76%	10.77%	11.31%	11.92%	15.06%

See independent auditors' report.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	24,732,539	23,046,130	22,709,997	24,638,317	28,246,858	23,239,500	20,016,894	18,139,162	\$ -
Total	\$ -	\$ 24,732,539	\$ 23,046,130	\$ 22,709,997	\$ 24,638,317	\$ 28,246,858	\$ 23,239,500	\$ 20,016,894	\$ 18,139,162	\$ -
District's covered employee payroll	\$ 3,877,923	\$ 3,665,014	\$ 3,892,776	\$ 4,003,983	\$ 3,670,358	\$ 3,770,449	\$ 3,870,801	\$ 3,705,859	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	24.60%	26.95%	26.49%	25.41%	28.71%	28.71%	33.64%	33.76%	N/A

N/A - Information Is Not Available

See independent auditors' report.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 851,111	\$ 755,040	\$ 754,020	\$ 538,456	\$ 411,032	\$ 287,486	\$ 198,786	\$ 158,438	\$ 231,914	\$ 120,177
Contributions in relation to the contractually required contribution	<u>(851,111)</u>	<u>(755,040)</u>	<u>(754,020)</u>	<u>(538,456)</u>	<u>(411,032)</u>	<u>(287,486)</u>	<u>(198,786)</u>	<u>(158,438)</u>	<u>(231,914)</u>	<u>(120,177)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 3,877,923	\$ 3,665,014	\$ 3,892,776	\$ 4,003,983	\$ 3,670,358	\$ 3,770,449	\$ 3,870,801	\$ 3,705,859	\$ 3,670,869	\$ 3,638,228
Contributions as a percentage of covered employee payroll	21.95%	20.60%	19.37%	13.45%	11.20%	7.62%	5.14%	4.28%	6.32%	3.30%

See independent auditors' report.

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee benefits liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other postemployment employee benefits liability (asset) associated with the District	N/A	26,058,132	16,371,530	17,897,426	20,767,732	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 26,058,132	\$ 16,371,530	\$ 17,897,426	\$ 20,767,732	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 4,660,458	\$ 4,693,692	\$ 4,729,931	\$ 4,298,642	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Information Is Not Available

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2021

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 5.60% in State fiscal year 2019 and 5.40% in State fiscal year 2020. The inflation rate was 2.75% in State fiscal year 2019 and 2.75% in State fiscal year 2020.
- Note 3 - Changes in assumptions - PERS
The discount rate was 6.28% in State fiscal year 2019 and 7.00% in State fiscal year 2020. The inflation rate was 2.75% for State fiscal year 2019 and 2.75% for State fiscal year 2020.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate decreased from 3.50% in State fiscal year 2019 to 2.21% in State fiscal year 2020. The inflation rate was 2.50% for State fiscal year 2019 and 2020.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For Pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits
There were no changes of the benefit terms from June 30, 2019 to June 30, 2020.

SPECIAL REVENUE FUND

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

UNION TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures -
Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	ESSA Title IIA	ESSA Title IVA	REAP	IDEA Basic	IDEA Preschool	CARES Emergency Relief	Coronavirus Relief Fund	Student Activity Fund	Total
Revenues									
Federal sources	\$ 3,503	\$ 3,321	\$ 41,943	\$ 103,216	\$ 3,414	\$ 11,012	\$ 14,059	\$ -	\$ 180,468
Local sources	-	-	-	-	-	-	-	735	735
Total revenues	<u>\$ 3,503</u>	<u>\$ 3,321</u>	<u>\$ 41,943</u>	<u>\$ 103,216</u>	<u>\$ 3,414</u>	<u>\$ 11,012</u>	<u>\$ 14,059</u>	<u>\$ 735</u>	<u>\$ 181,203</u>
Expenditures									
Instruction									
Salaries	\$ -	\$ -	\$ 8,758	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,758
General supplies	-	3,321	32,302	-	-	-	1,000	-	36,623
Total	<u>-</u>	<u>3,321</u>	<u>41,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>45,381</u>
Support services									
Employee benefits	-	-	883	-	-	-	-	-	883
Tuition	-	-	-	99,416	-	-	-	-	99,416
Purchased professional and technical services	3,503	-	-	3,800	3,414	-	-	-	10,717
Other purchased services	-	-	-	-	-	2,732	-	-	2,732
General supplies	-	-	-	-	-	8,280	4,809	-	13,089
Total	<u>3,503</u>	<u>-</u>	<u>883</u>	<u>103,216</u>	<u>3,414</u>	<u>11,012</u>	<u>4,809</u>	<u>-</u>	<u>126,837</u>
Capital outlay									
Equipment	-	-	-	-	-	-	8,250	-	8,250
Total expenditures	<u>\$ 3,503</u>	<u>\$ 3,321</u>	<u>\$ 41,943</u>	<u>\$ 103,216</u>	<u>\$ 3,414</u>	<u>\$ 11,012</u>	<u>\$ 14,059</u>	<u>\$ -</u>	<u>\$ 180,468</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 735	\$ 735
Fund balances, July 1 (as restated)	-	-	-	-	-	-	-	18,455	18,455
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,190</u>	<u>\$ 19,190</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

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

(NOT APPLICABLE TO THIS REPORT)

PROPRIETARY FUND

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

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

FIDUCIARY FUNDS

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

(NOT APPLICABLE TO THIS REPORT)

LONG-TERM DEBT SCHEDULES

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

UNION TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2021

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/20	Issued	Retired	Balance 06/30/21
			Date	Amount					
Refunding of 2007 series refunding bond issue	05/03/17	\$ 7,725,000	07/15/21	\$ 455,000	4.00%	\$ 7,615,000	\$ -	\$ 440,000	\$ 7,175,000
			07/15/22	470,000	3.43%	-	-	-	-
			07/15/23	495,000	4.00%	-	-	-	-
			07/15/24	520,000	5.00%	-	-	-	-
			07/15/25	550,000	5.00%	-	-	-	-
			07/15/26	580,000	5.00%	-	-	-	-
			07/15/27	610,000	5.00%	-	-	-	-
			07/15/28	640,000	5.00%	-	-	-	-
			07/15/29	670,000	5.00%	-	-	-	-
			07/15/30	700,000	4.00%	-	-	-	-
			07/15/31	730,000	3.75%	-	-	-	-
			07/15/32	755,000	3.75%	-	-	-	-

See independent auditor's report.

UNION TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds (continued)
For the Fiscal Year Ended June 30, 2021

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/20	Issued	Retired	Balance 06/30/21
			Date	Amount					
Refunding of series 2002 & 2005									
for new elementary school	01/27/16	\$ 3,105,000	07/15/21	\$ 150,000	2.000%	\$ 1,705,000	\$ -	\$ 145,000	\$ 1,560,000
			07/15/22	150,000	2.000%	-	-	-	-
			07/15/23	155,000	2.000%	-	-	-	-
			07/15/24	155,000	2.000%	-	-	-	-
			07/15/25	155,000	2.125%	-	-	-	-
			07/15/26	160,000	2.125%	-	-	-	-
			07/15/27	160,000	3.000%	-	-	-	-
			07/15/28	155,000	3.000%	-	-	-	-
			07/15/29	160,000	3.000%	-	-	-	-
			07/15/30	160,000	3.000%	-	-	-	-
						<u>\$ 9,320,000</u>	<u>\$ -</u>	<u>\$ 585,000</u>	<u>\$ 8,735,000</u>

See independent auditor's report.

UNION TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2021

Issue	Interest Rate	Amount of Original Issue	Balance 07/01/20	Issued	Retired	Balance 06/30/21
Installation of new roof, roof restoration, renovations and improvements	2.165%	\$ 1,250,000	\$ 1,250,000	\$ -	\$ 253,802	\$ 996,198
			<u>\$ 1,250,000</u>	<u>\$ -</u>	<u>\$ 253,802</u>	<u>\$ 996,198</u>

See independent auditor's report.

UNION TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Original Budget	Unaudited Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources					
Local tax levy	\$ 946,275	\$ -	\$ 946,275	\$ 946,275	\$ -
Total revenues	<u>946,275</u>	<u>-</u>	<u>946,275</u>	<u>946,275</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	585,000	-	585,000	585,000	-
Interest	361,275	-	361,275	361,275	-
Total expenditures	<u>946,275</u>	<u>-</u>	<u>946,275</u>	<u>946,275</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance, July 1	-	-	-	-	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATISTICAL SECTION

UNION TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules are derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Government activities										
Net investment in capital assets	\$ 4,018,600	\$ 4,017,778	\$ 3,976,657	\$ 4,675,761	\$ 5,474,720	\$ 6,259,431	\$ 6,249,882	\$ 6,549,380	\$ 7,976,291	\$ 8,212,935
Restricted	2,992,139	3,431,663	3,889,746	3,514,670	2,957,192	2,458,045	1,956,818	2,075,828	2,798,246	3,282,889
Unrestricted	(39,529)	(17,216)	(1,952,064)	(2,063,435)	(2,004,874)	(2,180,508)	(1,877,321)	(2,199,015)	(3,349,842)	(3,121,829)
Total governmental activities	<u>\$ 6,971,210</u>	<u>\$ 7,432,225</u>	<u>\$ 5,914,339</u>	<u>\$ 6,126,996</u>	<u>\$ 6,427,038</u>	<u>\$ 6,536,968</u>	<u>\$ 6,329,379</u>	<u>\$ 6,426,193</u>	<u>\$ 7,424,695</u>	<u>\$ 8,373,995</u>
Business-type activities										
Net investment in capital assets	\$ 6,661	\$ 5,180	\$ 3,840	\$ 2,710	\$ 1,875	\$ 7,394	\$ 6,584	\$ 5,858	\$ 5,132	\$ 8,317
Unrestricted	31,257	33,999	36,628	47,892	60,175	35,911	36,376	35,319	33,254	40,906
Total business-type activities	<u>\$ 37,918</u>	<u>\$ 39,179</u>	<u>\$ 40,468</u>	<u>\$ 50,602</u>	<u>\$ 62,050</u>	<u>\$ 43,305</u>	<u>\$ 42,960</u>	<u>\$ 41,177</u>	<u>\$ 38,386</u>	<u>\$ 49,223</u>
District-wide										
Net investment in capital assets	\$ 4,025,261	\$ 4,022,958	\$ 3,980,497	\$ 4,678,471	\$ 5,476,595	\$ 6,266,825	\$ 6,256,466	\$ 6,555,238	\$ 7,981,423	\$ 8,221,252
Restricted	2,992,139	3,431,663	3,889,746	3,514,670	2,957,192	2,458,045	1,956,818	2,075,828	2,798,246	3,282,889
Unrestricted	(8,272)	16,783	(1,915,436)	(2,015,543)	(1,944,699)	(2,144,597)	(1,840,945)	(2,163,696)	(3,316,588)	(3,080,923)
Total district-wide	<u>\$ 7,009,128</u>	<u>\$ 7,471,404</u>	<u>\$ 5,954,807</u>	<u>\$ 6,177,598</u>	<u>\$ 6,489,088</u>	<u>\$ 6,580,273</u>	<u>\$ 6,372,339</u>	<u>\$ 6,467,370</u>	<u>\$ 7,463,081</u>	<u>\$ 8,423,218</u>

*

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,576,815	\$ 3,537,318	\$ 3,681,727	\$ 4,511,551	\$ 4,723,401	\$ 5,067,528	\$ 5,667,409	\$ 5,130,049	\$ 4,948,697	\$ 5,226,676
Special education	1,228,166	1,314,341	1,469,613	1,704,837	1,978,393	2,256,707	2,251,725	2,195,217	1,934,496	2,435,779
Other special education	105,320	53,194	51,227	79,159	69,768	139,843	197,239	152,865	102,463	121,831
Other instruction	233,877	239,822	237,072	278,470	295,713	289,013	264,957	416,035	259,439	60,784
Support services										
Tuition	438,775	330,590	234,322	369,987	299,932	462,871	410,297	335,463	344,343	400,379
Student and instruction related services	1,350,952	1,438,279	1,341,813	1,480,058	1,501,595	1,442,376	1,940,579	2,147,503	2,202,756	2,727,248
General and business administrative services	988,032	694,273	679,859	814,440	861,935	897,907	947,118	963,351	558,843	700,122
School administration	261,970	260,203	244,152	276,016	295,439	341,954	369,795	364,857	492,382	561,551
Plant operations and maintenance	1,000,227	981,392	1,109,528	1,031,921	933,558	917,918	1,117,581	1,118,714	1,178,939	1,357,015
Pupil transportation	544,943	584,371	481,271	494,475	480,243	511,823	490,138	533,144	607,272	471,055
Special schools	-	-	-	-	-	-	-	25,653	25,561	-
Interest on long-term debt	625,779	613,821	592,783	570,833	525,845	381,419	374,867	356,341	347,972	333,737
Total governmental activities expenses	<u>10,354,856</u>	<u>10,047,604</u>	<u>10,123,367</u>	<u>11,611,747</u>	<u>11,965,822</u>	<u>12,709,359</u>	<u>14,031,705</u>	<u>13,739,192</u>	<u>13,003,163</u>	<u>14,396,177</u>
Business-type activities										
Food services	143,232	125,898	132,256	132,079	131,058	165,476	141,317	130,018	96,167	100,835
Total business-type activities	<u>143,232</u>	<u>125,898</u>	<u>132,256</u>	<u>132,079</u>	<u>131,058</u>	<u>165,476</u>	<u>141,317</u>	<u>130,018</u>	<u>96,167</u>	<u>100,835</u>
Total district expenses	<u>\$ 10,498,088</u>	<u>\$ 10,173,502</u>	<u>\$ 10,255,623</u>	<u>\$ 11,743,826</u>	<u>\$ 12,096,880</u>	<u>\$ 12,874,835</u>	<u>\$ 14,173,022</u>	<u>\$ 13,869,210</u>	<u>\$ 13,099,330</u>	<u>\$ 14,497,012</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 25,200	\$ 36,191	\$ 34,320	\$ 34,500	\$ 42,930	\$ 34,517	\$ 70,490	\$ 61,600	\$ 84,709	\$ 82,735
Other instruction	169,985	155,587	159,557	160,096	169,099	177,187	145,960	130,356	88,083	-
General and business administrative services	400	\$0	-	-	-	-	-	-	-	-
Plant operations and maintenance	\$0	-	7,255	6,463	7,495	4,140	1,715	13,285	4,228	125
Pupil transportation	4,805	11,042	-	-	-	-	-	-	1,231	-
Operating grants and contributions	207,347	170,829	146,061	98,557	257,205	168,555	150,769	232,528	185,877	199,569
Capital grants and contributions	-	-	-	255,728	3,935	-	-	-	-	-
Total governmental activities	<u>407,737</u>	<u>373,649</u>	<u>347,193</u>	<u>555,344</u>	<u>480,664</u>	<u>384,399</u>	<u>368,934</u>	<u>437,769</u>	<u>364,128</u>	<u>282,429</u>
Business-type activities										
Charges for services										
Food service	110,199	102,822	106,177	112,476	109,795	112,843	107,988	98,450	62,666	75
Operating grants and contributions	37,296	24,208	27,218	29,574	32,468	33,531	31,828	29,493	30,375	111,544
Total business-type activities	<u>147,495</u>	<u>127,030</u>	<u>133,395</u>	<u>142,050</u>	<u>142,263</u>	<u>146,374</u>	<u>139,816</u>	<u>127,943</u>	<u>93,041</u>	<u>111,619</u>
Total district-wide program revenues	<u>\$ 555,232</u>	<u>\$ 500,679</u>	<u>\$ 480,588</u>	<u>\$ 697,394</u>	<u>\$ 622,927</u>	<u>\$ 530,773</u>	<u>\$ 508,750</u>	<u>\$ 565,712</u>	<u>\$ 457,169</u>	<u>\$ 394,048</u>
Net (expense) revenues										
Governmental activities	\$ (9,947,119)	\$ (9,673,955)	\$ (9,776,174)	\$ (11,056,403)	\$ (11,485,158)	\$ (12,324,960)	\$ (13,662,771)	\$ (13,301,423)	\$ (12,639,035)	\$ (14,113,748)
Business-type activities	4,263	1,132	1,139	9,971	11,205	(19,102)	(1,501)	(2,075)	(3,126)	10,784
Total district-wide net expenses	<u>\$ (9,942,856)</u>	<u>\$ (9,672,823)</u>	<u>\$ (9,775,035)</u>	<u>\$ (11,046,432)</u>	<u>\$ (11,473,953)</u>	<u>\$ (12,344,062)</u>	<u>\$ (13,664,272)</u>	<u>\$ (13,303,498)</u>	<u>\$ (12,642,161)</u>	<u>\$ (14,102,964)</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 8,335,219	\$ 7,765,843	\$ 7,665,205	\$ 7,665,205	\$ 7,741,857	\$ 7,896,694	\$ 8,054,628	\$ 8,215,721	\$ 8,380,035	\$ 8,547,636
Taxes levied for debt service	1,019,250	909,944	1,039,326	1,042,794	1,035,349	619,902	661,090	955,725	959,583	946,275
Unrestricted grants and contributions	1,287,322	1,402,489	1,311,013	2,506,015	2,949,847	3,823,868	4,688,705	4,150,412	3,908,062	5,509,492
Investment earnings	26,847	17,073	17,327	16,754	14,616	20,632	44,841	50,539	34,271	5,454
Miscellaneous income	35,431	41,985	14,983	38,292	43,531	73,794	5,918	25,840	152,787	54,191
Special item-payment to refunding bond agent	-	-	145,500	-	-	-	-	-	-	-
Special item - loss on sale of capital assets	-	(2,364)	-	-	-	-	-	-	-	-
Total governmental activities	<u>10,704,069</u>	<u>10,134,970</u>	<u>10,193,354</u>	<u>11,269,060</u>	<u>11,785,200</u>	<u>12,434,890</u>	<u>13,455,182</u>	<u>13,398,237</u>	<u>13,434,738</u>	<u>15,063,048</u>
Business-type activities										
Investment earnings	-	129	150	163	243	357	534	292	335	53
Miscellaneous income	-	-	-	-	-	-	622	-	-	-
Total business-type activities	<u>-</u>	<u>129</u>	<u>150</u>	<u>163</u>	<u>243</u>	<u>357</u>	<u>1,156</u>	<u>292</u>	<u>335</u>	<u>53</u>
Total district-wide	<u>\$ 10,704,069</u>	<u>\$ 10,135,099</u>	<u>\$ 10,193,504</u>	<u>\$ 11,269,223</u>	<u>\$ 11,785,443</u>	<u>\$ 12,435,247</u>	<u>\$ 13,456,338</u>	<u>\$ 13,398,529</u>	<u>\$ 13,435,073</u>	<u>\$ 15,063,101</u>
Change in net position										
Governmental activities	\$ 756,950	\$ 461,015	\$ 417,180	\$ 212,657	\$ 300,042	\$ 109,930	\$ (207,589)	\$ 96,814	\$ 795,703	\$ 949,300
Business-type activities	4,263	1,261	1,289	10,134	11,448	(18,745)	(345)	(1,783)	(2,791)	10,837
Total district	<u>\$ 761,213</u>	<u>\$ 462,276</u>	<u>\$ 418,469</u>	<u>\$ 222,791</u>	<u>\$ 311,490</u>	<u>\$ 91,185</u>	<u>\$ (207,934)</u>	<u>\$ 95,031</u>	<u>\$ 792,912</u>	<u>\$ 960,137</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Restricted	\$ 2,821,770	\$ 3,396,996	\$ 3,496,871	\$ 3,500,385	\$ 2,949,202	\$ 3,286,269	\$ 2,947,931	\$ 2,546,163	\$ 2,995,683	\$ 3,263,699
Committed	180,194	96,597	123,043	3,094	143,340	33,658	24,457	91,863	498,942	134,970
Assigned	-	95,822	75,856	65,545	92,892	38,677	316,485	301,127	97,303	197,437
Unassigned	292,830	277,265	262,418	262,326	237,872	297,306	262,544	286,118	293,350	624,110
Total general fund	<u>\$ 3,294,794</u>	<u>\$ 3,866,680</u>	<u>\$ 3,958,188</u>	<u>\$ 3,831,350</u>	<u>\$ 3,423,306</u>	<u>\$ 3,655,910</u>	<u>\$ 3,551,417</u>	<u>\$ 3,225,271</u>	<u>\$ 3,885,278</u>	<u>\$ 4,220,216</u>
									*	
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,455	\$ 19,190
Capital projects fund	40,369	34,667	392,874	9,284	-	-	-	-	-	-
Assigned, reported in										
Debt service fund	130,000	-	1	5,001	7,001	2,002	3,542	3,542	-	-
Total all other governmental funds	<u>\$ 170,369</u>	<u>\$ 34,667</u>	<u>\$ 392,875</u>	<u>\$ 14,285</u>	<u>\$ 7,001</u>	<u>\$ 2,002</u>	<u>\$ 3,542</u>	<u>\$ 3,542</u>	<u>\$ 18,455</u>	<u>\$ 19,190</u>
									*	

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax levy	\$ 9,354,469	\$ 8,675,787	\$ 8,704,531	\$ 8,707,999	\$ 8,777,206	\$ 8,516,596	\$ 8,715,718	\$ 9,171,446	\$ 9,339,618	\$ 9,493,911
Tuition charges	25,200	33,600	34,320	34,500	42,930	34,517	70,490	61,600	84,709	82,000
Transportation fees	-	-	-	-	-	-	-	-	1,231	-
Interest earnings	26,847	17,073	17,327	16,754	14,616	20,632	44,841	50,539	34,271	5,454
Before/After school child care service fees	169,985	155,587	159,557	160,096	169,099	177,187	145,960	130,356	88,083	-
Miscellaneous	36,770	50,282	20,658	40,675	41,878	59,004	9,592	45,034	174,870	73,863
State sources	1,259,057	1,402,489	1,311,013	1,428,919	1,530,866	1,701,510	1,825,414	2,110,703	2,219,027	2,748,242
State sources - capital projects	-	-	-	255,727	3,935	-	-	-	-	-
Federal sources	235,398	170,735	143,561	98,557	253,698	167,829	148,810	226,619	168,022	180,757
Total revenues	11,107,726	10,505,553	10,390,967	10,743,227	10,834,228	10,677,275	10,960,825	11,796,297	12,109,831	12,584,227
Expenditures										
Instruction										
Regular instruction	2,278,533	2,231,357	2,404,009	2,550,128	2,447,086	2,366,832	2,537,558	2,470,481	2,287,030	2,168,837
Special education instruction	752,085	801,133	895,219	925,663	1,024,839	1,040,519	1,028,866	1,039,754	950,420	1,054,706
Other special instruction	80,395	39,903	39,148	39,148	40,520	38,311	42,234	63,717	67,068	59,619
Other instruction	167,730	177,829	172,918	194,890	191,543	189,556	171,416	199,872	220,777	49,221
Support services										
Tuition	332,493	223,510	137,768	305,265	150,123	363,980	317,415	269,111	219,710	300,963
Student and inst related services	952,686	997,920	952,260	967,229	906,917	793,706	1,047,134	1,201,888	1,172,296	1,217,000
General administration	360,650	344,975	327,719	358,693	341,766	381,562	334,030	374,674	212,065	195,345
School administration services	174,374	171,269	167,694	164,864	165,978	167,333	188,893	197,949	254,525	257,331
Central services	174,870	187,411	199,762	202,888	172,124	213,551	235,939	243,502	120,672	188,421
Administrative information technology	207	-	3,451	-	-	-	-	-	-	-
Plant operations and maintenance	835,840	816,587	912,328	813,459	712,286	740,964	836,747	883,377	932,694	1,070,188
Pupil transportation	544,643	584,371	481,271	494,475	480,243	511,823	490,138	515,521	583,142	464,120
Employee benefits	1,381,396	1,346,120	1,386,279	1,429,197	1,447,001	1,309,905	1,449,296	1,586,256	1,617,452	1,661,259
On-behalf TPAF Pension and Social Security contribution	632,365	762,874	687,615	793,268	923,635	1,026,845	1,174,476	1,379,670	1,410,000	1,688,318
Capital outlay	35,186	139,518	74,522	205,703	924,823	123,604	21,200	380,301	1,619,137	680,810
Special revenue funds	207,347	170,829	146,061	98,557	257,205	168,555	150,769	232,528	185,877	199,569
Capital projects	-	5,702	31,285	639,317	85,445	113,842	-	-	-	-
Debt service										
Principal	405,000	445,000	465,000	485,000	505,000	550,000	680,000	550,000	580,000	585,000
Interest and other charges	634,236	623,061	602,442	580,911	558,467	462,624	357,667	433,842	411,242	389,392
Total expenditures	9,950,036	10,069,369	10,086,751	11,248,655	11,335,001	10,563,512	11,063,778	12,022,443	12,844,107	12,230,099

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Excess (deficiency) of revenues over (under) expenditures	\$ 1,157,690	\$ 436,184	\$ 304,216	\$ (505,428)	\$ (500,773)	\$ 113,763	\$ (102,953)	\$ (226,146)	\$ (734,276)	\$ 354,128
Other financing sources (uses)										
Capital leases (non-budgeted)	-	-	-	-	-	-	-	-	1,250,000	-
Proceeds from refunding bond issue	-	-	-	-	3,105,000	7,725,000	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	(3,147,418)	(8,661,966)	-	-	-	-
Premium (discount) on bond issue	-	-	-	-	127,863	1,050,808	-	-	-	-
Insurance claim proceeds for chiller damage	-	-	145,500	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	(100,000)	(62,058)	-
Total other financing sources (uses)	-	-	145,500	-	85,445	113,842	-	(100,000)	1,187,942	-
Net change in fund balances	\$ 1,157,690	\$ 436,184	\$ 449,716	\$ (505,428)	\$ (415,328)	\$ 227,605	\$ (102,953)	\$ (326,146)	\$ 453,666	\$ 354,128
Debt service as a percentage of non-capital expenditures	11.71%	12.06%	11.98%	11.42%	11.48%	10.87%	10.37%	9.23%	9.69%	9.21%

Source: District Records

Note: 1) Non-capital expenditures are total expenditures less capital outlay.
2) During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Interest income	\$ 26,847	\$ 26,847	\$ 17,327	\$ 16,754	\$ 14,616	\$ 20,632	\$ 44,841	\$ 50,539	\$ 34,271	\$ 5,454
Tuition	25,200	25,200	34,320	34,500	42,930	34,517	70,490	61,600	84,709	82,000
Transportation fees	-	-	-	-	-	-	-	-	1,231	-
Prior year accounts payable canceled	522	2,420	-	14	1,690	5,665	1,114	-	-	-
Insurance rebates	-	-	-	-	-	-	-	-	-	-
Bid spec fees	400	-	-	-	-	-	-	-	-	-
Prior year refund	-	-	-	1,360	18,201	2,158	-	808	95,984	32,700
Rentals	4,805	11,042	7,255	6,463	7,990	4,140	1,715	13,285	4,228	125
Miscellaneous other	3,561	1,988	860	1,462	2,771	346	91	5,386	1,154	2,540
Sale of assets	-	-	-	2,400	-	-	-	-	1,108	-
Donations/Contributions	6,453	7,100	3,600	88	1,701	4,000	4,713	19,646	-	-
Textbook sales	245	42	132	-	-	-	-	-	-	-
Miscellaneous account balances canceled	49	2,155	-	-	-	9,340	-	-	-	-
E-rate rebates	20,452	24,941	5,311	15,817	2,400	17,939	-	-	15,149	18,951
Before and after school child care service fees	169,985	169,985	159,557	160,096	169,099	177,187	145,960	130,356	88,083	-
FEMA storm reimbursement	-	-	-	-	-	11,490	-	-	-	-
Shared services	-	-	-	-	-	-	-	-	38,892	-
Miscellaneous grants/awards	-	500	1,000	12,300	1,000	3,200	-	-	-	-
Outstanding checks voided	69	-	-	771	617	-	-	-	500	-
Annual totals	\$ 258,588	\$ 272,220	\$ 229,362	\$ 252,025	\$ 263,015	\$ 290,614	\$ 268,924	\$ 281,620	\$ 365,309	\$ 141,770

Source: District Records

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Vacant land	\$ 14,061,208	\$ 13,500,308	\$ 15,073,108	\$ 16,553,308	\$ 16,134,508	\$ 13,952,608	\$ 12,018,208	\$ 11,730,700	\$ 12,130,100	\$ 11,678,100
Residential	528,658,100	526,448,800	522,049,700	524,247,100	525,993,900	528,600,700	528,912,900	529,490,600	529,477,100	530,543,500
Farm regular	35,197,800	35,317,200	37,591,100	36,133,300	36,774,000	37,425,800	37,524,100	37,573,000	37,174,700	38,009,400
Q farm	1,116,136	1,119,036	1,082,411	1,072,111	1,031,611	1,036,261	1,040,029	1,045,475	1,051,400	1,039,800
Commercial	89,743,200	89,705,600	88,792,500	104,475,132	107,510,532	113,430,532	113,430,532	114,132,832	112,942,632	114,054,132
Industrial	10,386,700	10,386,700	10,386,700	10,386,700	10,386,700	4,498,800	4,498,800	4,498,800	4,498,800	4,498,800
Apartment	230,900	230,900	230,900	230,900	230,900	230,900	230,900	230,900	230,900	230,900
Total assessed value	679,394,044	676,708,544	675,206,419	693,098,551	698,062,151	699,175,601	697,655,469	698,702,307	697,505,632	700,054,632
Public utilities (a)	6,624,752	6,744,963	4,909,700	97	95	95	-	-	-	-
Net valuation taxable	\$ 686,018,796	\$ 683,453,507	\$ 680,116,119	\$ 693,098,648	\$ 698,062,246	\$ 699,175,696	\$ 697,655,469	\$ 698,702,307	\$ 697,505,632	\$ 700,054,632
Estimated actual county equalized value	\$ 851,139,945	\$ 819,980,212	\$ 782,462,171	\$ 801,919,065	\$ 809,910,948	\$ 809,699,596	\$ 817,788,617	\$ 858,673,107	\$ 854,158,256	\$ 849,374,705
Percentage of net valuation to estimated actual equalized value	80.60%	83.35%	86.92%	86.43%	86.19%	86.35%	85.31%	81.37%	81.66%	82.42%
Total direct school tax rate (b)	\$ 1.26	\$ 1.27	\$ 1.28	\$ 1.27	\$ 1.22	\$ 1.25	\$ 1.32	\$ 1.34	\$ 1.36	\$ 1.38

Source: Municipal Tax Assessor

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

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

See independent auditors' report.

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

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate	Municipality		County		
2012	\$ 1.12	\$ 0.14	\$ 1.26	\$ 0.74	\$ 0.23	\$ 0.44	\$ 2.67	
2013	1.14	0.13	1.27	0.75	0.22	0.44	2.68	
2014	1.13	0.15	1.28	0.70	0.25	0.42	2.65	
2015	1.12	0.15	1.27	0.67	0.26	0.44	2.64	
2016	1.08	0.14	1.22	0.68	0.33	0.43	2.66	
2017	1.16	0.09	1.25	0.68	0.29	0.43	2.65	
2018	1.22	0.10	1.32	0.68	0.30	0.44	2.74	
2019	1.20	0.14	1.34	0.74	0.32	0.46	2.86	
2020	1.22	0.14	1.36	0.78	0.33	0.46	2.93	
2021	1.24	0.14	1.38	0.82	0.34	0.46	2.99	

Sources: Municipal Tax Collector

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

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

See independent auditors' report.

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

	2021			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Energy (NJ)	\$ 31,240,250	1	4.46%	\$ 31,240,250	1
Transcontinental Gas Pipeline Company	15,682,632	2	2.24%	4,909,700	4	0.72%
Perryville SPE LLC	15,000,000	3	2.14%	15,000,000	2	2.19%
Foster Wheeler Realty Services	5,293,650	4	0.76%	3,484,750	6	0.51%
County Arch Care Center	4,690,800	5	0.67%	4,618,500	5	0.67%
Kramer Electronic Holdings LLC	4,678,800	6	0.67%	-	-	-
Amsdell Storage Ventures XXXVII LLC	3,642,400	7	0.52%	-	-	-
Evergreen Associates	3,464,965	8	0.49%	3,464,965	7	0.51%
Pilot Trvl Cntrs, Property Tax Dept.	2,681,800	9	0.38%	2,502,200	10	0.36%
Grand Farmhouse Property LLC	2,475,400	10	0.35%	-	-	-
INO Therapeutics Inc	-	-	-	6,250,000	3	0.91%
Fallone at Union LLC	-	-	-	2,730,000	8	0.40%
FDRA LLC	-	-	-	2,513,000	9	0.37%
	<u>\$ 88,850,697</u>		<u>12.69%</u>	<u>\$ 76,713,365</u>		<u>11.18%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Fiscal Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2012	\$ 9,354,469	\$ 9,354,469	100.00%
2013	8,675,787	8,675,787	100.00%
2014	8,704,531	8,704,531	100.00%
2015	8,707,999	8,707,999	100.00%
2016	8,777,206	8,777,206	100.00%
2017	8,516,596	8,516,596	100.00%
2018	8,715,718	8,715,718	100.00%
2019	9,171,446	9,171,446	100.00%
2020	9,339,618	9,339,618	100.00%
2021	9,493,911	9,493,911	100.00%

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

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

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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Activities Capital Leases			
2012	\$ 14,335,000	\$ -	\$ -	\$ -	\$ -	\$ 14,335,000	3.40%	2,448
2013	13,890,000	-	-	-	-	13,890,000	3.17%	2,387
2014	13,425,000	-	-	-	-	13,425,000	3.09%	2,316
2015	12,940,000	-	-	-	-	12,940,000	2.87%	2,252
2016	12,455,000	-	-	-	-	12,455,000	2.68%	2,173
2017	11,130,000	-	-	-	-	11,130,000	2.33%	1,950
2018	10,450,000	-	-	-	-	10,450,000	2.16%	1,833
2019	9,900,000	-	-	-	-	9,900,000	1.97%	1,741
2020	9,320,000	-	1,250,000	-	-	10,570,000	2.02%	1,864
2021	8,735,000	-	996,198	-	-	9,731,198	N/A	1,723

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

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

See independent auditors' report.

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
2012	\$ 14,335,000	\$ -	\$ 14,335,000	2.09%	\$ 2,448
2013	13,890,000	-	13,890,000	2.03%	2,387
2014	13,425,000	-	13,425,000	1.97%	2,316
2015	12,940,000	-	12,940,000	1.87%	2,252
2016	12,455,000	-	12,455,000	1.78%	2,173
2017	11,130,000	-	11,130,000	1.59%	1,950
2018	10,450,000	-	10,450,000	1.50%	1,833
2019	9,900,000	-	9,900,000	1.42%	1,741
2020	9,320,000	-	9,320,000	1.34%	1,643
2021	8,735,000	-	8,735,000	1.33%	1,547

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

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

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2020

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 3,475,617	100.00%	\$ 3,475,617
Regional High School	8,110,000	10.25%	831,241
County general obligation debt	90,647,955	3.92%	<u>3,553,839</u>
Subtotal, overlapping debt			7,860,698
School district direct debt			<u>8,735,000</u>
Total direct and overlapping debt			<u><u>\$ 16,595,698</u></u>

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized Valuation Basis
	2020 \$ 846,282,009
	2019 855,623,692
	2018 857,386,591
	\$2,559,292,292
Average equalized valuation of taxable property	\$ 853,097,431
Debt limit (3.0% of average equalization value)	\$ 25,592,923
Total net debt applicable to limit	8,735,000
Legal debt margin	\$ 16,857,923

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt limit	\$ 23,937,797	\$ 24,321,326	\$ 24,853,672	\$ 25,325,808	\$ 25,592,923
Total net debt applicable	11,130,000	10,450,000	9,900,000	9,320,000	8,735,000
Legal debt margin	\$ 12,807,797	\$ 13,871,326	\$ 14,953,672	\$ 16,005,808	\$ 16,857,923
Total net debt applicable to the limit as a percentage of debt limit	46.50%	42.97%	39.83%	36.80%	34.13%

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

Source: Equalized valuation bases were obtained from the annual report of the State of New Jersey Department of Treasury, Division of Taxation.

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

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2012	5,855	\$ 421,185,280	\$ 71,936	7.2%
2013	5,820	437,890,980	75,239	6.0%
2014	5,797	435,093,835	75,055	4.5%
2015	5,745	451,413,375	78,575	4.5%
2016	5,731	464,337,082	81,022	3.8%
2017	5,707	477,909,887	83,741	3.7%
2018	5,700	484,682,400	85,032	3.5%
2019	5,687	503,669,155	88,565	3.1%
2020	5,672	523,474,552	92,291	7.5%
2021	N/A	N/A	N/A	N/A

Sources:

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

See independent auditors' report.

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

2021

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

2012

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

See independent auditors' report.

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
Regular	34.5	35.3	37.0	35.0	35.0	38.0	31.0	36.0	31.2	30.2
Special education	16.0	15.5	16.5	19.2	20.0	20.0	21.0	24.8	13.8	13.4
Other instruction	2	1	1	-	-	-	-	-	-	-
Support services										
Student and instruction related services	8	10	9	8	8	8	5	4	18	20
General administration	2	2	2	2	2	2	4	4	2	2
School administration services	2	1	2	2	2	2	4	5	4	4
Other administration services	3	2	-	-	-	-	-	-	2	2
Central services	3	2	3	3	3	3	3	2	3	4
Plant operations and maintenance	7	7	8	8	6	8	7	7	7	7
Before & after care	3	2	3	3	3	6	7	5	5	-
Total	<u>79.9</u>	<u>77.9</u>	<u>80.4</u>	<u>80.2</u>	<u>78.2</u>	<u>87.0</u>	<u>82.0</u>	<u>87.8</u>	<u>86.3</u>	<u>82.1</u>

Source: District Personnel Records

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2012	493	\$ 8,875,614	\$ 18,003	7.84%	43	1 to 11.41	526.5	506.7	2.35%	96.24%
2013	495	8,856,088	17,891	-0.62%	41	1 to 12.07	447.5	427.9	-15.00%	95.62%
2014	493	8,913,502	18,080	1.06%	43	1 to 11.47	495.3	478.7	10.68%	96.65%
2015	495	9,337,724	18,864	4.34%	44	1 to 11.25	471.0	452.9	-4.91%	96.16%
2016	449	9,261,266	20,626	9.34%	45	1 to 9.98	452.7	436.1	-3.89%	96.33%
2017	436	9,313,442	21,361	3.56%	48	1 to 9.08	449.6	431.0	-0.68%	95.86%
2018	449	10,004,911	22,283	4.32%	45	1 to 9.98	456.3	435.4	1.49%	95.42%
2019	439	10,658,300	24,279	8.96%	51	1 to 8.64	437.1	418.7	-4.22%	95.80%
2020	443	10,233,728	23,101	-4.85%	45	1 to 9.84	437.4	422.5	0.07%	96.60%
2021	408	10,574,897	25,919	12.20%	44	1 to 9.36	402.5	397.0	-7.96%	98.64%

Source: District Records

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

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

<u>District Building</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Middle School (1954)</u>										
Square feet	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Capacity (students)	550	550	550	550	550	550	550	550	550	550
Enrollment	243	251	249	240	234	230	231	231	210	200
<u>Elementary School (2007)</u>										
Square feet	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	250	244	249	255	215	208	235	206	226	208
<u>Number of schools at June 30, 2021:</u>										
Elementary	1									
Middle	1									

Source: District Facilities Office

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

See independent auditors' report.

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

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ending</u>	<u>School Facilities*</u>		<u>Total</u>
	<u>Elementary School</u>	<u>Middle School</u>	
2012	\$ 92,881	\$ 159,680	\$ 252,561
2013	59,456	137,332	196,788
2014	30,944	110,352	141,296
2015	113,054	69,906	182,960
2016	82,329	51,878	134,207
2017	62,279	66,591	128,870
2018	71,955	81,427	153,382
2019	124,489	114,913	239,402
2020	97,114	105,207	202,321
2021	188,848	204,585	393,433
Total school facilities	<u>\$ 923,349</u>	<u>\$ 1,101,871</u>	<u>\$ 2,025,220</u>

Source: District Records

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

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2021
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy - NJ Schools		
Insurance Group (NJSIG)		
Property - Building Blanket and Contents (Fund Limit)	\$ 500,000,000	\$ 2,500
General Liability	21,000,000	-
Equipment Breakdown	100,000,000	2,500
Crime Public Employee Dishonesty	250,000	1,000
Auto Liability	21,000,000	-
Auto Physical Damage	Actual Cash Value	1,000
School Board Legal Liability - NJSIG		
Errors and Omissions	21,000,000	5,000
Workers Compensation - NJSIG		
Per accident per employee	3,000,000	-
Per disease per employee	3,000,000	-
Disease Policy Limit	3,000,000	-
Public Employees' Faithful Performance - NJSIG		
Treasurer of School Monies	185,000	1,000
School Board Secretary	200,000	1,000
Student Accident Insurance - BMI benefits through Berkeley/ United States Fire Insurance Co.		
Policy Limit	1,000,000	Full Excess
Pollution Policy - NJSIG through Ironshore Specialty Insurance		
Claim Limit	1,000,000	250,000

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Union Township School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 22, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



BKC, CPAs, PC



Michael Holk, CPA, PSA

NO. 20CS00265600

February 22, 2022
Flemington, New Jersey



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

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

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

Report on Compliance for Each Major State Program

We have audited the Union Township School District's (the District) compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2021. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08. Those standards, and the OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

BKC, CPAs, PC

BKC, CPAs, PC

MA

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

February 22, 2022
Flemington, New Jersey

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2021

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance 06/30/20	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2021				
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Education passed through State Department of Education Special Revenue Fund																	
Special education cluster (IDEA)																	
IDEA Basic	84.027	H027A190100	IDEA-5270-20	\$ 124,633	07/01/19	06/30/20	\$ 7,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,025	\$ -	\$ -	
IDEA Basic	84.027	H027A200100	IDEA-5270-21	103,216	07/01/20	06/30/21	-	-	80,078	103,216	-	-	(23,138)	-	-	-	
IDEA Preschool	84.173	H173S200114	IDEA-5270-21	3,414	07/01/20	06/30/21	-	-	3,414	3,414	-	-	-	-	-	-	
Total special education cluster (IDEA)							<u>7,025</u>	<u>-</u>	<u>83,492</u>	<u>106,630</u>	<u>-</u>	<u>-</u>	<u>(23,138)</u>	<u>7,025</u>	<u>-</u>	<u>-</u>	
ESSA Title II A	84.367A	S367A200029	ESSA-5270-21	4,339	07/01/20	06/30/21	-	-	3,000	3,503	-	-	(503)	-	-	-	
ESSA Title IV	84.424A	S424A200031	ESSA-5270-21	10,000	07/01/20	06/30/21	-	-	-	3,321	-	-	(3,321)	-	-	-	
Rural Education Achievement Program	84.358A	S358A192630	806461943	43,185	07/01/20	06/30/21	-	-	43,185	41,943	-	-	-	1,242	-	-	
CARES Emergency Relief	84.425	S425D200027	CARES-5270-22	11,025	03/13/20	09/30/22	-	-	10,555	11,012	-	-	(457)	-	-	-	
Coronavirus Relief Fund	84.425	S425D200027	CARES-5270-21	14,059	07/01/20	06/30/21	-	-	14,059	14,059	-	-	-	-	-	-	
Total Special Revenue Fund							<u>7,025</u>	<u>-</u>	<u>154,291</u>	<u>180,468</u>	<u>-</u>	<u>-</u>	<u>(27,419)</u>	<u>8,267</u>	<u>-</u>	<u>-</u>	
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund																	
Child Nutrition Cluster																	
National School Lunch Program																	
Non-Cash Assistance (Commodities)	10.555	211NJ304N1099	N/A	6,382	10/01/20	09/30/21	-	-	6,382	5,085	-	-	-	1,297	-	-	
Non-Cash Assistance (Commodities)	10.555	201NJ304N1099	N/A	8,961	10/01/19	09/30/20	1,186	-	-	1,186	-	-	-	-	-	-	
Cash Assistance	10.555	211NJ304N1099	N/A	66,380	10/01/20	09/30/21	-	-	59,765	66,380	-	-	(6,615)	-	-	-	
Cash Assistance	10.555	201NJ304N1099	N/A	14,276	10/01/20	09/30/21	(522)	-	522	-	-	-	-	-	-	-	
National School Breakfast Program																	
Cash Assistance	10.555	201NJ304N1099	N/A	34,591	10/01/20	09/30/21	-	-	31,098	34,591	-	-	(3,493)	-	-	-	
Total Enterprise Fund							<u>664</u>	<u>-</u>	<u>97,767</u>	<u>107,242</u>	<u>-</u>	<u>-</u>	<u>(10,108)</u>	<u>1,297</u>	<u>-</u>	<u>-</u>	
Total Federal Financial Assistance							<u>\$ 7,689</u>	<u>\$ -</u>	<u>\$ 252,058</u>	<u>\$ 287,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,527)</u>	<u>\$ 9,564</u>	<u>\$ -</u>	<u>\$ -</u>	

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2021

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2020			Balance June 30, 2021			Memo					
					From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received	Budgetary Expenditure	Adjustments	Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education																
General Fund																
Special Education Categorical Aid	21-495-034-5120-089	\$ 358,788	07/01/20	06/30/21	\$ -	\$ -	\$ 325,647	\$ 358,788	\$ -	\$ -	\$ -	\$ -	\$ 33,141	\$ 358,788		
Security Aid	21-495-034-5120-084	36,554	07/01/20	06/30/21	-	-	33,178	36,554	-	-	-	-	3,376	36,554		
Transportation Aid	21-495-034-5120-014	233,413	07/01/20	06/30/21	-	-	211,853	233,413	-	-	-	-	21,560	233,413		
Adjustment Aid	21-495-034-5120-085	14,726	07/01/20	06/30/21	-	-	13,366	14,726	-	-	-	-	1,360	14,726		
Extraordinary Aid	21-495-034-5120-044	393,058	07/01/20	06/30/21	-	-	-	393,058	-	(393,058)	-	-	-	393,058		
Extraordinary Aid	20-495-034-5120-044	182,355	07/01/19	06/30/20	(165,752)	-	182,355	16,603	-	-	-	-	-	182,355		
Non-Public Transportation Aid	21-495-034-5120-014	5,510	07/01/20	06/30/21	-	-	-	5,510	-	(5,510)	-	-	-	5,510		
On-Behalf TPAF Pension Contribution - Postretirement Medical	21-495-034-5094-001	337,173	07/01/20	06/30/21	-	-	337,173	337,173	-	-	-	-	-	337,173		
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	21-495-034-5094-004	20,088	07/01/20	06/30/21	-	-	20,088	20,088	-	-	-	-	-	20,088		
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	21-495-034-5094-004	613	07/01/20	06/30/21	-	-	613	613	-	-	-	-	-	613		
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Func	21-495-034-5094-002	1,055,821	07/01/20	06/30/21	-	-	1,055,821	1,055,821	-	-	-	-	-	1,055,821		
Reimbursed TPAF Social Security Contribution	21-495-034-5094-003	274,623	07/01/20	06/30/21	-	-	260,699	274,623	-	(13,924)	-	-	-	274,623		
Reimbursed TPAF Social Security Contribution	20-495-034-5094-003	259,643	07/01/19	06/30/20	(1,487)	-	1,487	-	-	-	-	-	-	259,643		
Total General Fund					(167,239)	-	2,442,280	2,746,970	-	(412,492)	-	-	59,437	3,172,365		
State Department of Agriculture																
Enterprise Fund																
State School Lunch Program	21-100-010-3350-023	4,238	07/01/20	06/30/21	-	-	3,767	4,238	-	(471)	-	-	-	4,238		
State School Lunch Program	20-100-010-3350-023	992	07/01/19	06/30/20	(8)	-	8	-	-	-	-	-	-	992		
Total Enterprise Fund					(8)	-	3,775	4,238	-	(471)	-	-	-	5,230		

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B (continued)
For the Fiscal Year Ended June 30, 2021

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2020			Budgetary Expenditure	Adjustments	Balance June 30, 2021			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received			Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
Total State Financial Assistance					\$ (167,247)	\$ -	\$ 2,446,055	\$ 2,751,208	\$ -	\$ (412,963)	\$ -	\$ -	\$ 59,437	\$ 3,177,595
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	21-495-034-5094-002							1,055,821						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	21-495-034-5094-004							20,088						
On-Behalf TPAF Pension Contribution - Postretirement Medical	21-495-034-5094-001							337,173						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	21-495-034-5094-004							613						
Total for State Financial Assistance - Major Program Determination								<u>\$ 1,337,513</u>						

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2021

Note 1 - General

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

Note 2 - Basis of accounting

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

Note 3 - Relationship of financial statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,272 for the general fund and \$(19,101) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2021

Note 3 - Relationship of financial statements (continued)

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

	Local	Federal	State	Total
General fund	\$ -	\$ -	\$ 2,748,242	\$ 2,748,242
Special revenue fund	18,812	180,757	-	199,569
Food service fund	-	107,242	4,238	111,480
Total awards and financial assistance	\$ 18,812	\$ 287,999	\$ 2,752,480	\$ 3,059,291

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2021. TPAF Social Security contribution represents the amount reimbursed by the state for the employer's share of Social Security Contributions for TPAF members for the fiscal year ended June 30, 2021

Note 6 - Indirect costs

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

**UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

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

Noncompliance material to basic financial statements noted?

Yes No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

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

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

Unmodified

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

Yes No

Identification of Major Programs:

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

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

Did the auditee qualify as a low-risk auditee?

Yes No

**UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021**

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

State Awards

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

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

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<i>21-495-034-5120-089</i>	<i>Special Education Categorical Aid</i>
<i>21-495-034-5120-085</i>	<i>Adjustment Aid</i>
<i>21-495-034-5120-084</i>	<i>Security Aid</i>
<i>21-495-034-5094-003</i>	<i>Reimbursed TPAF Social Security Contribution</i>

**UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021**

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2021.

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

There were no findings or questioned costs for the year ended June 30, 2021.

**UNION TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2021**

Status of Prior Year Findings

There were no prior year findings or questioned costs.