

**TOWNSHIP OF UNION  
SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018**

**Comprehensive Annual  
Financial Report**

**of the**

**Township of Union School District**

**Union Township, New Jersey**

**For the Fiscal Year Ended June 30, 2018**

**Prepared by**

**Township of Union School District  
Business Office**

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INTRODUCTORY SECTION

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# Township of Union Public Schools

February 7, 2019

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Township of Union School District (the "District") for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Township of Union Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditor's Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

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

**2) ECONOMIC CONDITION AND OUTLOOK:**

The Township of Union continues to reflect the economic conditions of the state and country as a whole. Residential, commercial and industrial property values are beginning to increase and foreclosures have leveled off. There are two major residential developments in the Township which are in construction and will further improve the economic conditions in Township. There are four (4) additional projects which will start in the Spring of 2019. The major commercial tax appeals have leveled off. Union Station and the surrounding area continue to demonstrate great economic growth. The Township remains well positioned for the impending economic growth.

### 3) MAJOR INITIATIVES:

Initiative One - The Township of Union Public Schools will continue to work with our neighboring university to establish a relationship of professional collaboration; providing opportunity for potential candidates to choose the district for their educational careers. Union High School will host a two day mathematics seminar during the week of August 19-23. During these workshops, participating teachers gain valuable knowledge and first-hand experience of curricula, next-generation assessments, and strategies to engage students in productive classroom environments conducive to students' mathematical development. We are anticipating the event will bring nearly 100 mathematical teachers from various parts of the United States to Union.

Initiative Two - The Township of Union School District's second initiative is to continue the process of improving the infrastructure in order to meet the needs of the students and provide all students the opportunity to participate in the district's one to one and three to one (elementary) technology program; with the implementation of Google classroom for middle & high school students to support teaching & learning.

Initiative Three - The Township of Union School District's third initiative is to continue the implementation of response to intervention (RTI) to help an support every student academically and behaviorally.

Initiative Four - The Township of Union School District will continue the implementation of Social Emotional Learning (SEL) in all ten schools. This program addresses topics that will be taught to increase students' ability to integrate thinking, emotions, and behaviors that lead to positive school environment and life outcomes. The Township of Union Public Schools will continue the Instructional Improvement System, EdConnect NJ supporting data-driven instruction and curriculum planning.

Initiative Five - The Township of Union School District will continue efforts to promote positive Public relations for our District, as well as, continue partnerships with local entities. It is the objective of the district to foster a positive outlook of our schools throughout the community.

Initiative Six - The Township of Union Public School District's sixth initiative for this school year is to partner with Kean University to support student learning and teacher instruction.

Initiative Seven - The Township of Union Public School District's final initiative is to expand students' learning opportunities for career readiness by collaborating with ACE Mentor Program, Rutgers "Supply Chain Management", and expanding the media (CAD) program.

### 4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

#### 5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as appropriations of fund balance in the subsequent year. Those amounts to be appropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2018.

#### 6) ACCOUNTING SYSTEM AND REPORTS:

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

#### 7) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

#### 8) RISK MANAGEMENT:

The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board oversees risk management for the District. A schedule of insurance coverage can be found on Exhibit J-20.

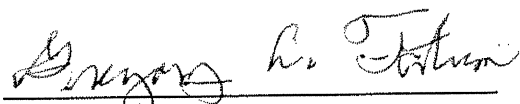
9) OTHER INFORMATION:

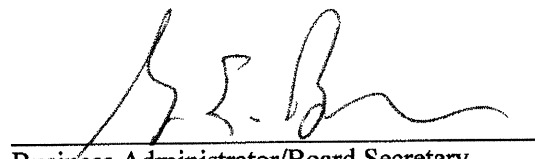
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes,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

10) ACKNOWLEDGMENTS:

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

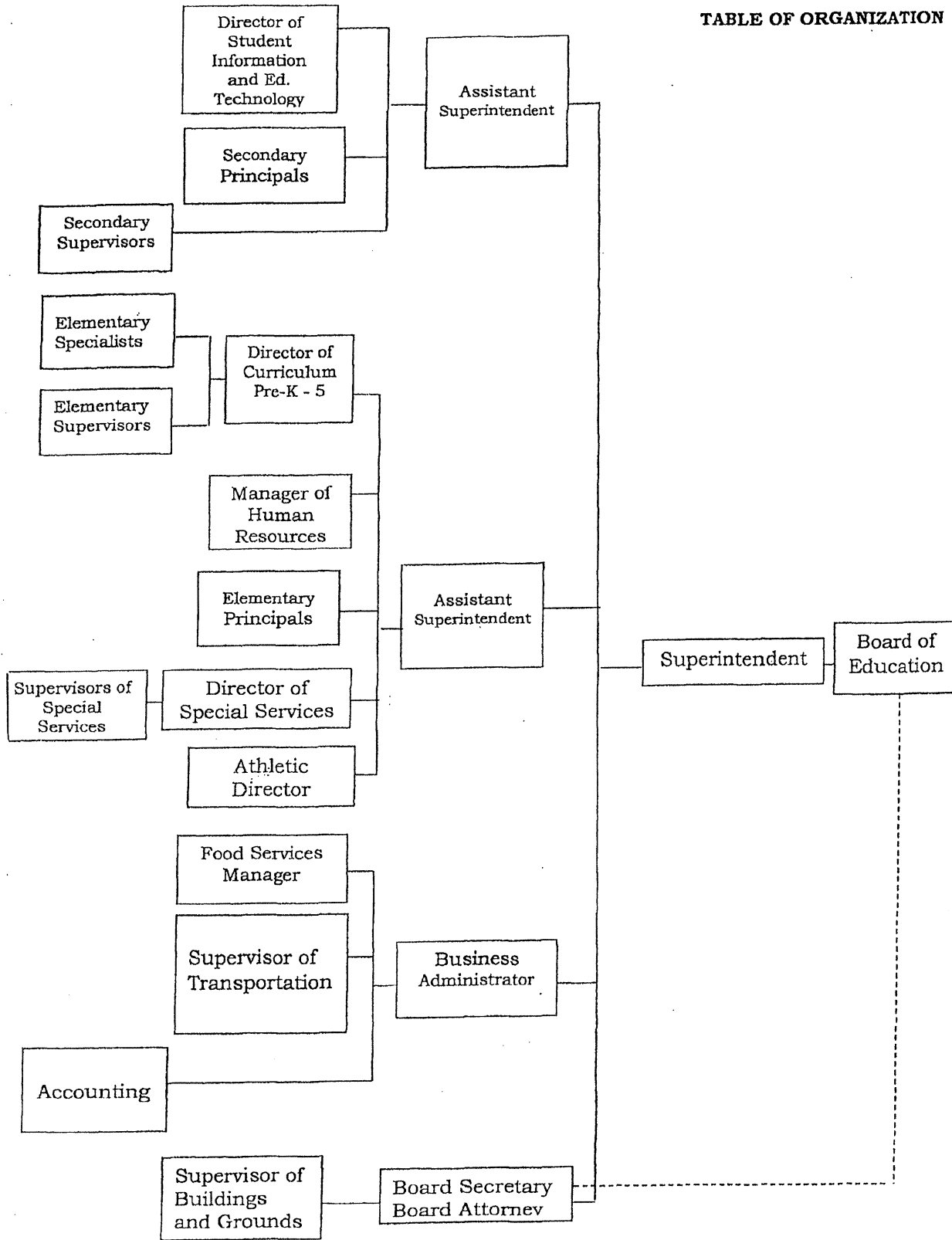
Respectfully submitted,

  
\_\_\_\_\_  
Superintendent  
Gregory Tatum

  
\_\_\_\_\_  
Business Administrator/Board Secretary  
Gregory E. Brennan

TOWNSHIP OF UNION SCHOOL DISTRICT

TABLE OF ORGANIZATION



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

**ROSTER OF OFFICIALS  
June 30, 2018**

**MEMBERS OF THE  
BOARD OF EDUCATION**

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**TERM EXPIRES**

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Vito A. Nufrio, President	2020
Nancy Minneci, Vice President	2019
David Arminio	2018
Guy Francis	2018
Sherry Higgins	2020
Jeff Monge	2018
Nellis Regis-Darby	2019
Linda Richardson	2020
Mary Lynn Williams	2019

**OTHER OFFICIALS**

Mr. Gregory A. Tatum, Superintendent of Schools  
Mrs. Annie Moses, Assistant Superintendent of Schools  
Mr. Gerry Benaquista, Assistant Superintendent of Schools  
Mr. Gregory E. Brennan, Business Administrator/Board Secretary  
Mr. Manuel E. Viera, Assistant Business Administrator  
Mrs. Fernanda Manochio, Assistant Board Secretary  
Mr. Barry Loessel, Interim Supervisor of Buildings and Grounds  
Mrs. Debra L. Cyburt, Treasurer of School Monies



# **TOWNSHIP OF UNION BOARD OF EDUCATION**

Consultants and Advisors

## **Audit Firm**

**Nisivoccia LLP, CPA's**  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856  
and  
Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 078660

## **Attorneys**

**Sciarillo Cornell**  
Merlino, McKeever, & Osborne, LLC  
238 St. Paul Center  
Westfield, NJ 07090

## **Architects**

**Parette Somjen Architets**  
439 US Highway 46, Suite 4  
Rockaway, New Jersey 07866

**EI Associates**  
8 Ridgedale Avenue  
Cedar Knolls, New Jersey 07927

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

FINANCIAL SECTION

## Independent Auditors' Report

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Union School District (the "District") in the County of Union, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Union School District, in the County of Union, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 10 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are 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, which follows this report, the pension and postemployment benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”); and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

The Honorable President and Members of  
the Board of Education  
of the Township of Union  
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Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

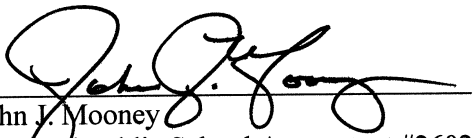
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

January 18, 2019  
Mount Arlington, New Jersey

*NISIVOCCIA LLP*  
NISIVOCCIA LLP

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

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

## **Management's Discussion and Analysis** (Unaudited)

This section of Township of Union School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### ***Overview of the Financial Statements***

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

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

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

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

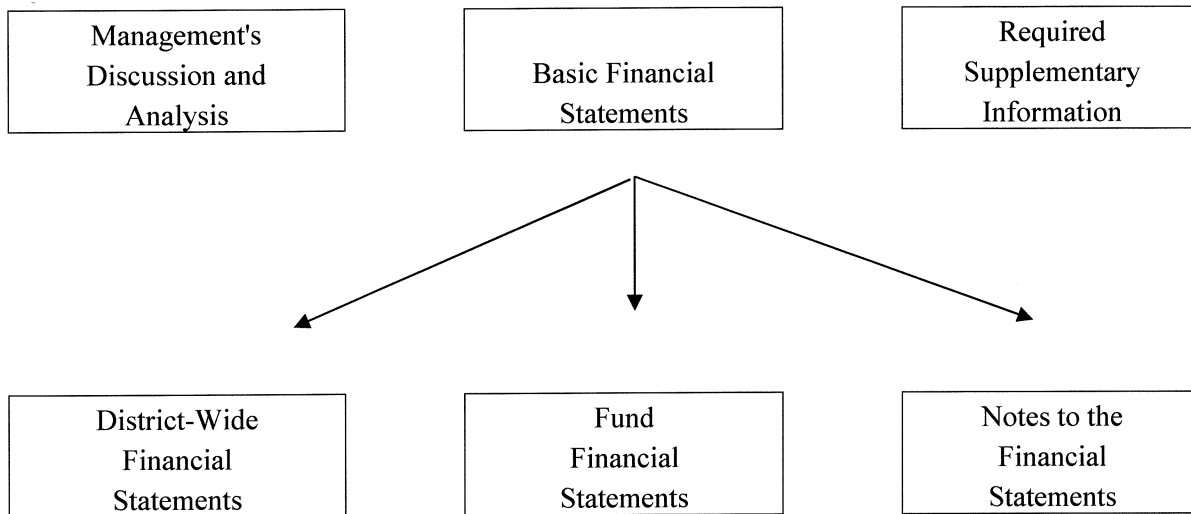


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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



**Figure A-2**

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

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

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

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

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

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

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

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

## ***Fund Financial Statements***

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

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

The District has three kinds of funds:

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

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

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

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

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

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

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	
Current and Other Assets	\$ 8,561,497	\$ 20,374,719	\$ 456,597	\$ 507,836	\$ 9,018,094	\$ 20,882,555	
Capital Assets, Net	96,151,228	92,660,974	823,161	819,426	96,974,389	93,480,400	
Total Assets	<u>104,712,725</u>	<u>113,035,693</u>	<u>1,279,758</u>	<u>1,327,262</u>	<u>105,992,483</u>	<u>114,362,955</u>	-7.32%
Deferred Outflows of Resources	<u>17,202,951</u>	<u>23,514,045</u>			<u>17,202,951</u>	<u>23,514,045</u>	-26.84%
Other Liabilities	3,815,264	3,946,471	4,051	2,908	3,819,315	3,949,379	
Long-Term Liabilities	73,062,002	88,937,501			73,062,002	88,937,501	
Total Liabilities	<u>76,877,266</u>	<u>92,883,972</u>	<u>4,051</u>	<u>2,908</u>	<u>76,881,317</u>	<u>92,886,880</u>	-17.23%
Deferred Inflows of Resources	<u>10,034,467</u>				<u>10,034,467</u>		100.00%
Net Position:							
Net Investment in Capital Assets	74,901,201	69,521,056	823,161	819,426	75,724,362	70,340,482	
Restricted	5,156,593	16,685,083			5,156,593	16,685,083	
Unrestricted/(Deficit)	<u>(45,053,851)</u>	<u>(42,540,373)</u>	<u>452,546</u>	<u>504,928</u>	<u>(44,601,305)</u>	<u>(42,035,445)</u>	
Total Net Position	<u>\$ 35,003,943</u>	<u>\$ 43,665,766</u>	<u>\$ 1,275,707</u>	<u>\$ 1,324,354</u>	<u>\$ 36,279,650</u>	<u>\$ 44,990,120</u>	-19.36%

*Changes in Net Position.* The Changes in Net Position shows the cost of program services and the revenues of the District on a comparative schedule (Figure A-4). The primary reason for the deficit in total net position is the net pension liability.

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services	\$ 191,385	\$ 113,032	\$ 1,521,825	\$ 1,630,647	\$ 1,713,210	\$ 1,743,679	
Operating Grants and Contributions	53,491,509	48,459,115	1,727,977	1,679,296	55,219,486	50,138,411	
<b>General Revenue:</b>							
Property Taxes	90,508,938	88,795,357			90,508,938	88,795,357	
Unrestricted Federal and State Aid	28,340,927	27,779,891			28,340,927	27,779,891	
Other	565,687	1,351,774	4,911	7,757	570,598	1,359,531	
	<u>173,098,446</u>	<u>166,499,169</u>	<u>3,254,713</u>	<u>3,317,700</u>	<u>176,353,159</u>	<u>169,816,869</u>	3.85%
<b>Expenses:</b>							
Instruction	107,497,001	108,688,020			107,497,001	108,688,020	
Pupil and Instruction Services	37,070,639	29,951,433			37,070,639	29,951,433	
Administrative and Business	13,858,064	13,711,842			13,858,064	13,711,842	
Maintenance and Operations	13,764,466	13,091,671			13,764,466	13,091,671	
Transportation	7,956,901	7,555,417			7,956,901	7,555,417	
Other	1,613,198	1,592,908	3,303,360	4,209,011	4,916,558	5,801,919	
	<u>181,760,269</u>	<u>174,591,291</u>	<u>3,303,360</u>	<u>4,209,011</u>	<u>185,063,629</u>	<u>178,800,302</u>	3.50%
Increase/(Decrease) in Net Position	<u>\$ (8,661,823)</u>	<u>\$ (8,092,122)</u>	<u>\$ (48,647)</u>	<u>\$ (891,311)</u>	<u>\$ (8,710,470)</u>	<u>\$ (8,983,433)</u>	-3.04%

***Governmental Activities***

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

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

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

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

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

**Figure A-5**  
**Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2017/18	2016/17	2017/18	2016/17
Sources of Income:				
Instruction	\$ 107,497,001	\$ 108,688,020	\$ 64,671,402	\$ 64,205,266
Pupil and Instruction Services	37,070,639	29,951,433	30,127,139	28,190,426
Administrative and Business	13,858,064	13,711,842	10,453,978	11,698,834
Maintenance and Operations	13,764,466	13,091,671	13,843,201	13,091,671
Transportation	7,956,901	7,555,417	7,373,904	7,253,894
Other	1,613,198	1,592,908	1,607,751	1,579,053
	<u>\$ 181,760,269</u>	<u>\$ 174,591,291</u>	<u>\$128,077,375</u>	<u>\$ 126,019,144</u>

***Business-Type Activities***

Net position from the District’s business-type activity decreased by \$48,647. (Refer to Figure A-4). The factor contributing to this result was:

- Enterprise Fund net position decrease by \$48,647 due to expenses exceeding revenues. This is due to a decrease of \$108,822 in revenues.

***Financial Analysis of the District’s Funds***

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

***General Fund Budgetary Highlights***

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

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

## Capital Asset and Long-Term Liabilities

**Figure A-6**  
**Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	
Sites (Land)	\$ 9,553,000	\$ 9,553,000			\$ 9,553,000	\$ 9,553,000	0.00%
Site Improvements	2,383,925	2,505,042			2,383,925	2,505,042	5.08%
Buildings and Improvements	78,790,119	75,053,479			78,790,119	75,053,479	-4.74%
Furniture, Machinery and Equipment	5,424,184	5,549,453	\$ 823,161	\$ 819,426	6,247,345	6,368,879	1.95%
	<u>\$ 96,151,228</u>	<u>\$ 92,660,974</u>	<u>\$ 823,161</u>	<u>\$ 819,426</u>	<u>\$ 96,974,389</u>	<u>\$ 93,480,400</u>	-3.60%

The District capitalized \$7,375,928 of expenditures in the governmental activities and \$82,930 of expenditures in the business-type activities during the fiscal year. The depreciation in the governmental activities and the business-type activities for the fiscal year 2017-18 was \$3,885,674 and \$79,195, respectively.

### Long-term Liabilities

At year-end, the District had \$21,732,000 in general obligation bonds outstanding – a reduction of \$2,105,000 from last year – as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 7 to the Basic Financial Statements.)

**Figure A-7**  
**Outstanding Long-Term Liabilities**

	Total School District		Percentage Change
	2017/18	2016/17	
General Obligation Bonds (Financed with Property Taxes)	\$ 21,732,000	\$ 23,837,000	
Capital Leases	599,663	485,967	
Unamortized Bond Premium	826,244	930,712	
Net Pension Liability	46,834,809	60,640,585	
Compensated Absences Payable	3,069,286	3,043,237	
	<u>\$ 73,062,002</u>	<u>\$ 88,937,501</u>	-17.85%

- The District continued to pay down its debt, retiring \$2,105,000 of outstanding bonds.
- The District’s net pension liability decreased \$13,805,776.

### For the Future

The Township of Union School District saw a drop in its fund balance during the 2018/2019 school year. The enrollment in the District continues to remain stable. The District is proud of its community support and student involvement in the public schools. Major concerns continue to be the increased reliance on local property taxes, levels of State aid and a 2% levy cap.

The District's will continue to implement sound fiscal management. The School District's system for financial planning, budgeting and internal financial controls.

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

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

**BASIC FINANCIAL STATEMENTS**



DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,761,605	\$ 159,990	\$ 2,921,595
Receivables from Other Governments	2,913,815	272,279	3,186,094
Other Receivables	44,062		44,062
Inventory		24,328	24,328
Restricted Assets:			
Cash and Cash Equivalents	2,842,015		2,842,015
Capital Assets:			
Sites (Land)	9,553,000		9,553,000
Depreciable Site Improvements, Buildings and Building Improvements, and Furniture, Machinery and Equipment	86,598,228	823,161	87,421,389
Total Assets	<u>104,712,725</u>	<u>1,279,758</u>	<u>105,992,483</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Amount on Refunding	1,081,636		1,081,636
Deferred Outflows Related to Pensions	16,121,315		16,121,315
Total Deferred Outflows of Resources	<u>17,202,951</u>		<u>17,202,951</u>
<b>LIABILITIES</b>			
Accounts Payable	2,917,654		2,917,654
Intergovernmental Payable - State	54,273		54,273
Accrued Interest Payable	329,395		329,395
Unearned Revenue	513,942	4,051	517,993
Noncurrent Liabilities:			
Due Within One Year	2,610,218		2,610,218
Due Beyond One Year	70,451,784		70,451,784
Total Liabilities	<u>76,877,266</u>	<u>4,051</u>	<u>76,881,317</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows Related to Pensions	10,034,467		10,034,467
Total Deferred Inflows of Resources	<u>10,034,467</u>		<u>10,034,467</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	74,901,201	823,161	75,724,362
Restricted for:			
Debt Service	50,365		50,365
Capital Projects	1,667,015		1,667,015
Excess Surplus	2,264,213		2,264,213
Maintenance	450,000		450,000
Emergency	725,000		725,000
Unrestricted/(Deficit)	(45,053,851)	452,546	(44,601,305)
Total Net Position	<u>\$ 35,003,943</u>	<u>\$ 1,275,707</u>	<u>\$ 36,279,650</u>

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,761,605	\$ 159,990	\$ 2,921,595
Receivables from Other Governments	2,913,815	272,279	3,186,094
Other Receivables	44,062		44,062
Inventory		24,328	24,328
Restricted Assets:			
Cash and Cash Equivalents	2,842,015		2,842,015
Capital Assets:			
Sites (Land)	9,553,000		9,553,000
Depreciable Site Improvements, Buildings and Building Improvements, and Furniture, Machinery and Equipment	86,598,228	823,161	87,421,389
Total Assets	<u>104,712,725</u>	<u>1,279,758</u>	<u>105,992,483</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Amount on Refunding	1,081,636		1,081,636
Deferred Outflows Related to Pensions	16,121,315		16,121,315
Total Deferred Outflows of Resources	<u>17,202,951</u>		<u>17,202,951</u>
<b>LIABILITIES</b>			
Accounts Payable	2,917,654		2,917,654
Intergovernmental Payable - State	54,273		54,273
Accrued Interest Payable	329,395		329,395
Unearned Revenue	513,942	4,051	517,993
Noncurrent Liabilities:			
Due Within One Year	2,610,218		2,610,218
Due Beyond One Year	70,451,784		70,451,784
Total Liabilities	<u>76,877,266</u>	<u>4,051</u>	<u>76,881,317</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows Related to Pensions	10,034,467		10,034,467
Total Deferred Inflows of Resources	<u>10,034,467</u>		<u>10,034,467</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	74,901,201	823,161	75,724,362
Restricted for:			
Debt Service	50,365		50,365
Capital Projects	1,667,015		1,667,015
Excess Surplus	2,264,213		2,264,213
Maintenance	450,000		450,000
Emergency	725,000		725,000
Unrestricted/(Deficit)	(45,053,851)	452,546	(44,601,305)
Total Net Position	<u>\$ 35,003,943</u>	<u>\$ 1,275,707</u>	<u>\$ 36,279,650</u>

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental Activities:						
Instruction:						
Regular	\$ 77,805,228	\$ 191,385	\$ 26,626,773		\$ (50,987,070)	\$ (50,987,070)
Special Education	21,311,083		11,301,666		(10,009,417)	(10,009,417)
Other Special Instruction	6,408,361		2,269,235		(4,139,126)	(4,139,126)
Other Instruction	1,972,329		2,441,987		469,658	469,658
Support services:						
Tuition	12,670,283		3,028,964		(9,641,319)	(9,641,319)
Student & Instruction Related Services	24,400,356		3,914,536		(20,485,820)	(20,485,820)
General Administrative Services	3,115,368		122,880		(2,992,488)	(2,992,488)
School Administrative Services	7,412,288		2,023,354		(5,388,934)	(5,388,934)
Central Services	2,324,121		251,565		(2,072,556)	(2,072,556)
Administrative Information Technology	1,006,287				(1,006,287)	(1,006,287)
Plant Operations and Maintenance	13,764,466		927,552		(12,836,914)	(12,836,914)
Pupil Transportation	7,956,901		582,997		(7,373,904)	(7,373,904)
Interest on Long-Term Debt	798,995				(798,995)	(798,995)
Unallocated Depreciation	712,743				(712,743)	(712,743)
Capital Outlay	101,460				(101,460)	(101,460)
<b>Total Governmental Activities</b>	<b>181,760,269</b>	<b>191,385</b>	<b>53,491,509</b>	<b>-0-</b>	<b>(128,077,375)</b>	<b>\$ -0-</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Business-Type Activities:							
Food Service	\$ 3,303,360	\$ 1,521,825	\$ 1,727,977			\$ (53,558)	\$ (53,558)
Total Business-Type Activities	3,303,360	1,521,825	1,727,977			(53,558)	(53,558)
Total Primary Government	\$ 185,063,629	\$ 1,713,210	\$ 55,219,486	\$ -0-	\$ (128,077,375)	(53,558)	(128,130,933)

General Revenues:

Taxes:

    Property Taxes, Levied for General Purposes, Net

87,700,754

87,700,754

    Taxes Levied for Debt Service

2,808,184

2,808,184

    Federal and State Aid not Restricted

28,340,927

28,340,927

    Miscellaneous Income

565,687

4,911

570,598

Total General Revenue

119,415,552

4,911

119,420,463

Change in Net Position

(8,661,823)

(48,647)

(8,710,470)

Net Position - Beginning

43,665,766

1,324,354

44,990,120

Net Position - Ending

\$ 35,003,943

\$ 1,275,707

\$ 36,279,650

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF UNION SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,136,338		\$ 574,902	\$ 50,365	\$ 2,761,605
Intergovernmental Accounts Receivable - State	2,188,465				2,188,465
Intergovernmental Accounts Receivable - Federal		\$ 725,350			725,350
Interfund Receivable	308,857				308,857
Other Receivable	44,062				44,062
Restricted Cash and Cash Equivalents	2,842,015				2,842,015
<b>Total Assets</b>	<b>\$ 7,519,737</b>	<b>\$ 725,350</b>	<b>\$ 574,902</b>	<b>\$ 50,365</b>	<b>\$ 8,870,354</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable - Vendors	\$ 962,526	\$ 53,489			\$ 1,016,015
Intergovernmental Payable - State		54,273			54,273
Interfund Payable		162,723	\$ 146,134		308,857
Unearned Revenue	59,077	454,865			513,942
<b>Total Liabilities</b>	<b>1,021,603</b>	<b>725,350</b>	<b>146,134</b>		<b>1,893,087</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve Account	1,667,015				1,667,015
Maintenance Reserve Account	450,000				450,000
Emergency Reserve Account	725,000				725,000
Excess Surplus	808,567				808,567
Excess Surplus Designated for Subsequent Year's Expenditures	1,455,646				1,455,646
Debt Service				\$ 50,365	50,365
<b>Committed:</b>					
Capital Projects Fund			428,768		428,768
<b>Assigned:</b>					
Encumbrances	865,930				865,930
Unassigned	525,976				525,976
<b>Total Fund Balances</b>	<b>6,498,134</b>		<b>428,768</b>	<b>50,365</b>	<b>6,977,267</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,519,737</b>	<b>\$ 725,350</b>	<b>\$ 574,902</b>	<b>\$ 50,365</b>	<b>\$ 8,870,354</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

Total Fund Balances From Previous Page	\$ 6,977,267
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:	
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	96,151,228
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.	(329,395)
The Deferred Amount on Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of Expenditure	1,081,636
Bond issuance premiums are reported as a revenue in the Governmental Funds in the year of receipt. The original premium is \$1,342,248 and accumulated amortization is \$516,004.	(826,244)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(46,834,809)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Deferred Outflows	14,219,676
Deferred Inflows	(10,034,467)
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	<u>(25,400,949)</u>
Net Position of Governmental Activities	<u>\$ 35,003,943</u>

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



TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 87,700,754			\$ 2,808,184	\$ 90,508,938
Tuition	191,385				191,385
Transportation Fees	13,854				13,854
Rents and Royalties	39,997				39,997
Miscellaneous	511,836	\$ 42,429			554,265
Total - Local Sources	88,457,826	42,429		2,808,184	91,308,439
State Sources	50,406,413	381,241		113,679	50,901,333
Federal Sources	191,740	2,847,637			3,039,377
Total Revenue	139,055,979	3,271,307		2,921,863	145,249,149
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Regular Instruction	38,787,229	1,484,906			40,272,135
Special Education Instruction	10,083,236				10,083,236
Other Special Instruction	3,284,864				3,284,864
Other Instruction	1,161,307				1,161,307
<b>Support Services and Undistributed Costs:</b>					
Tuition	10,794,388	1,783,333			12,577,721
Student & Instruction Related Services	14,961,615				14,961,615
General Administrative Services	2,260,776				2,260,776
School Administrative Services	4,434,114				4,434,114

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs (Cont'd):					
Central Services	\$ 1,192,343				\$ 1,192,343
Administrative Information Technology	1,006,287				1,006,287
Plant Operations and Maintenance	9,514,488				9,514,488
Pupil Transportation	6,535,648				6,535,648
Unallocated Benefits	39,715,639				39,715,639
Debt Service:					
Principal				\$ 2,105,000	2,105,000
Interest and Other Charges				833,250	833,250
Capital Outlay	7,100,671	\$ 3,068	\$ 368,202		7,471,941
Total Expenditures	<u>150,832,605</u>	<u>3,271,307</u>	<u>368,202</u>	<u>2,938,250</u>	<u>157,410,364</u>
Deficiency of Revenue under Expenditures	<u>(11,776,626)</u>		<u>(368,202)</u>	<u>(16,387)</u>	<u>(12,161,215)</u>
OTHER FINANCING SOURCES/(USES):					
Capital Leases (Non-budgeted)	448,000				448,000
Transfers In	146,134		385,700		531,834
Transfers Out	(385,700)		(146,134)		(531,834)
Total Other Financing Sources/(Uses)	<u>208,434</u>		<u>239,566</u>		<u>448,000</u>
Net Change in Fund Balances	(11,568,192)		(128,636)	(16,387)	(11,713,215)
Fund Balance—July 1	18,066,326		557,404	66,752	18,690,482
Fund Balance—June 30	<u>\$ 6,498,134</u>	<u>\$ -0-</u>	<u>\$ 428,768</u>	<u>\$ 50,365</u>	<u>\$ 6,977,267</u>

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (11,713,215)

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

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

This is the amount by which depreciation differs from capital outlays in the period.

	Depreciation expense	(3,885,674)	
	Capital outlays	7,375,928	
			3,490,254

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (26,049)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+) 31,200

Lease obligations are other financing sources in the Governmental Funds, but the obligations increase Long-term Liabilities in the Statement of Net Position and are not reported in the Statement of Activities. (448,000)

TOWNSHIP OF UNION SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The governmental funds report the effect of bond premium when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (+)	\$ 104,468
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (-)	(101,413)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	13,805,776
Deferred Outflows	(6,209,681)
Deferred Inflows	(10,034,467)
Repayment of serial bonds and capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	<u>2,439,304</u>
Change in Net Position of Governmental Activities (Exhibit A-2)	<u><u>\$ (8,661,823)</u></u>

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018

	Business-Type Activities -
	Enterprise Funds
	Food Service Fund
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 159,990
Intergovernmental Accounts Receivable:	
Federal	265,346
State	6,933
Inventories	24,328
Total Current Assets	456,597
Non-Current Assets:	
Capital Assets	2,193,275
Less: Accumulated Depreciation	(1,370,114)
Total Non-Current Assets	823,161
Total Assets	1,279,758
<u>LIABILITIES:</u>	
Current Liabilities:	
Unearned Revenue	4,051
Total Current Liabilities	4,051
<u>NET POSITION:</u>	
Investment in Capital Assets	823,161
Unrestricted	452,546
Total Net Position	\$ 1,275,707

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds Food Service Fund	
Operating Revenue:		
Local Sources:		
Daily Sales - Reimbursable Programs	\$ 1,237,764	
Daily Sales - Non-reimbursable Programs	271,704	
Special Events	12,357	
	1,521,825	
Total Operating Revenue		
Operating Expenses:		
Cost of Sales - Reimbursable Programs	1,021,723	
Cost of Sales - Non-reimbursable Programs	224,281	
Salaries and Payroll Taxes	1,222,891	
Management Fee	73,172	
Miscellaneous Expenses	15,092	
Supplies and Repairs	667,006	
Depreciation Expense	79,195	
	3,303,360	
Total Operating Expenses		
Operating Loss	(1,781,535)	-
Non-Operating Revenue:		
Local Sources		
Interest Revenue	4,911	
State Sources:		
State School Lunch Program	37,234	
Federal Sources		
School Breakfast Program	209,963	
National School Lunch Program	1,197,239	
Food Distribution Program	283,541	
	1,732,888	
Total Non-Operating Revenue		
Change in Net Position	(48,647)	
Net Position - Beginning of Year	1,324,354	
Net Position - End of Year	\$ 1,275,707	

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Funds Food Service Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,521,825
Payments to Food Service Vendor	<u>(2,938,345)</u>
Net Cash Used for Operating Activities	<u>(1,416,520)</u>
Cash Flows Used for Capital and Related Financing Activities:	
Purchase of Capital Assets	<u>(82,930)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(82,930)</u>
Cash Flows from Investing Activities:	
Investment Income	<u>4,911</u>
Net Cash Provided by Investing Activities	<u>4,911</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	35,452
Federal Sources:	
National School Lunch Program	1,007,094
School Breakfast Program	<u>209,963</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,252,509</u>
Net Decrease in Cash and Cash Equivalents	(242,030)
Cash and Cash Equivalents, July 1	<u>402,020</u>
Cash and Cash Equivalents, June 30	<u>\$ 159,990</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (1,781,535)
Adjustment to Reconcile Operating Loss to net Cash Used for Operating Activities:	
Depreciation	79,195
Federal Food Distribution Program	283,541
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventories	1,136
Increase/(Decrease) in Unearned Revenue	<u>1,143</u>
Net Cash Used for Operating Activities	<u>\$ (1,416,520)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$284,684 and \$283,541, respectively, for the fiscal year ended June 30, 2018.

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018

<u>ASSETS:</u>	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Funds</u>
Cash and Cash Equivalents	\$ 4,817,323	\$ 1,290,402	\$ 201,920
Interfund Receivable - Payroll Agency		228,412	
Total Assets	<u>4,817,323</u>	<u>1,518,814</u>	<u>201,920</u>
<u>LIABILITIES:</u>			
Accrued Salaries and Wages	3,352,819		
Payroll Deductions and Withholdings	984,869		
Due to Student Groups	251,223		
Interfund Payable - Unemployment Trust	228,412		
Total Liabilities	<u>4,817,323</u>		
<u>NET POSITION:</u>			
Held in Trust for:			
Unemployment Claims		1,518,814	
Scholarships and Memorials			201,920
Total Net Position	<u>\$ -0-</u>	<u>\$ 1,518,814</u>	<u>\$ 201,920</u>

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



TOWNSHIP OF UNION SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust</u>	<u>Totals</u>
ADDITIONS:			
Contributions:			
Plan Member	\$ 124,624		\$ 124,624
Donations		\$ 60,995	60,995
Total Contributions	<u>124,624</u>	<u>60,995</u>	<u>185,619</u>
Investment Earnings:			
Interest	<u>6,179</u>	<u>1,812</u>	<u>7,991</u>
Net Investment Earnings	<u>6,179</u>	<u>1,812</u>	<u>7,991</u>
Total Additions	<u>130,803</u>	<u>62,807</u>	<u>193,610</u>
DEDUCTIONS:			
Unemployment Compensation Claims	79,070		79,070
Scholarships Awarded		39,132	39,132
Total Deductions	<u>79,070</u>	<u>39,132</u>	<u>118,202</u>
Change in Net Position	51,733	23,675	75,408
Net Position - Beginning of the Year	<u>1,467,081</u>	<u>178,245</u>	<u>1,645,326</u>
Net Position - End of the Year	<u>\$ 1,518,814</u>	<u>\$ 201,920</u>	<u>\$ 1,720,734</u>

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

B. Basis of Presentation: (Cont'd)

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

The District reports the following governmental funds:

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

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

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

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

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

The District reports the following proprietary funds:

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1 Budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

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

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 139,102,041	\$ 3,216,323
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenues on the Budgetary Basis but not on the GAAP Basis		54,984
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	3,088,081	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(3,134,143)</u>	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 139,055,979</u>	<u>\$ 3,271,307</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 150,832,605	\$ 3,216,323
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		54,984
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 150,832,605	\$ 3,271,307

E. Cash and Cash Equivalents, and Investments:

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the proprietary funds represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The District allows ten-month academic year employees who provide services, the option to have their salaries evenly distributed during the entire twelve-month year by having 10% of their semi-monthly salary, deducted and the accumulated deductions disbursed in two installments over the two summer months. Accrued salaries and wages as of June 30, 2018 totaled \$3,352,819.

N. Compensated Absences:

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



TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

N. Compensated Absences: (Cont'd)

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$6,498,134 General Fund balance at June 30, 2018, \$1,667,015 is restricted in the capital reserve account; \$450,000 is restricted in the maintenance reserve account, and \$725,000 is restricted in the emergency reserve; \$1,455,646 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2019; \$808,567 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2020; \$865,930 is assigned for encumbrances. There is also \$525,976 of unassigned fund balance which is \$3,088,081 less than the budgetary unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2019.

Capital Projects Fund: The Capital Projects Fund has a committed fund balance of \$428,768 at June 30, 2018.

Debt Service Fund: The \$50,365 Debt Service Fund balance at June 30, 2018 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2018 as noted above.

The District's fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$3,088,081, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

P. Fund Balance Appropriated: (Cont'd)

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

Q. Deficit Fund Balances/Net Position:

The \$45,053,851 deficit in unrestricted net position of the governmental activities at June 30, 2018 resulted primarily due to the net pension liability of \$46,834,809. This deficit does indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources for the deferred amount on refunding, and pensions at June 30, 2018.

The District had deferred inflows of resources for pensions at June 30, 2018.

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

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

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

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

The Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2018.

The assignment of resources is generally made by Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2018.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

Investments: (Cont'd)

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsections a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

Investments: (Cont'd)

- (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	<u>Restricted Cash and Cash Equivalents</u>			Total
		Capital Reserve Account	Maintenance Reserve Account	Emergency Reserve Account	
Checking and Savings Accounts	\$ 9,231,240	\$ 1,667,015	\$ 450,000	\$ 725,000	<u>\$ 12,073,255</u>

During the period ended June 30, 2018, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$12,073,255 and the bank balance was \$14,938,479.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 7,574,043
Add:	
Transfer from Capital Outlay - Unexpended Funds	61,963
Transfer from Capital Projects Fund - Unexpended Funds	146,134
Interest Earned in Capital Reserve Account	41,686
Less: Budgeted Withdrawal	<u>(6,156,811)</u>
Ending Balance, June 30, 2018	<u>\$ 1,667,015</u>

The balance in the capital reserve account at June 30, 2018 does not exceed the LRFP balance of local support costs of uncompleted capital projects. The withdrawal from the capital reserve was for use in a DOE approved facilities project consistent with the District's LRFP.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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 (Continued)

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2018, the District transferred a total of \$848,780 to capital outlay accounts. The \$77,669 transferred to equipment did not require approval from the County Superintendent. The \$771,111 transferred to Facilities, Acquisitions and Construction Services was for the Union High School Fire Alarm, and the Union High School Media Center HVAC Improvements, which received approval from the County Superintendent.

NOTE 6: CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$2,814,786
General Administration	61,060
Operations and Maintenance of Plant	83,788
Transportation	213,297
Unallocated	<u>712,743</u>
	<u>\$3,885,674</u>

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Adjustments/</u> <u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 9,553,000			\$ 9,553,000
Total Capital Assets Not Being Depreciated	<u>9,553,000</u>			<u>9,553,000</u>
Capital Assets Being Depreciated:				
Site Improvements	3,849,386	\$ 48,900		3,898,286
Buildings and Building Improvements	97,424,317	6,193,260		103,617,577
Machinery and Equipment	15,118,742	1,133,768		16,252,510
Total Capital Assets Being Depreciated	<u>116,392,445</u>	<u>7,375,928</u>		<u>123,768,373</u>
Governmental Activities Capital Assets	<u>125,945,445</u>	<u>7,375,928</u>		<u>133,321,373</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,344,344)	(170,017)		(1,514,361)
Buildings and Building Improvements	(22,370,838)	(2,456,620)		(24,827,458)
Machinery and Equipment	(9,569,289)	(1,259,037)		(10,828,326)
	<u>(33,284,471)</u>	<u>(3,885,674)</u>		<u>(37,170,145)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 92,660,974</u>	<u>\$ 3,490,254</u>	<u>\$ -0-</u>	<u>\$ 96,151,228</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 2,110,345	\$ 82,930		\$ 2,193,275
Less: Accumulated Depreciation	(1,290,919)	(79,195)		(1,370,114)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 819,426</u>	<u>\$ 3,735</u>	<u>\$ -0-</u>	<u>\$ 823,161</u>



TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 6: CAPITAL ASSETS (Cont'd)

The District has active construction projects for Union High School Boilers and District Wide Doors and Windows Replacement. At year end, the District had \$175,338 in year end encumbrances in the Capital Projects Fund for other professional and technical services and construction services.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/17	Accrued	Retired	Balance 6/30/18
Serial Bonds Payable	\$23,837,000		\$ 2,105,000	\$ 21,732,000
Capital Leases Payable	485,967	\$ 448,000	334,304	599,663
Compensated Absences Payable	3,043,237	26,049		3,069,286
Net Pension Liability	60,640,585		13,805,776	46,834,809
Unamortized Bond Premium	930,712		104,468	826,244
	<u>\$88,937,501</u>	<u>\$ 474,049</u>	<u>\$16,349,548</u>	<u>\$ 73,062,002</u>

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2018 as follows:

Purpose	Final Maturity Date	Interest Rates	Amount
2010 Refunding School Bonds	8/15/2028	3.00%-4.00%	\$13,750,000
2011 Refunding School Bonds	1/1/2032	3.00%-3.75%	5,162,000
2015 Refunding School Bonds	1/1/2023	4.00%	2,820,000
			<u>\$21,732,000</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

A. Bonds Payable (Cont'd):

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,175,000	\$ 757,350	\$ 2,932,350
2020	2,190,000	673,750	2,863,750
2021	2,215,000	589,650	2,804,650
2022	2,240,000	504,550	2,744,550
2023	2,275,000	425,125	2,700,125
2024-28	7,920,000	1,222,494	9,142,494
2029-32	2,717,000	168,375	2,885,375
	<u>\$21,732,000</u>	<u>\$ 4,341,294</u>	<u>\$ 26,073,294</u>

B. Unamortized Bond Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$104,468 and is separated from the long-term liability balance of \$721,776.

C. Bonds Authorized but not Issued:

As of June 30, 2018, the Board did not have any bonds authorized but not issued.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term liability balance of compensated absences of \$3,069,286. Governmental Funds compensated absences will be liquidated by the General Fund.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no liability existed for compensated absences in the Food Service Enterprise Fund.

E. Capital Leases Payable:

The District purchased various computer technology equipment under capital leases. The capital leases are for terms of three years and five years, and will be retired through the General Fund. The District has entered into capital leases totaling \$1,182,144 of which \$ 582,481 has been liquidated as of June 30, 2018. The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2018.

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

A. Capital Leases Payable (Cont'd):

<u>Year</u>	<u>Amount</u>
2019	\$ 344,631
2020	94,157
2021	94,157
2022	94,157
	<u>627,102</u>
Less: Amount representing interest	<u>(27,439)</u>
Present value of net minimum lease payments	<u>\$ 599,663</u>

The current portion of Capital Leases payable at June 30, 2018 is \$330,750 the long term portion payable is \$268,913. Capital leases will be liquidated through the General Fund.

F. Net Pension Liability

The Public Employee's Retirement System (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$0- and the long-term portion is \$46,834,809. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$1,865,776 for fiscal year 2018.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the District reported a liability of \$46,834,809 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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 (Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.201%, which was a decrease of 0.03% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$1,774,863. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 531,291	
	2015	5.72	2,237,941	
	2016	5.57	6,666,368	
	2017	5.48		\$ 9,401,007
Difference Between expected and Actual Experience	2015	5.72	620,907	
	2016	5.57	202,306	
	2017	5.48	279,585	
Changes in Proportion	2014	6.44	876,567	
	2015	5.72	113,584	
	2016	5.57	2,372,213	
	2017	5.48		633,460
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(561,218)	
	2015	5.00	478,751	
	2016	5.00	2,007,340	
	2017	5.00	(1,605,959)	
District Contribution Subsequent to the Measurement Date	2017	1.00	1,901,639	
			<u>\$ 16,121,315</u>	<u>\$ 10,034,467</u>

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

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NOTE 8. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2018	1,102,536
2019	1,663,755
2020	1,008,150
2021	(1,340,841)
2022	(977,295)
	\$ 1,456,305

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 58,101,759	\$ 46,834,809	\$ 37,448,043

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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



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NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2018, the State of New Jersey contributed \$5,821,344 the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$24,213,965.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the State's proportionate share of the net pension liability associated with the District was \$349,534,277. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.518%, which was a decrease of 0.009% from its proportion measured as of June 30, 2016.

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 (Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Attributable to the District	<u>349,354,277</u>
Total	<u>\$ 349,354,277</u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$24,213,965 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

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

	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions - 2014	8.5	\$ 1,383,974,317	
Changes in Assumptions - 2015	8.3	3,776,126,119	
Changes in Assumptions - 2016	8.3	8,218,154,928	
Changes in Assumptions - 2017	8.3		11,684,858,458
		<u>13,378,255,364</u>	<u>11,684,858,458</u>
Difference Between Expected and Actual Experience - 2014	8.5		13,181,413
Difference Between Expected and Actual Experience - 2015	8.3	233,218,057	
Difference Between Expected and Actual Experience - 2016	8.3		102,199,790
Difference Between Expected and Actual Experience - 2017	8.3	207,898,332	
		<u>441,116,389</u>	<u>115,381,203</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5	(435,309,142)	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5	385,284,122	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2016	5	1,295,565,574	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2017	5	(904,033,050)	
		<u>341,507,504</u>	
		<u>\$ 14,160,879,257</u>	<u>\$ 11,800,239,661</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
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NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	(1,714,363,628)
	\$ 2,360,639,596

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class.

TOWNSHIP OF UNION SCHOOL DISTRICT  
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 (Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equi	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
Total Net Pension Liability	\$ 415,257,686	\$ 349,534,277	\$ 295,392,588

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$33,029 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$88,770 for the fiscal year ended June 30, 2018.

NOTE 9. EMERGENCY RESERVE ACCOUNT

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

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. EMERGENCY RESERVE ACCOUNT (Cont'd)

The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The State Department of Education has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the board of education between June 1<sup>st</sup> and June 30<sup>th</sup>.

Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements pursuant to N.J.S.A. 18A:7G-6(c)1.

The activity of the emergency reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 1,000,000
Less: Board Approved Withdrawals	<u>(275,000)</u>
Ending Balance, June 30, 2018	<u><u>\$ 725,000</u></u>

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	223,747
Total	366,078

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

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%		
	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% based on age

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$53,639,841,858



TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB Liability Attributable to the District	\$ 304,244,588	\$ 256,298,313	\$ 218,266,872

	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
Total OPEB Liability Attributable to the District	\$ 330,812,633	\$ 276,132,530	\$ 233,092,281

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 210,780,586	\$ 256,298,313	\$ 316,745,319

	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 226,574,429	\$ 276,132,530	\$ 342,386,989

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$16,835,115 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	\$ 1,190,373,242	\$ (6,343,769,032)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

NOTE 11. RISK MANAGEMENT

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property- Liability and Health Benefits Insurance

The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found on Exhibit J-20 in the Statistical section of this Comprehensive Annual Financial Report. Health benefits insurance coverage is provided to employees through Horizon Blue Cross/Blue Shield.

The Township of Union School District is a member of the New Jersey Schools Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk management pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

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

Selected, summarized financial information for the Group as of June 30, 2017 is as follows:

	New Jersey Schools Insurance Group
Total Assets	\$ 328,772,862
Net Position	\$ 78,662,630
Total Revenue	\$ 131,811,793
Total Expenses	\$ 121,371,527
Change in Net Position	\$ 10,440,266
Members Dividends	\$ -0-

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

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

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$ 6,179	\$ 124,624	\$ 79,070	\$ 1,518,814
2016-2017	6,100	124,752	60,268	1,467,081
2015-2016	8,777	117,735	111,975	1,396,497

NOTE 12. ECONOMIC DEPENDENCY

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

NOTE 13. INTERFUNDS PAYABLE AND RECEIVABLE

The District had the following interfunds payable or receivable on their various balance sheets as of June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 308,857	
Special Revenue Fund		\$ 162,723
Capital Projects Fund		146,134
Agency Funds		228,412
Unemployment Compensation Trust Fund	228,412	
	<u>\$ 537,269</u>	<u>\$ 537,269</u>

The Capital Projects Fund owes \$146,134 to the General Fund – Capital Reserve Account for the remaining balance of completed projects at June 30, 2018. The interfund between the Payroll Agency Account and the Unemployment Compensation Trust Fund is a prior year interfund for unemployment withholdings that will be cleared after June 30, 2018. The interfund between the General Fund and the Special Revenue Fund represents funds advanced to the Special Revenue Fund as a result of the delay in the receipt of grant funds due to the reimbursement basis of the federal grants.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 14. DEFERRED COMPENSATION

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

VALIC	MetLife Citistreet
Equivest	MetLife
Lincoln Investment	Prudential Disability
	LSW

NOTE 15. TAX CALENDAR

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

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

NOTE 16. COMMITMENTS AND CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its school bonds. The amount of liability at June 30, 2018, if any, is unknown.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 16. COMMITMENTS AND CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2018, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Activities
<u>\$ 865,930</u>	<u>\$ 167,995</u>	<u>\$ 175,388</u>	<u>\$ 1,209,313</u>

On the District's Governmental Funds Balance sheet as of June 30, 2018 \$0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$167,995 less than on a budgetary basis. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivables or an increase in unearned revenue. In the Capital Projects Fund \$175,388 of year-end encumbrances on a budgetary basis are included in the \$428,768 committed fund balance at June 30, 2018.

NOTE 17. MAINTENANCE RESERVE ACCOUNT

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

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

The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 450,000
Ending Balance, June 30, 2018	\$ 450,000

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 18. ACCOUNTS PAYABLE

Payables as of June 30, 2018 were:

	<u>Governmental Funds</u>		<u>Total Governmental Funds</u>	<u>District Contri- bution Subsequent to the Measur- ment Date</u>	<u>Total Governmental Activites</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>			
Vendors	\$ 962,526	\$ 53,489	\$ 1,016,015		\$ 1,016,015
State		54,273	54,273	\$ 1,901,639	1,955,912
<b>Total</b>	<u>\$ 962,526</u>	<u>\$ 107,762</u>	<u>\$ 1,070,288</u>	<u>\$ 1,901,639</u>	<u>\$ 2,971,927</u>

NOTE 19. TAX ABATEMENT

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

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Township of Union recognized revenue in the amount of \$412,962 from two payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2017 without the abatement would have been \$2,045,941 of which \$919,675 would have been for the local school tax.

REQUIRED SUPPLEMENTARY  
INFORMATION SCHEDULES



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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's proportion of the net pension liability	0.1727768320%	0.1861144362%	0.2047483398%	0.2011942685%
District's proportionate share of the net pension liability	\$ 33,019,459	\$ 41,778,961	\$ 60,640,585	\$ 46,834,809
District's covered employee payroll	\$ 11,766,218	\$ 12,413,608	\$ 13,144,042	\$ 13,558,570
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	280.63%	336.56%	461.35%	345.43%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%	40.13%	48.10%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 1,524,071	\$ 1,600,845	\$ 1,865,776	\$ 1,966,877
Contributions in relation to the contractually required contribution	<u>(1,524,071)</u>	<u>(1,600,845)</u>	<u>(1,865,776)</u>	<u>(1,966,877)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 11,083,954	\$ 11,766,218	\$ 12,413,608	\$ 13,144,042
Contributions as a percentage of covered employee payroll	13.75%	13.61%	15.03%	14.96%

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ASSOCIATED WITH THE DISTRICT- TEACHERS' PENSION AND ANNUITY FUND  
LAST FOUR FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's proportion of the net pension liability attributable to the District	0.4993965717%	0.5121144212%	0.5273323977%	0.5184152835%
State's proportionate share of the net pension liability attributable to the District	\$ 266,911,214	\$ 323,678,183	\$ 414,833,252	\$ 349,534,277
District's covered employee payroll	50,438,662.00	52,609,495.00	55,743,331.00	56,538,225.00
State proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	529.18%	615.25%	744.18%	618.23%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	22.33%	25.41%

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

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

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 14,362,329	\$ 19,763,467	\$ 31,168,946	\$ 24,213,965
Contributions in relation to the contractually required contribution	<u>(2,768,678)</u>	<u>(4,222,028)</u>	<u>(5,627,263)</u>	<u>(5,174,043)</u>
Contribution deficiency/(excess)	<u>\$ 11,593,651</u>	<u>\$ 15,541,439</u>	<u>\$ 25,541,683</u>	<u>\$ 19,039,922</u>
District's covered employee payroll	\$ 50,438,662	\$ 52,609,495	\$ 55,743,331	\$ 56,538,225
Contributions as a percentage of covered employee payroll	28.47%	37.57%	55.92%	42.83%

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST TWO FISCAL YEARS  
UNAUDITED

	Fiscal Years Ending	
	June 30, 2016	June 30, 2017
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	<u>(1,223,298,019)</u>	<u>(1,242,412,566)</u>
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	<u>46,849,651,824</u>	<u>57,831,784,184</u>
Total OPEB Liability - Ending	<u>\$ 57,831,784,184</u>	<u>\$ 53,639,841,858</u>
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

\* - Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 2.50% as of June 30, 2016 to 2.25% as of June 30, 2017.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

**BUDGETARY COMPARISON SCHEDULES**

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 87,700,754		\$ 87,700,754	\$ 87,700,754	
Tuition from Individuals	100,000		100,000	91,000	\$ (9,000)
Tuition from LEAs Within State				100,385	100,385
Transp Fees from, Individuals				13,854	13,854
Rents and Royalties				39,997	39,997
Miscellaneous	87,064		87,064	511,836	424,772
Total - Local Sources	<u>87,887,818</u>		<u>87,887,818</u>	<u>88,457,826</u>	<u>570,008</u>
State Sources:					
Equalization Aid	25,765,094		25,765,094	25,765,094	
Transportation Aid	306,590		306,590	306,590	
Special Education Aid	4,600,487		4,600,487	4,600,487	
Security Aid	395,293		395,293	395,293	
Additional Adjustment Aid	1		1	1	
PARCC Readiness Aid	73,510		73,510	73,510	
Per Pupil Growth Aid	73,510		73,510	73,510	
Professional Learning Community Aid	71,770		71,770	71,770	
Extraordinary Aid	900,000		900,000	1,748,279	848,279
Nonpublic Transportation Aid				141,954	141,954
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				7,821,061	7,821,061
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				189,798	189,798
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				14,879	14,879
On-Behalf TPAF Post Retirement Medical Benefits (non-budgeted)				5,174,043	5,174,043
TPAF Social Security (Reimbursed - Non-Budgeted)				4,076,206	4,076,206
Total State Sources	<u>32,186,255</u>		<u>32,186,255</u>	<u>50,452,475</u>	<u>18,266,220</u>
Federal Sources:					
Medicaid Reimbursement	108,329		108,329	191,740	83,411
Total Federal Sources	<u>108,329</u>		<u>108,329</u>	<u>191,740</u>	<u>83,411</u>
TOTAL REVENUES	<u>120,182,402</u>		<u>120,182,402</u>	<u>139,102,041</u>	<u>18,919,639</u>



TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 570,186	\$ (121,835)	\$ 448,351	\$ 448,351	
Kindergarten - Salaries of Teachers	1,756,049	(19,021)	1,737,028	1,737,028	
Grades 1-5 - Salaries of Teachers	12,773,443	376,280	13,149,723	13,149,723	
Grades 6-8 - Salaries of Teachers	8,506,056	121,300	8,627,356	8,627,356	
Grades 9-12 - Salaries of Teachers	11,702,327	(126,482)	11,575,845	11,575,845	
Regular Programs - Home Instruction:					
Salaries of Teachers	357,500	(83,302)	274,198	274,198	
Purchased Professional - Educational Services	93,605	(25,987)	67,618	57,484	\$ 10,134
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	708,561	39,897	748,458	748,458	
Purchased Professional - Technical Services	7,000	(2,600)	4,400	4,400	
Other Purchased Services (400-500 series)	1,273,823	(332,212)	941,611	889,567	52,044
General Supplies	1,248,500	(448,842)	799,658	780,378	19,280
Textbooks	831,312	(336,803)	494,509	494,441	68
Total Regular Programs - Instruction	<u>39,828,362</u>	<u>(959,607)</u>	<u>38,868,755</u>	<u>38,787,229</u>	<u>81,526</u>
Special Education Instruction:					
Cognitive - Moderate:					
Salaries of Teachers	113,155	(58,883)	54,272	54,272	
Other Salaries for Instruction	23,805	(7,646)	16,159	16,159	
General Supplies	2,750	(1,250)	1,500	886	614
Textbooks	250	(250)			
Total Cognitive - Moderate	<u>139,960</u>	<u>(68,029)</u>	<u>71,931</u>	<u>71,317</u>	<u>614</u>
Learning and or Language Disabilities:					
Salaries of Teachers	654,315	7,075	661,390	661,390	
Other Salaries for Instruction	33,037	16,907	49,944	49,944	
General Supplies	4,750	(1,540)	3,210	2,991	219
Textbooks	250	(250)			
Total Learning and or Language Disabilities	<u>692,352</u>	<u>22,192</u>	<u>714,544</u>	<u>714,325</u>	<u>219</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Behavioral Disabilities:					
Salaries of Teachers	\$ 344,567	\$ (86,078)	\$ 258,489	\$ 258,489	
Other Salaries for Instruction	91,385	(10,674)	80,711	80,711	
General Supplies	1,250	(612)	638	638	
Total Behavioral Disabilities	<u>437,202</u>	<u>(97,364)</u>	<u>339,838</u>	<u>339,838</u>	
Multiple Disabilities:					
Salaries of Teachers	244,135	36,615	280,750	280,750	
Other Salaries for Instruction	27,624	2,655	30,279	30,279	
General Supplies	4,250	(620)	3,630	3,223	\$ 407
Total Multiple Disabilities	<u>276,009</u>	<u>38,650</u>	<u>314,659</u>	<u>314,252</u>	<u>407</u>
Resource Room/Resource Center:					
Salaries of Teachers	7,233,827	240,792	7,474,619	7,474,619	
Other Salaries for Instruction	224,981	(136,523)	88,458	88,458	
General Supplies	6,250	(1,619)	4,631	2,553	2,078
Textbooks	500	(500)			
Total Resource Room/Resource Center	<u>7,465,558</u>	<u>102,150</u>	<u>7,567,708</u>	<u>7,565,630</u>	<u>2,078</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Autistic:					
Salaries of Teachers	\$ 439,495	\$ 57,445	\$ 496,940	\$ 496,940	
Other Salaries for Instruction	50,565	(47,582)	2,983	2,983	
General Supplies	30,250	(428)	29,822	29,330	\$ 492
<b>Total Autistic</b>	<b>520,310</b>	<b>9,435</b>	<b>529,745</b>	<b>529,253</b>	<b>492</b>
Preschool Disabled - Part-time:					
Salaries of Teachers	284,277	(190,414)	93,863	93,863	
Other Salaries for Instruction	68,473	48,177	116,650	116,650	
General Supplies	2,000	(647)	1,353	1,353	
<b>Total Preschool Handicapped - Part-time</b>	<b>354,750</b>	<b>(142,884)</b>	<b>211,866</b>	<b>211,866</b>	
Preschool Disabled - Full-time:					
Salaries of Teachers	134,856	122,013	256,869	256,869	
Other Salaries for Instruction	83,058	(3,460)	79,598	79,598	
General Supplies	501	(213)	288	288	
<b>Total Preschool Handicapped - Full-time:</b>	<b>218,415</b>	<b>118,340</b>	<b>336,755</b>	<b>336,755</b>	
<b>Total Special Education Instruction</b>	<b>10,104,556</b>	<b>(17,510)</b>	<b>10,087,046</b>	<b>10,083,236</b>	<b>3,810</b>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	2,108,930	388,897	2,497,827	2,497,827	
<b>Total Basic Skills/Remedial - Instruction</b>	<b>2,108,930</b>	<b>388,897</b>	<b>2,497,827</b>	<b>2,497,827</b>	
Bilingual Education - Instruction:					
Salaries of Teachers	727,405	49,875	777,280	777,280	
<b>Total Bilingual Education - Instruction</b>	<b>727,405</b>	<b>49,875</b>	<b>777,280</b>	<b>777,280</b>	

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Vocational Programs-Local-Instruction					
Other Purchased Serv. (400-500 series)	\$ 3,000	\$ (1,365)	\$ 1,635	\$ 1,635	
General Supplies	18,040	(9,918)	8,122	8,122	
Total Vocational Programs-Local-Instruction	<u>21,040</u>	<u>(11,283)</u>	<u>9,757</u>	<u>9,757</u>	
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	195,470	(20,049)	175,421	175,421	
Supplies and Materials	3,500	(1,594)	1,906	1,906	
Other Objects	33,822	(19,043)	14,779	14,612	\$ 167
Total School-Sponsored Cocurricular Activities - Instruction	<u>232,792</u>	<u>(40,686)</u>	<u>192,106</u>	<u>191,939</u>	<u>167</u>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	665,725	(18,068)	647,657	647,657	
Other Purchased Services (300-500 series)	143,940	(22,023)	121,917	114,361	7,556
Supplies and Materials	126,510	(4,527)	121,983	121,942	41
Other Objects	21,650	(5,634)	16,016	16,016	
Total School-Sponsored Cocurricular Athletics - Instruction	<u>957,825</u>	<u>(50,252)</u>	<u>907,573</u>	<u>899,976</u>	<u>7,597</u>
Before/After School Programs - Instruction					
Salaries of Teachers	117,572	(69,742)	47,830	47,830	
Other Purchased Services (400-500 series)		17,520	17,520	17,520	
General Supplies	22,739	(18,697)	4,042	4,042	
Before/After School Programs - Instruction	<u>140,311</u>	<u>(70,919)</u>	<u>69,392</u>	<u>69,392</u>	
Total Instruction	<u>54,121,221</u>	<u>(711,485)</u>	<u>53,409,736</u>	<u>53,316,636</u>	<u>93,100</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 38,940	\$ 59,302	\$ 98,242	\$ 98,242	
Tuition to Other LEAs Within the State - Special	5,222,622	(1,397,122)	3,825,500	3,811,982	\$ 13,518
Tuition to County Vocational School District - Regular	672,500	15,150	687,650	687,650	
Tuition to County Vocational School District - Special	100,000	(79,200)	20,800	20,800	
Tuition to County Special Services and Day School	90,000	(46,701)	43,299	14,045	29,254
Tuition to Private Schools for the Handicapped - Within State	4,021,735	1,703,547	5,725,282	5,725,282	
Tuition to Private Schools for the Handicapped and Other LEA O/S State	171,300	(96,476)	74,824	74,824	
Tuition to Other		361,563	361,563	361,563	
Total Undistributed Expenditures - Instruction:	10,317,097	520,063	10,837,160	10,794,388	42,772
Attendance & Social Work:					
Salaries	182,084	26,330	208,414	208,414	
Other Purchased Services	118,900	(4,100)	114,800	114,800	
Other Objects	720	(720)			
Total Attendance & Social Work	301,704	21,510	323,214	323,214	
Health Services:					
Salaries	915,171	(7,501)	907,670	907,670	
Purchased Professional and Technical Services	68,487	(11,470)	57,017	53,017	4,000
Supplies and Materials	20,885	(4,182)	16,703	14,051	2,652
Total Health Services	1,004,543	(23,153)	981,390	974,738	6,652

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	\$ 1,463,031	\$ 14,266	\$ 1,477,297	\$ 1,477,297	
Purchased Professional - Educational Services	444,161	1,134,589	1,578,750	1,511,148	\$ 67,602
Supplies and Materials	43,047	(9,585)	33,462	31,091	2,371
Total Speech, OT, PT and Related Services	<u>1,950,239</u>	<u>1,139,270</u>	<u>3,089,509</u>	<u>3,019,536</u>	<u>69,973</u>
Other Support Services - Students - Extra Services:					
Salaries	<u>1,909,410</u>	<u>718,912</u>	<u>2,628,322</u>	<u>2,628,322</u>	
Total Other Support Services - Students - Extra Services	<u>1,909,410</u>	<u>718,912</u>	<u>2,628,322</u>	<u>2,628,322</u>	
Guidance:					
Salaries of Other Professional Staff	1,895,553	(33,395)	1,862,158	1,862,158	
Salaries of Secretarial and Clerical Assistants	262,536	7,054	269,590	269,590	
Supplies and Materials	900	(416)	484	484	
Other Objects	<u>7,307</u>	<u>(1,466)</u>	<u>5,841</u>	<u>5,841</u>	
Total Guidance	<u>2,166,296</u>	<u>(28,223)</u>	<u>2,138,073</u>	<u>2,138,073</u>	
Child Study Team:					
Salaries of Other Professional Staff	2,710,935	(77,020)	2,633,915	2,633,915	
Salaries of Secretarial and Clerical Assistants	279,748	(30,907)	248,841	248,841	
Purchased Professional - Educational Services	96,186	51,755	147,941	106,015	41,926
Other Purchased Services (400-500 series)	3,000	(669)	2,331	2,331	
Other Objects	<u>2,000</u>	<u>(660)</u>	<u>1,340</u>	<u>1,340</u>	
Total Child Study Team	<u>3,091,869</u>	<u>(57,501)</u>	<u>3,034,368</u>	<u>2,992,442</u>	<u>41,926</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 1,507,930	\$ (117,424)	\$ 1,390,506	\$ 1,390,505	\$ 1
Salaries of Other Professional Staff	67,400	(40,730)	26,670	26,670	
Salaries of Secretarial and Clerical Assistants	274,251	372	274,623	274,623	
Other Purchased Services (400-500 series)	5,000	(5,000)			
Supplies and Materials	112,300	(25,810)	86,490	83,016	3,474
Other Objects	10,027	(2,591)	7,436	7,436	
Total Improvement of Instructional Services	<u>1,976,908</u>	<u>(191,183)</u>	<u>1,785,725</u>	<u>1,782,250</u>	<u>3,475</u>
Educational Media Services/School Library:					
Salaries	962,855	(23,860)	938,995	938,995	
Supplies and Materials	91,983	(19,697)	72,286	72,018	268
Other Objects	14,500	(1,061)	13,439	13,439	
Total Educational Media Services/School Library	<u>1,069,338</u>	<u>(44,618)</u>	<u>1,024,720</u>	<u>1,024,452</u>	<u>268</u>
Instructional Staff Training Services:					
Salaries of Other Professional Staff	34,147	(27,727)	6,420	6,420	
Purchased Professional - Educational Services	64,392	2,999	67,391	59,060	8,331
Other Purchased Services (400-500 series)	32,251	(19,143)	13,108	13,108	
Total Instructional Staff Training Services	<u>130,790</u>	<u>(43,871)</u>	<u>86,919</u>	<u>78,588</u>	<u>8,331</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - General Administration:					
Salaries	\$ 828,172	\$ (1,082)	\$ 827,090	\$ 827,090	
Salaries of Attorneys	4,700		4,700	4,700	
Legal Services	200,000	70,887	270,887	252,051	\$ 18,836
Audit Fees	59,000	(1,375)	57,625	57,625	
Architectural/Engineering Services	98,859	36,337	135,196	112,786	22,410
Other Purchased Professional Services	7,000	(5,755)	1,245	1,245	
Purchased Technical Services	2,000	(73)	1,927	1,888	39
Communications/Telephone	337,039	37,290	374,329	369,819	4,510
Miscellaneous Purchased Services (400-500 series) Other than 530 & 585	577,262	(7,992)	569,270	560,254	9,016
Supplies and Materials	54,412	(27,727)	26,685	24,433	2,252
BOE In-House Training/Meeting Supplies	6,000	(3,000)	3,000	1,200	1,800
Judgements Against the School District	25,000	217	25,217	14,549	10,668
Miscellaneous Expenditures	72,775	(66,857)	5,918	5,918	
Board of Education Dues and Fees	35,199	(7,980)	27,219	27,218	1
Total Support Services - General Administration	<u>2,307,418</u>	<u>22,890</u>	<u>2,330,308</u>	<u>2,260,776</u>	<u>69,531</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	2,629,800	(70,135)	2,559,665	2,559,664	1
Salaries of Other Professional Staff	452,483		452,483	452,483	
Salaries of Secretarial and Clerical Assistants	1,219,603	9,491	1,229,094	1,229,094	
Other Salaries	54,962	(6,516)	48,446	48,446	
Purchased and Technical Services	5,000	(2,865)	2,135	2,135	
Other Purchased Services (400-500 series)	10,336	3,074	13,410	13,410	
Supplies and Materials	105,675	(27,911)	77,764	47,105	30,659
Other Objects	180,625	(88,152)	92,473	81,777	10,696
Total Support Services - School Administration	<u>4,658,484</u>	<u>(183,014)</u>	<u>4,475,470</u>	<u>4,434,114</u>	<u>41,356</u>



TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Central Services:					
Salaries	\$ 994,008	\$ 59,573	\$ 1,053,581	\$ 1,053,581	
Purchased Professional - Services	120,253	(7,188)	113,065	107,776	\$ 5,289
Miscellaneous Purchased Services (400-500 series)	13,000	(4,703)	8,297	8,297	
Supplies and Materials	26,000	(9,770)	16,230	16,217	13
Miscellaneous Expenditures	14,650	(8,178)	6,472	6,472	
Total Central Services	<u>1,167,911</u>	<u>29,734</u>	<u>1,197,645</u>	<u>1,192,343</u>	<u>5,302</u>
Administration Information Technology:					
Salaries	569,222	70,449	639,671	639,671	
Purchased Technical Services	218,415	13,366	231,781	206,622	25,159
Supplies and Materials	154,302	5,694	159,996	159,994	2
Total Administration Information Technology	<u>941,939</u>	<u>89,509</u>	<u>1,031,448</u>	<u>1,006,287</u>	<u>25,161</u>
Required Maintenance of School Facilities:					
Salaries	1,097,733	(96,778)	1,000,955	1,000,948	7
Cleaning, Repair and Maintenance Services	633,981	(125,584)	508,397	405,434	102,963
General Supplies	292,725	55,580	348,305	332,878	15,427
Other Objects	87,880	(13,933)	73,947	69,425	4,522
Total Required Maintenance of School Facilities	<u>2,112,319</u>	<u>(180,715)</u>	<u>1,931,604</u>	<u>1,808,685</u>	<u>122,919</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Custodial Services:					
Salaries	\$ 3,511,399	\$ (85,032)	\$ 3,426,367	\$ 3,426,366	\$ 1
Salaries of Non-Instructional Aides	353,900	(35,777)	318,123	318,105	18
Purchased Professional and Technical Services	26,000	(10,926)	15,074	15,074	
Cleaning, Repair and Maintenance Services	182,000	(35,410)	146,590	146,590	
Other Purchased Property Services	116,622	6,069	122,691	122,669	22
General Supplies	306,079	16,919	322,998	286,684	36,314
Energy (Electricity)	1,243,550	(173,515)	1,070,035	1,070,035	
Energy (Natural Gas)	693,000	(166,873)	526,127	526,127	
Total Custodial Services	<u>6,432,550</u>	<u>(484,545)</u>	<u>5,948,005</u>	<u>5,911,650</u>	<u>36,355</u>
Care and Upkeep of Grounds:					
Salaries	374,101	(15,386)	358,715	358,715	
Cleaning, Repair and Maintenance Services	41,000	(31,780)	9,220	9,220	
General Supplies	49,480	5,991	55,471	46,952	8,519
Total Care and Upkeep of Grounds	<u>464,581</u>	<u>(41,175)</u>	<u>423,406</u>	<u>414,887</u>	<u>8,519</u>
Security:					
Salaries	1,178,559	(39,449)	1,139,110	1,139,110	
Purchased Prof. and Tech Services	104,684	53,725	158,409	126,341	32,068
Cleaning, Repair and Maintenance Services		95,392	95,392	95,391	1
General Supplies	3,800	7,207	11,007	9,888	1,119
Other Objects	10,700	(2,164)	8,536	8,536	
Total Security	<u>1,297,743</u>	<u>114,711</u>	<u>1,412,454</u>	<u>1,379,266</u>	<u>33,188</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 576,450	\$ (88,022)	\$ 488,428	\$ 488,428	
Salaries for Pupil Transportation - Regular	1,648,562	(301,204)	1,347,358	1,347,358	
Salaries for Pupil Transportation - Other than Between Home and School	20,000	6,319	26,319	26,319	
Management Fee - ESC Transportation Program	126,200	15,295	141,495	139,701	\$ 1,794
Purchased Professional and Technical Services	14,500	(8,951)	5,549	5,549	
Cleaning, Repair and Maintenance Services	108,363	(68,498)	39,865	30,282	9,583
Contracted Services:					
Aid in Lieu - Choice Students	25,188	(25,188)			
Aid in Lieu - Non Public Schools	288,094	41,268	329,362	270,491	58,871
Aid in Lieu - Charter School	19,000	2,942	21,942	3,961	17,981
Other than Between Home and School - Vendors	165,303	(53,590)	111,713	111,075	638
ESC Regular Students	313,260	23,584	336,844	322,405	14,439
ESC Special Education Students	2,400,000	1,211,211	3,611,211	3,572,406	38,805
General Supplies	43,245	(13,194)	30,051	25,431	4,620
Transportation Supplies	210,828	(17,355)	193,473	191,842	1,631
Other Objects	3,300	(2,900)	400	400	
<b>Total Student Transportation Services</b>	<b>5,962,293</b>	<b>721,717</b>	<b>6,684,010</b>	<b>6,535,648</b>	<b>148,362</b>
Unallocated Benefits:					
Social Security Contributions	1,635,000	51,485	1,686,485	1,652,194	34,291
Other Retirement Contributions - PERS	1,960,000	6,877	1,966,877	1,966,877	
Other Retirement Contributions - Regular	50,000	(16,971)	33,029	33,029	
Workmen's Compensation	750,000	(7,636)	742,364	737,881	4,483
Unemployment Compensation	20,000	(20,000)			
Health Benefits	17,350,000	245,473	17,595,473	17,591,703	3,770
Tuition Reimbursement	115,000	(13,884)	101,116	101,116	
Unused Vacation Payment to Term/Ret Staff	480,000	(123,148)	356,852	356,852	
<b>Total Unallocated Benefits</b>	<b>22,360,000</b>	<b>122,196</b>	<b>22,482,196</b>	<b>22,439,652</b>	<b>42,544</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
On-Behalf Contributions:					
On-behalf TPAF Pension Contributions (non-budgeted)				\$ 7,821,061	\$ (7,821,061)
On-behalf Non-Contributory Insurance (non-budgeted)				189,798	(189,798)
On-behalf Long-Term Disability Insurance (non-budgeted)				14,879	(14,879)
On-Behalf TPAF Post Retirement Medical Benefits (non-budgeted)				5,174,043	(5,174,043)
Reimbursed TPAF Social Security Contributions (non-budgeted)				4,076,206	(4,076,206)
Total On-Behalf Contributions				<u>17,275,987</u>	<u>(17,275,987)</u>
Total Personal Services - Employee Benefits	<u>\$ 22,360,000</u>	<u>\$ 122,196</u>	<u>\$ 22,482,196</u>	<u>39,715,639</u>	<u>(17,233,443)</u>
Total Undistributed Expenses	<u>71,623,432</u>	<u>2,222,514</u>	<u>73,845,946</u>	<u>90,415,298</u>	<u>(16,569,353)</u>
TOTAL CURRENT EXPENSE	<u>125,744,653</u>	<u>1,511,029</u>	<u>127,255,682</u>	<u>143,731,934</u>	<u>(16,476,252)</u>
CAPITAL OUTLAY					
Equipment:					
Instruction	3,325		3,325	2,149	1,176
Other Support Services - Students - Regular	19,567	(1,454)	18,113	17,534	579
Other Support Services - Students - Special	5,000		5,000	3,236	1,764
School -Sponsored and Other Instructional Program	36,000		36,000	27,730	8,270
Administrative Information Technology	371,785	89,920	461,705	461,676	29
Required Maintenance for School Facilities	103,220	4,415	107,635	76,810	30,825
Custodial Services	95,822	(24,000)	71,822	67,930	3,892
Care and Upkeep of Grounds	82,395		82,395	77,736	4,659
Security	68,500	(855)	67,645		67,645
Non- Instructional Equipment	6,000		6,000	2,124	3,876
School Buses-Regular	108,000	11,143	119,143	119,143	
Regular Programs - Instruction:					
Grades 1-5	<u>6,500</u>	<u>(1,500)</u>	<u>5,000</u>	<u>4,988</u>	<u>12</u>
Total Equipment	<u>906,114</u>	<u>77,669</u>	<u>983,783</u>	<u>861,056</u>	<u>122,727</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	\$ 574,573	\$ (263,577)	\$ 310,996	\$ 280,989	\$ 30,007
Assessment for Debt Service- SDA Funding	101,460		101,460	101,460	
Construction Services	4,563,315	1,034,688	5,598,003	5,409,166	188,837
Total Facilities Acquisition and Construction Services	<u>5,239,348</u>	<u>771,111</u>	<u>6,010,459</u>	<u>5,791,615</u>	<u>218,844</u>
Assets Acquired Under Capital Leases (Non-budgeted):					
Computers				448,000	(448,000)
				<u>448,000</u>	<u>(448,000)</u>
 TOTAL CAPITAL OUTLAY	 <u>6,145,462</u>	 <u>848,780</u>	 <u>6,994,242</u>	 <u>7,100,671</u>	 <u>(106,429)</u>
 Transfer to Charter School	 <u>300,350</u>	 <u>(300,350)</u>			
Total Transfer to Charter School	<u>300,350</u>	<u>(300,350)</u>			
 TOTAL EXPENDITURES	 <u>132,190,465</u>	 <u>2,059,459</u>	 <u>134,249,924</u>	 <u>150,832,605</u>	 <u>\$ (16,582,681)</u>
 Excess (Deficiency) of Revenues Over/(Under) Expenditures	 <u>(12,008,063)</u>	 <u>(2,059,459)</u>	 <u>(14,067,522)</u>	 <u>(11,730,564)</u>	 <u>2,336,958</u>
 Other Financing Sources/ (Uses):					
Transfer to Capital Projects Fund From Capital Outlay		(385,700)	(385,700)	(385,700)	
Transfer from Capital Projects Fund to Capital Reserve				146,134	146,134
Capital Leases (Non-budgeted)				448,000	448,000
Total Other Financing Sources (Uses)		<u>(385,700)</u>	<u>(385,700)</u>	<u>208,434</u>	<u>594,134</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financial Uses	\$ (12,008,063)	\$ (2,445,159)	\$ (14,453,222)	\$ (11,522,130)	\$ 2,931,092
Fund Balance, July 1	<u>21,154,407</u>		<u>21,154,407</u>	<u>21,154,407</u>	
Fund Balance, June 30	<u>\$ 9,146,344</u>	<u>\$ (2,445,159)</u>	<u>\$ 6,701,185</u>	<u>\$ 9,632,277</u>	<u>\$ 2,931,092</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 1,667,015	
Maintenance Reserve				450,000	
Emergency Reserve				725,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,455,646	
Excess Surplus				808,567	
Assigned Fund Balance:					
Year-end Encumbrances				865,930	
Unassigned Fund Balance				<u>3,660,119</u>	
				9,632,277	
Reconciliation to Governmental Fund Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				<u>(3,134,143)</u>	
Fund Balance per Governmental Funds GAAP				<u>\$ 6,498,134</u>	

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 406,727	\$ (1,078)	\$ 405,649	\$ 351,376	\$ (54,273)
Federal Sources	2,656,199	792,520	3,448,719	2,818,196	(630,523)
Local Sources		450,167	450,167	55,653	(394,514)
Total Revenues	<u>3,062,926</u>	<u>1,241,609</u>	<u>4,304,535</u>	<u>3,225,225</u>	<u>(1,079,310)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	157,799	706,774	864,573	516,208	348,365
Purchased Professional - Educational Services	317,210	(301,513)	15,697	8,705	6,992
Purchased Professional/Technical Services		274,023	274,023	253,091	20,932
Tuition	1,232,705	508,468	1,741,173	1,741,173	
General Supplies	1,238,695	(672,780)	565,915	155,141	410,774
Text Book	30,031	(2,696)	27,335	26,170	1,165
Other Object	13,546	7,973	21,519	19,916	1,603
Total Instruction	<u>2,989,986</u>	<u>520,249</u>	<u>3,510,235</u>	<u>2,720,404</u>	<u>789,831</u>
Support Services					
Salaries of Other Professional Staff		136,534	136,534	81,610	54,924
Personal Service - Employee Benefits		164,180	164,180	164,074	106
Purchased Professional - Technical Services	46,890	145,323	192,213	105,098	87,115
Purchased Professional - Educational Services		93,243	93,243	57,378	35,865
Other Purchased Services		75,300	75,300	32,998	42,302
Travel		54,828	54,828	17,914	36,914
Supplies and Materials	26,050	48,784	74,834	42,681	32,153
Total Support Services	<u>72,940</u>	<u>718,192</u>	<u>791,132</u>	<u>501,753</u>	<u>289,379</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		3,168	3,168	3,068	100
Total Facilities Acquisition and Construction Services		<u>3,168</u>	<u>3,168</u>	<u>3,068</u>	<u>100</u>
Total Expenditures	<u>3,062,926</u>	<u>1,241,609</u>	<u>4,304,535</u>	<u>3,225,225</u>	<u>1,079,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 139,102,041	\$ 3,225,225
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenue on the Budgetary Basis but not on the GAAP Basis		54,984
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	3,088,081	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(3,134,143)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 139,055,979</u>	<u>\$ 3,280,209</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 150,832,605	\$ 3,225,225
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		54,984
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 150,832,605</u>	<u>\$ 3,280,209</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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



SPECIAL REVENUE FUND

TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	No Child Left Behind				
	Title I	Title II	Title III	Title III - Immigrant	
<b>REVENUE:</b>					
State Sources					
Federal Sources	\$ 710,463	\$ 195,419	\$ 51,319	\$ 14,220	\$ 2,729
Local Sources					
<b>Total Revenue</b>	<b>\$ 710,463</b>	<b>\$ 195,419</b>	<b>\$ 51,319</b>	<b>\$ 14,220</b>	<b>\$ 2,729</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	419,415	72,650	24,143		
Purchased Professional/Technical Services					
Purchased Professional - Educational Services	8,705				
Tuition					
General Supplies	38,997		22,021	14,220	
Textbooks					
Other Objects					
<b>Total Instruction</b>	<b>467,117</b>	<b>72,650</b>	<b>46,164</b>	<b>14,220</b>	
<b>Support Services:</b>					
Salaries of Other Professional Staff	70,649				1,964
Personal Service - Employee Benefits	138,817	22,446	1,492		765
Purchased Professional/Technical Services	9,594	48,345			
Purchased Professional - Educational Services					
Other Purchased Services	10,566	17,703	3,663		
Travel		17,914			
Supplies and Materials	13,720	16,361			
<b>Total Support Services</b>	<b>243,346</b>	<b>122,769</b>	<b>5,155</b>		<b>2,729</b>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<b>\$ 710,463</b>	<b>\$ 195,419</b>	<b>\$ 51,319</b>	<b>\$ 14,220</b>	<b>\$ 2,729</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>IDEA</u>		<u>Perkins Secondary</u>	<u>Nonpublic</u>	
	<u>Basic</u>	<u>Preschool</u>		<u>Textbook</u>	<u>Security</u>
REVENUE:					
State Sources				\$ 26,170	\$ 12,600
Federal Sources	\$ 1,745,141	\$ 53,410	\$ 45,495		
Local Sources					
Total Revenue	<u>\$ 1,745,141</u>	<u>\$ 53,410</u>	<u>\$ 45,495</u>	<u>\$ 26,170</u>	<u>\$ 12,600</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional/Technical Services			5,856		
Purchased Professional - Educational Services					
Tuition	1,687,763	53,410			
General Supplies			24,250		
Textbooks				26,170	
Other Objects			1,704		
Total Instruction	<u>1,687,763</u>	<u>53,410</u>	<u>31,810</u>	<u>26,170</u>	
Support Services:					
Salaries of Other Professional Staff			8,997		
Personal Service - Employee Benefits			554		
Purchased Professional/Technical Services					
Purchased Professional - Educational Services	57,378				
Other Purchased Services			1,066		
Travel					
Supplies and Materials					12,600
Total Support Services	<u>57,378</u>		<u>10,617</u>		<u>12,600</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment			3,068		
Total Facilities Acquisition and Construction Services			<u>3,068</u>		
Total Expenditures	<u>\$ 1,745,141</u>	<u>\$ 53,410</u>	<u>\$ 45,495</u>	<u>\$ 26,170</u>	<u>\$ 12,600</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Nonpublic		Chapter 192		
	Nursing	Technology Initiative	Compensatory Education	English as Second Language	Transportation
REVENUE:					
State Sources	\$ 47,159	\$ 18,212	\$ 142,630	\$ 1,355	\$ 20,970
Federal Sources					
Local Sources					
<b>Total Revenue</b>	<b>\$ 47,159</b>	<b>\$ 18,212</b>	<b>\$ 142,630</b>	<b>\$ 1,355</b>	<b>\$ 20,970</b>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional/Technical Services			142,630	1,355	20,970
Purchased Professional - Educational Services					
Tuition					
General Supplies					
Textbooks					
Other Objects		18,212			
<b>Total Instruction</b>		<b>18,212</b>	<b>142,630</b>	<b>1,355</b>	<b>20,970</b>
Support Services:					
Salaries of Other Professional Staff					
Personal Service - Employee Benefits					
Purchased Professional/Technical Services	47,159				
Purchased Professional - Educational Services					
Other Purchased Services					
Travel					
Supplies and Materials					
<b>Total Support Services</b>	<b>47,159</b>				
Facilities Acquisition and Construction Services:					
Instructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<b>\$ 47,159</b>	<b>\$ 18,212</b>	<b>\$ 142,630</b>	<b>\$ 1,355</b>	<b>\$ 20,970</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Chapter 193			Local Grants	Total
	Supplemental Instruction	Corrective Speech	Examination & Classification		
REVENUE:					
State Sources	\$ 30,293	\$ 39,131	\$ 12,856		\$ 351,376
Federal Sources					2,818,196
Local Sources				\$ 55,653	55,653
<b>Total Revenue</b>	<b>\$ 30,293</b>	<b>\$ 39,131</b>	<b>\$ 12,856</b>	<b>\$ 55,653</b>	<b>\$ 3,225,225</b>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					516,208
Purchased Professional/Technical Services	30,293	39,131	12,856		253,091
Purchased Professional - Educational Services					8,705
Tuition					1,741,173
General Supplies				55,653	155,141
Textbooks					26,170
Other Objects					19,916
<b>Total Instruction</b>	<b>30,293</b>	<b>39,131</b>	<b>12,856</b>	<b>55,653</b>	<b>2,720,404</b>
Support Services:					
Salaries of Other Professional Staff					81,610
Personal Service - Employee Benefits					164,074
Purchased Professional/Technical Services					105,098
Purchased Professional - Educational Services					57,378
Other Purchased Services					32,998
Travel					17,914
Supplies and Materials					42,681
<b>Total Support Services</b>					<b>501,753</b>
Facilities Acquisition and Construction Services:					
Instructional Equipment					3,068
<b>Total Facilities Acquisition and Construction Services</b>					<b>3,068</b>
<b>Total Expenditures</b>	<b>\$ 30,293</b>	<b>\$ 39,131</b>	<b>\$ 12,856</b>	<b>\$ 55,653</b>	<b>\$ 3,225,225</b>

CAPITAL PROJECTS FUND

TOWNSHIP OF UNION SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE- BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Expenditures:	
Purchased Professional and Technical Services	\$ 8,875
Construction Services	359,327
Total Expenditures	<u>368,202</u>
Other Financing Sources/(Uses):	
Transfer from Capital Outlay	385,700
Transfer to General Fund - Capital Reserve	<u>(146,134)</u>
Total Other Financing Sources/(Uses)	<u>239,566</u>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(128,636)
Fund Balance - Beginning of Year	<u>557,404</u>
Fund Balance - End of Year	<u><u>\$ 428,768</u></u>
Recapitulation of Fund Balance	
Committed:	
Year-end Encumbrances	\$ 175,388
Other Purposes	253,380
Fund Balance per Governmental Funds (Budgetary Basis)	<u><u>\$ 428,768</u></u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS-BUDGETARY BASIS  
UNION HIGH SCHOOL BOILER PROJECT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Period	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Outlay	\$ 1,477,500	\$ (142,959)	\$ 1,334,541	\$ 1,334,541
Total Revenue and Other Financing Sources	1,477,500	(142,959)	1,334,541	1,334,541
Expenditures:				
Architectural/Engineering Services	53,775		53,775	53,775
Construction Services	1,244,371	36,395	1,280,766	1,280,766
Total Expenditures	1,298,146	36,395	1,334,541	1,334,541
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 179,354	\$ (179,354)	\$ -0-	\$ -0-

Additional Project Information:

Grant Date	
Bonds Authorized Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 1,477,500
Revised Authorized Cost	\$ 1,334,541
Percentage Completion	100.00%
Original Target Completion Date	12/1/2017



TOWNSHIP OF UNION SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS- BUDGETARY BASIS  
DISTRICT-WIDE DOOR REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Period	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Outlay	\$ 303,000	\$ (3,050)	\$ 299,950	\$ 299,950
Total Revenue and Other Financing Sources	303,000	(3,050)	299,950	299,950
Expenditures:				
Purchased Professional and Technical Services	24,950		24,950	24,950
Construction Services				275,000
Total Expenditures	24,950		24,950	299,950
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 278,050	\$ (3,050)	\$ 275,000	\$ -0-

## Additional Project Information:

Grant Date	N/A
Bonds Authorized Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 303,000
Revised Authorized Cost	\$ 299,950
Percentage Completion	8.32%
Original Target Completion Date	12/1/2017

TOWNSHIP OF UNION SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS- BUDGETARY BASIS  
DISTRICT-WIDE WINDOW REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Period	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
Transfer from Capital Outlay	\$ 100,000	\$ 385,575	\$ 485,575	\$ 485,575
<b>Total Revenue and Other Financing Sources</b>	<b>100,000</b>	<b>385,575</b>	<b>485,575</b>	<b>485,575</b>
Expenditures:				
Purchased Professional and Technical Services		8,875	8,875	8,875
Construction Services		322,932	322,932	476,700
<b>Total Expenditures</b>		<b>331,807</b>	<b>331,807</b>	<b>485,575</b>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 100,000	\$ 53,768	\$ 153,768	\$ -0-

Additional Project Information:

Grant Date	N/A
Bonds Authorized Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 100,000
Revised Authorized Cost	\$ 485,575
Percentage Completion	31.67%
Original Target Completion Date	6/30/2019

PROPRIETARY FUNDS

TOWNSHIP OF UNION SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	<u>Food Service Fund</u>
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 159,990
Intergovernmental Accounts Receivable:	
Federal	265,346
State	6,933
Inventories	<u>24,328</u>
 Total Current Assets	 <u>456,597</u>
 Non-Current Assets:	
Capital Assets	2,193,275
Less: Accumulated Depreciation	<u>(1,370,114)</u>
 Total Non-Current Assets	 <u>823,161</u>
 Total Assets	 <u>1,279,758</u>
 <b>LIABILITIES:</b>	
Unearned Revenue	<u>4,051</u>
 Total Liabilities	 <u>4,051</u>
 <b>NET POSITION:</b>	
Investment in Capital Assets	823,161
Unrestricted	<u>452,546</u>
 Total Net Position	 <u><u>\$ 1,275,707</u></u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Food Service Fund</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 1,237,764
Daily Sales - Non-reimbursable Programs	271,704
Special Events	<u>12,357</u>
Total Operating Revenue	<u>1,521,825</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	1,021,723
Cost of Sales - Non-reimbursable Programs	224,281
Salaries, Benefits & Payroll Taxes	1,222,891
Supplies, Insurance & Other Costs	667,006
Management Fee	73,172
Miscellaneous Expenses	15,092
Depreciation Expense	<u>79,195</u>
Total Operating Expenses	<u>3,303,360</u>
Operating Loss	<u>(1,781,535)</u>
Non-Operating Revenue:	
Local Sources:	
Interest Income	4,911
State Sources:	
State School Lunch Program	37,234
Federal Sources:	
School Breakfast Program	209,963
National School Lunch Program	1,197,239
Food Distribution Program	<u>283,541</u>
Total Non-Operating Revenue	<u>1,732,888</u>
Change in Net Position	(48,647)
Net Position - Beginning of Year	<u>1,324,354</u>
Net Position - End of Year	<u>\$ 1,275,707</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,521,825
Payments to Food Service Vendor	(2,938,345)
Net Cash Used for Operating Activities	(1,416,520)
Cash Flows Used for Capital and Related Financing Activities:	
Purchase of Capital Assets	(82,930)
Net Cash Used for Capital and Related Financing Activities	(82,930)
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	4,911
Net Cash Provided by Investing Activities	4,911
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	35,452
Federal Sources:	
National School Lunch Program	1,007,094
School Breakfast Program	209,963
Net Cash Provided/(Used) by Noncapital Financing Activities	1,252,509
Net Decrease in Cash and Cash Equivalents	(242,030)
Cash and Cash Equivalents, July 1	402,020
Cash and Cash Equivalents, June 30	\$ 159,990
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (1,781,535)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	79,195
Federal Food Distribution Program	283,541
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventories	1,136
Increase/(Decrease) in Unearned Revenue	1,143
Net Cash Used for Operating Activities	\$ (1,416,520)

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$284,684 and \$283,541, respectively, the fiscal year ended June 30, 2018.

FIDUCIARY FUNDS

TOWNSHIP OF UNION SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2018

	Agency		Unemployment Compensation Trust	Scholarship and Memorial Trust Fund	Total Fiduciary Funds
	Student Activity	Payroll			
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 251,223	\$ 4,566,100	\$ 4,817,323	\$ 1,290,402	\$ 6,309,645
Interfund Receivable - Payroll Agency				228,412	228,412
Total Assets	251,223	4,566,100	4,817,323	1,518,814	6,538,057
<u>LIABILITIES:</u>					
Accrued Salaries and Wages		3,352,819	3,352,819		3,352,819
Payroll Deductions and Withholdings		984,869	984,869		984,869
Due to Student Groups	251,223		251,223		251,223
Interfund Payable - Unemployment Compensation Trust		228,412	228,412		228,412
Total Liabilities	251,223	4,566,100	4,817,323		4,817,323
<u>NET POSITION:</u>					
Held in Trust for:					
Unemployment Claims			1,518,814		1,518,814
Restricted for Scholarships				201,920	201,920
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 1,518,814	\$ 1,720,734



TOWNSHIP OF UNION SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust</u>	<u>Totals</u>
<b>ADDITIONS:</b>			
Contributions:			
Plan Member	\$ 124,624		\$ 124,624
Donations		\$ 60,995	60,995
Total Contributions	<u>124,624</u>	<u>60,995</u>	<u>185,619</u>
Investment Earnings:			
Interest	<u>6,179</u>	<u>1,812</u>	<u>7,991</u>
Net Investment Earnings	<u>6,179</u>	<u>1,812</u>	<u>7,991</u>
Total Additions	<u>130,803</u>	<u>62,807</u>	<u>193,610</u>
<b>DEDUCTIONS:</b>			
Unemployment Compensation Claims	79,070		79,070
Scholarships Awarded		39,132	39,132
Total Deductions	<u>79,070</u>	<u>39,132</u>	<u>118,202</u>
Change in Net Position	51,733	23,675	75,408
Net Position - Beginning of the Year	<u>1,467,081</u>	<u>178,245</u>	<u>1,645,326</u>
Net Position - End of the Year	<u>\$ 1,518,814</u>	<u>\$ 201,920</u>	<u>\$ 1,720,734</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 361,074	\$ 631,990	\$ 741,841	\$ 251,223
Total Assets	<u>\$ 361,074</u>	<u>\$ 631,990</u>	<u>\$ 741,841</u>	<u>\$ 251,223</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 361,074	\$ 631,990	\$ 741,841	\$ 251,223
Total Liabilities	<u>\$ 361,074</u>	<u>\$ 631,990</u>	<u>\$ 741,841</u>	<u>\$ 251,223</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2018</u>
Elementary Schools:				
Battle Hill	\$ 7,943	\$ 5,858	\$ 9,656	\$ 4,145
Central Five - Jefferson	124	100		224
Connecticut Farms	1,383	5,411	4,037	2,757
Franklin		10,593	9,350	1,243
Hannah Caldwell		9,220	7,107	2,113
Livingston		8,497	8,341	156
Washington	87	14,154	11,129	3,112
Junior High School:				
Burnett	39,882	28,360	32,190	36,052
Kawameeh	36,212	86,705	73,486	49,431
Senior High School:				
Jefferson High School Activities	217,351	321,782	427,482	111,651
Athletic Account	<u>58,093</u>	<u>141,310</u>	<u>159,063</u>	<u>40,340</u>
Total	<u>\$ 361,074</u>	<u>\$ 631,990</u>	<u>\$ 741,841</u>	<u>\$ 251,223</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 4,352,659	\$ 90,961,997	\$ 90,748,556	\$ 4,566,100
Total Assets	<u>\$ 4,352,659</u>	<u>\$ 90,961,997</u>	<u>\$ 90,748,556</u>	<u>\$ 4,566,100</u>
 <u>LIABILITIES:</u>				
Interfund Payable - Unemployment Compensation Trust Fund	\$ 228,412			\$ 228,412
Accrued Salaries and Wages	3,249,777	\$ 3,352,819	\$ 3,249,777	3,352,819
Payroll Deductions and Withholdings	874,470	87,609,178	87,498,779	984,869
Total Liabilities	<u>\$ 4,352,659</u>	<u>\$ 90,961,997</u>	<u>\$ 90,748,556</u>	<u>\$ 4,566,100</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2017	Retired/ Matured	Balance June 30, 2018
			Date	Amount				
School Bonds	9/8/2011	\$ 6,712,000	1/1/2019	\$ 330,000	3.000%	\$ 5,462,000	\$ 300,000	\$ 5,162,000
			1/1/2020	330,000	3.000%			
			1/1/2021	340,000	3.000%			
			1/1/2022	340,000	3.000%			
			1/1/2023	360,000	3.000%			
			1/1/2024	360,000	3.000%			
			1/1/2025	370,000	3.250%			
			1/1/2026	370,000	3.250%			
			1/1/2027	380,000	3.500%			
			1/1/2028	390,000	3.500%			
			1/1/2029	395,000	3.500%			
			1/1/2030	400,000	3.625%			
			1/1/2031	400,000	3.625%			
			1/1/2032	397,000	3.750%			
School Refunding Bonds - Series 2015	1/15/2015	4,280,000	1/1/2019	515,000	4.000%	3,315,000	495,000	2,820,000
			1/1/2020	535,000	4.000%			
			1/1/2021	560,000	4.000%			
			1/1/2022	590,000	4.000%			
			1/1/2023	620,000	4.000%			
						<u>\$ 23,837,000</u>	<u>\$ 2,105,000</u>	<u>\$ 21,732,000</u>

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2018		Interest Rate	Balance July 1, 2017	Retired/ Matured	Balance June 30, 2018
			Date	Amount				
Refunding School Bonds - Series 2010	11/10/2010	\$ 20,175,000	8/15/2018	\$ 1,330,000	4.000%	\$ 15,060,000	\$ 1,310,000	\$ 13,750,000
			8/15/2019	1,325,000	4.000%			
			8/15/2020	1,315,000	4.000%			
			8/15/2021	1,310,000	4.000%			
			8/15/2022	1,295,000	3.000%			
			8/15/2023	1,275,000	3.125%			
			8/15/2024	1,255,000	3.393%			
			8/15/2025	1,190,000	3.375%			
			8/15/2026	1,175,000	3.500%			
			8/15/2027	1,155,000	3.625%			
			8/15/2028	1,125,000	4.000%			

TOWNSHIP OF UNION SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2017</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2018</u>
Computers	2.048%	12/27/2016	\$ 485,967		\$ 240,520	\$ 245,447
Computers	2.500%	1/5/2018		\$ 448,000	93,784	354,216
			<u>\$ 485,967</u>	<u>\$ 448,000</u>	<u>\$ 334,304</u>	<u>\$ 599,663</u>



TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,808,184		\$ 2,808,184	\$ 2,808,184	
State Sources:					
Debt Service State Aid Support	113,679		113,679	113,679	
Total Revenue	<u>2,921,863</u>		<u>2,921,863</u>	<u>2,921,863</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	833,250		833,250	833,250	
Redemption of Principal	2,105,000		2,105,000	2,105,000	
Total Regular Debt Service	<u>2,938,250</u>		<u>2,938,250</u>	<u>2,938,250</u>	
Total Expenditures	<u>2,938,250</u>		<u>2,938,250</u>	<u>2,938,250</u>	
Deficit of Revenues Under Expenditures	(16,387)		(16,387)	(16,387)	
Fund Balance, July 1	<u>66,752</u>		<u>66,752</u>	<u>66,752</u>	
Fund Balance, June 30	<u>\$ 50,365</u>	<u>\$ -0-</u>	<u>\$ 50,365</u>	<u>\$ 50,365</u>	<u>\$ -0-</u>
<u>Recapitulation of Fund Balance:</u>					
Restricted for Subsequent Year's Expenditures				<u>\$ 50,365</u>	

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

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

**Contents**

**Exhibit**

**Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

**Revenue Capacity**

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

J-6 thru J-9

**Debt Capacity**

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

J-10 thru J-13

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

**Operating Information**

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

J-16 thru J-20

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

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

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 27,817,438	\$ 30,501,543	\$ 34,136,549	\$ 35,319,295	\$ 46,148,044	\$ 48,844,016	\$ 66,419,122	\$ 66,817,323	\$ 69,521,056	\$ 74,901,201
Restricted	39,398,159	30,729,386	31,360,472	36,160,171	29,289,218	27,872,924	26,714,466	21,523,970	16,685,083	5,156,593
Unrestricted/(Deficit)	(5,581,514)	(5,482,806)	(3,842,315)	(3,739,077)	(3,786,510)	(4,259,726)	(39,152,868)	(36,583,405)	(42,540,373)	(45,053,851)
<b>Total Governmental Activities Net Position</b>	<u>\$ 61,634,083</u>	<u>\$ 55,748,123</u>	<u>\$ 61,654,706</u>	<u>\$ 67,740,389</u>	<u>\$ 71,650,752</u>	<u>\$ 72,457,214</u>	<u>\$ 53,980,720</u>	<u>\$ 51,757,888</u>	<u>\$ 43,665,766</u>	<u>\$ 35,003,943</u>
<b>Business-type Activities</b>										
Investment in Capital Assets	\$ 283,748	\$ 272,306	\$ 239,255	\$ 224,930	\$ 722,552	\$ 918,049	\$ 840,238	\$ 879,360	\$ 819,426	\$ 823,161
Unrestricted/(Deficit)	2,174,533	2,147,080	2,163,203	2,113,754	1,514,079	1,237,267	1,413,476	1,336,305	504,928	452,546
<b>Total Business-type Activities Net Position</b>	<u>\$ 2,458,281</u>	<u>\$ 2,419,386</u>	<u>\$ 2,402,458</u>	<u>\$ 2,338,684</u>	<u>\$ 2,236,631</u>	<u>\$ 2,155,316</u>	<u>\$ 2,253,714</u>	<u>\$ 2,215,665</u>	<u>\$ 1,324,354</u>	<u>\$ 1,275,707</u>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 28,101,187	\$ 30,773,849	\$ 34,375,703	\$ 35,544,225	\$ 46,870,596	\$ 49,762,065	\$ 67,259,360	\$ 67,696,683	\$ 70,340,482	\$ 75,724,362
Restricted	39,398,159	30,729,386	31,360,472	36,160,171	29,289,218	27,872,924	26,714,466	21,523,970	16,685,083	5,156,593
Unrestricted/(Deficit)	(3,406,981)	(3,335,726)	(1,679,112)	(1,625,323)	(2,272,431)	(3,022,459)	(37,739,392)	(35,247,100)	(42,035,445)	(44,601,305)
<b>Total District Net Position</b>	<u>\$ 64,092,365</u>	<u>\$ 58,167,509</u>	<u>\$ 64,057,063</u>	<u>\$ 70,079,073</u>	<u>\$ 73,887,383</u>	<u>\$ 74,612,530</u>	<u>\$ 56,234,434</u>	<u>\$ 53,973,553</u>	<u>\$ 44,990,120</u>	<u>\$ 36,279,650</u>

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

	For the Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 48,358,574	\$ 50,556,604	\$ 52,376,919	\$ 52,217,721	\$ 52,466,604	\$ 53,776,650	\$ 60,751,603	\$ 70,648,204	\$ 79,393,892	\$ 77,805,228
Special Education	9,179,863	9,901,270	10,439,297	10,797,298	11,548,962	11,932,208	14,052,549	18,918,112	21,277,414	21,311,083
Other Special Education	4,536,902	4,893,650	5,043,022	4,436,423	5,143,017	5,089,451	5,990,569	5,515,231	6,052,220	6,408,361
Other Instruction								1,913,182	1,964,494	1,972,329
Support Services:										
Tuition	9,864,915	9,935,515	8,628,491	7,837,710	7,639,508	7,577,508	7,596,460	8,946,007	10,198,341	12,670,283
Student & Instruction Related Services	13,473,517	14,684,445	14,750,834	14,325,463	16,489,731	17,095,022	19,628,392	17,763,555	19,753,092	24,400,356
General Administrative Services	2,604,390	2,956,195	2,984,890	2,908,893	3,239,943	3,286,224	3,666,127	2,777,974	4,394,509	3,115,368
School Administrative Services	6,545,848	7,056,066	7,198,559	7,544,966	7,652,111	7,571,482	8,639,564	6,919,671	6,602,185	7,412,288
Central Services								1,385,075	1,825,020	2,324,121
Administrative Information Technology								659,100	890,128	1,006,287
Plant Operations and Maintenance	10,781,098	10,603,395	10,385,493	10,221,600	12,385,363	13,550,694	14,374,411	11,532,667	13,091,671	13,764,466
Pupil Transportation	5,360,970	5,192,922	4,671,128	5,003,000	6,340,912	6,629,300	7,718,450	5,943,785	7,555,417	7,956,901
Other Support Services	250,351	267,095	289,093	311,085						
Charter Schools	20,683	8,745		22,410	65,517	128,200	218,845			
Unallocated Depreciation								379,000	481,027	712,743
Interest on Long-term Debt	1,434,564	1,386,499	1,041,958	1,244,639	1,214,817	1,149,619	1,155,993	814,673	1,037,076	798,995
Capital Outlay								951,182	74,805	101,460
Unallocated Amortization				63,625	63,625	63,625	63,625	63,625		
Total Governmental Activities Expenses	112,411,675	117,442,401	117,809,684	116,934,833	124,250,110	127,849,983	143,856,588	155,067,418	174,591,291	181,760,269

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

	For the Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Business-type Activities:</b>										
Food Service	\$ 2,994,870	\$ 3,026,442	\$ 2,997,205	\$ 3,131,227	\$ 3,036,046	\$ 3,186,555	\$ 2,973,746	\$ 3,256,197	\$ 3,342,381	\$ 3,303,360
<b>Total Business-type Activities Expense</b>	<u>2,994,870</u>	<u>3,026,442</u>	<u>2,997,205</u>	<u>3,131,227</u>	<u>3,036,046</u>	<u>3,186,555</u>	<u>2,973,746</u>	<u>3,256,197</u>	<u>3,342,381</u>	<u>3,303,360</u>
<b>Total District Expenses</b>	<u>115,406,545</u>	<u>120,468,843</u>	<u>120,806,889</u>	<u>120,066,060</u>	<u>127,286,156</u>	<u>131,036,538</u>	<u>146,830,334</u>	<u>158,323,615</u>	<u>177,933,672</u>	<u>185,063,629</u>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Charges for Services								150,214	113,032	191,385
Operating Grants and Contributions	6,489,260	7,176,242	7,381,358	8,705,420	11,261,352	9,610,490	22,660,690	36,896,315	48,459,115	53,491,509
<b>Total Governmental Activities Program Revenues</b>	<u>6,489,260</u>	<u>7,176,242</u>	<u>7,381,358</u>	<u>8,705,420</u>	<u>11,261,352</u>	<u>9,610,490</u>	<u>22,660,690</u>	<u>37,046,529</u>	<u>48,572,147</u>	<u>53,682,894</u>
<b>Business-type Activities:</b>										
Charges for Services:										
Food Service	1,604,173	1,604,611	1,563,826	1,607,621	1,533,692	1,612,301	1,570,430	1,617,053	1,630,647	1,521,825
Operating Grants and Contributions	1,322,154	1,378,475	1,420,418	1,446,136	1,396,897	1,488,765	1,499,038	1,597,231	1,679,296	1,727,977
<b>Total Business-type Activities Program Revenues</b>	<u>2,926,327</u>	<u>2,983,086</u>	<u>2,984,244</u>	<u>3,053,757</u>	<u>2,930,589</u>	<u>3,101,066</u>	<u>3,069,468</u>	<u>3,214,284</u>	<u>3,309,943</u>	<u>3,249,802</u>
<b>Total District Program Revenues</b>	<u>9,415,587</u>	<u>10,159,328</u>	<u>10,365,602</u>	<u>11,759,177</u>	<u>14,191,941</u>	<u>12,711,556</u>	<u>25,730,158</u>	<u>40,260,813</u>	<u>51,882,090</u>	<u>56,932,696</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(105,922,415)	(110,266,159)	(110,428,326)	(108,229,413)	(112,988,758)	(118,239,493)	(121,195,898)	(118,020,889)	(126,019,144)	(128,077,375)
Business-type Activities	(68,543)	(43,356)	(12,961)	(77,470)	(105,457)	(85,489)	95,722	(41,913)	(32,438)	(53,558)
<b>Total District-wide Net Expense</b>	<u>(105,990,958)</u>	<u>(110,309,515)</u>	<u>(110,441,287)</u>	<u>(108,306,883)</u>	<u>(113,094,215)</u>	<u>(118,324,982)</u>	<u>(121,100,176)</u>	<u>(118,062,802)</u>	<u>(126,051,582)</u>	<u>(128,130,933)</u>

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

	For the Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied for General Purposes, Net	\$ 72,223,280	\$ 73,473,280	\$ 75,443,054	\$ 76,951,915	\$ 78,490,953	\$ 80,060,772	\$ 81,661,987	\$ 84,295,227	\$ 85,981,132	\$ 87,700,754
Taxes Levied for Debt Service	2,267,313	1,449,278	1,832,700	2,407,988	2,603,922	2,858,913	2,828,639	2,790,533	2,814,225	2,808,184
Unrestricted Grants and Contributions	32,816,581	28,762,470	38,016,691	34,198,245	35,057,716	35,445,395	36,395,653	28,081,549	27,779,891	28,340,927
Miscellaneous Income	1,146,618	650,668	1,028,605	761,657	746,530	681,970	701,969	630,748	458,834	565,687
Extraordinary Item - Adjustment to Fixed Assets			13,859	(4,709)						
Transfers						(1,095)			892,940	
<b>Total Governmental Activities</b>	<b>108,453,792</b>	<b>104,335,696</b>	<b>116,334,909</b>	<b>114,315,096</b>	<b>116,899,121</b>	<b>119,045,955</b>	<b>121,588,248</b>	<b>115,798,057</b>	<b>117,927,022</b>	<b>119,415,552</b>
<b>Business-type Activities:</b>										
Miscellaneous/Investment Earnings	523,848	50,323	4,794	4,935	3,404	3,079	2,676	3,864	7,757	4,911
Transfers	(6,668)	(1,360)				1,095			(866,630)	
<b>Total Business-type Activities</b>	<b>517,180</b>	<b>48,963</b>	<b>4,794</b>	<b>4,935</b>	<b>3,404</b>	<b>4,174</b>	<b>2,676</b>	<b>3,864</b>	<b>(858,873)</b>	<b>4,911</b>
<b>Total District-wide</b>	<b>108,970,972</b>	<b>104,384,659</b>	<b>116,339,703</b>	<b>114,320,031</b>	<b>116,902,525</b>	<b>119,050,129</b>	<b>121,590,924</b>	<b>115,801,921</b>	<b>117,068,149</b>	<b>119,420,463</b>
<b>Change in Net Position</b>										
Governmental Activities	2,531,377	(5,930,463)	5,906,583	6,085,683	3,910,363	806,462	392,350	(2,222,832)	(8,092,122)	(8,661,823)
Business-type Activities	448,637	5,607	(8,167)	(72,535)	(102,053)	(81,315)	98,398	(38,049)	(891,311)	(48,647)
<b>Total District</b>	<b>\$ 2,980,014</b>	<b>\$ (5,924,856)</b>	<b>\$ 5,898,416</b>	<b>\$ 6,013,148</b>	<b>\$ 3,808,310</b>	<b>\$ 725,147</b>	<b>\$ 490,748</b>	<b>\$ (2,260,881)</b>	<b>\$ (8,983,433)</b>	<b>\$ (8,710,470)</b>

Source: Union School District Financial Reports

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

	June 30,							
	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>								
Restricted for:								
Excess Surplus	\$ 7,179,107	\$ 5,571,862	\$ 3,915,406	\$ 6,727,450	\$ 4,589,630	\$ 6,138,641	\$ 1,455,646	\$ 808,567
Excess Surplus Designated for Subsequent Year's Expenditures						4,589,630	6,138,641	1,455,646
Capital Reserve Account	3,420,467	5,008,552	6,218,659	6,231,176	4,689,651	4,105,672	7,574,044	1,667,015
Maintenance Reserve	250,000	250,000	2,050,000	2,050,000	1,050,000	450,000	450,000	450,000
Emergency Reserve	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	725,000
Committed:								
Designated for Subsequent Year's Expenditures	949,909	8,120,050	6,208,928	4,914,537	7,066,626			
Assigned:								
For Subsequent Year's Expenditures						167,866	440,962	
Encumbrances	795,331		2,216,935	14,632	43,823	2,395,972	641,808	865,930
SEMI ARRA							11,659	
Unassigned/(Deficit)	(1,192,190)	(73,645)					353,566	525,976
<b>Total General Fund</b>	<u>\$ 12,402,624</u>	<u>\$ 19,876,819</u>	<u>\$ 21,609,928</u>	<u>\$ 20,937,795</u>	<u>\$ 18,439,730</u>	<u>\$ 18,847,781</u>	<u>\$ 18,066,326</u>	<u>\$ 6,498,134</u>
<b>All Other Governmental Funds</b>								
Restricted for:								
Debt Service	\$ 283,840	\$ 292,431	\$ 50,454	\$ 45,501	\$ 28,879	\$ 39,493	\$ 66,752	\$ 50,365
Capital Projects Fund	16,231,280	5,095,105	4,977,123	4,833,738	6,225,421	5,200,534		
Committed:								
Capital Projects Fund						326,388	557,404	428,768
Assigned to:								
Year End Encumbrances	1,505,568	10,479,039	2,142,872	1,102,566	970,244			
<b>Total All Other Governmental Funds</b>	<u>\$ 18,020,688</u>	<u>\$ 15,866,575</u>	<u>\$ 7,170,449</u>	<u>\$ 5,981,805</u>	<u>\$ 7,224,544</u>	<u>\$ 5,566,415</u>	<u>\$ 624,156</u>	<u>\$ 479,133</u>

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

Source: Union School District Financial Reports

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

	For the Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Tax Levy	\$ 74,490,593	\$ 74,922,558	\$ 77,275,754	\$ 79,359,903	\$ 81,094,875	\$ 82,919,685	\$ 84,490,626	\$ 87,085,760	\$ 88,795,357	\$ 90,508,938
Tuition Charges	143,558	164,819	211,140	239,753	189,794	236,379	136,115	150,214	113,032	191,385
Transportation Fees	1,242	5,004	9,345	4,754	4,280	8,269	12,899	14,400	7,634	13,854
Interest Earnings	350,558	35,409	31,661	18,585	10,108	12,517	5,880	33,814	32,300	39,997
Miscellaneous	1,053,429	491,299	776,460	518,394	542,348	424,805	547,075	607,855	478,382	554,265
State Sources	36,005,633	28,066,733	41,076,652	38,360,855	43,263,466	41,756,746	44,421,420	46,495,876	47,736,891	50,901,333
Federal Sources	3,300,208	7,871,978	4,321,396	4,518,021	3,055,602	3,299,139	3,041,273	2,915,231	2,900,950	3,039,377
<b>Total Revenue</b>	<b>115,345,221</b>	<b>111,557,800</b>	<b>123,702,408</b>	<b>123,020,265</b>	<b>128,160,473</b>	<b>128,657,540</b>	<b>132,655,288</b>	<b>137,303,150</b>	<b>140,064,546</b>	<b>145,249,149</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	35,842,441	37,043,262	37,925,856	36,667,485	37,929,274	39,616,616	39,720,263	38,667,742	39,625,679	40,272,135
Special Education Instruction	6,919,687	7,460,495	7,829,276	7,988,660	8,349,001	8,815,258	9,423,068	9,454,286	9,689,681	10,083,236
Other Special Instruction								2,997,697	2,970,290	3,284,864
Other Instruction	3,606,861	3,893,404	3,972,437	3,287,431	3,718,002	3,702,066	3,929,942	1,202,180	1,145,049	1,161,307
<b>Support Services:</b>										
Tuition	9,864,915	9,935,515	8,628,491	7,837,710	7,639,508	7,577,509	7,596,460	10,875,321	11,977,151	12,577,721
Student & Instruction Related Services	11,125,348	12,147,808	12,038,503	11,402,773	11,920,793	12,643,570	13,016,826	13,162,243	13,691,265	14,961,615
General Administration	1,911,537	2,201,545	2,184,278	2,046,895	2,342,227	2,412,110	2,367,839	2,431,836	2,234,559	2,260,776
School Administrative Services	4,743,175	5,106,444	5,114,441	5,300,083	5,531,881	5,505,959	5,571,724	4,232,170	4,394,485	4,434,114
Central Services								933,813	1,069,061	1,192,343
Administrative Information Technology								659,100	890,128	1,006,287
Plant Operations and Maintenance	8,815,649	8,466,322	8,116,214	7,779,988	8,953,655	10,209,772	9,412,268	9,184,486	9,763,807	9,514,488
Pupil Transportation	4,841,969	4,650,184	4,071,889	4,358,247	4,583,986	4,918,400	5,177,319	5,407,232	6,394,379	6,535,648
Unallocated Benefits	21,565,380	23,550,253	25,622,615	26,524,349	29,305,655	28,086,371	30,814,981	34,277,386	35,871,544	39,715,639
Transfer of Funds to Charter Schools	20,683	8,745		22,410	65,517	128,200	218,845			
Capital Outlay	3,485,356	3,387,464	4,397,348	8,659,433	11,771,841	3,904,316	3,665,503	2,157,793	4,731,691	7,471,941
<b>Debt Service:</b>										
Principal - Serial Bonds	1,115,000	1,175,000	1,240,000	1,445,000	1,715,000	1,830,000	1,890,000	1,960,000	2,045,000	2,105,000
Interest - Serial Bonds	1,445,481	1,397,881	1,078,847	1,091,719	1,297,150	1,167,075	1,105,575	949,943	905,900	833,250
<b>Total Expenditures</b>	<b>115,303,482</b>	<b>120,424,322</b>	<b>122,220,195</b>	<b>124,412,183</b>	<b>135,123,490</b>	<b>130,517,222</b>	<b>133,910,613</b>	<b>138,553,228</b>	<b>147,399,669</b>	<b>157,410,364</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	41,739	(8,866,522)	1,482,213	(1,391,918)	(6,963,017)	(1,859,682)	(1,255,325)	(1,250,078)	(7,335,123)	(12,161,215)



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

	For the Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources (Uses)										
School Bond Proceeds				\$ 6,712,000						
Transfers In	\$ 17,611,293	\$ 2,544,015	\$ 12,572,702	1,093,317				\$ 464,804	\$ 8,023,766	\$ 531,834
Transfers Out	(611,293)	(2,544,015)	(12,572,702)	(1,093,317)		\$ (1,095)		(464,804)	(7,147,501)	(531,834)
Capital Leases (non-budgeted)									735,144	448,000
Total Other Financing Sources (Uses)	<u>17,000,000</u>	<u>-0-</u>	<u>-0-</u>	<u>6,712,000</u>	<u>-0-</u>	<u>(1,095)</u>	<u>-0-</u>	<u>-0-</u>	<u>1,611,409</u>	<u>448,000</u>
Net Change in Fund Balances	<u>\$ 17,041,739</u>	<u>\$ (8,866,522)</u>	<u>\$ 1,482,213</u>	<u>\$ 5,320,082</u>	<u>\$ (6,963,017)</u>	<u>\$ (1,860,777)</u>	<u>\$ (1,255,325)</u>	<u>\$ (1,250,078)</u>	<u>\$ (5,723,714)</u>	<u>\$ (11,713,215)</u>
Debt Service as a Percentage of										
Noncapital Expenditures	2.34%	2.25%	2.01%	2.24%	2.50%	2.42%	2.35%	2.18%	2.11%	2.00%

Source: Union School District Financial Reports

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

<u>Fiscal Year Ending June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Refunds</u>	<u>Rental Income</u>	<u>Other Miscellaneous</u>	<u>Total</u>
2009	\$ 143,558	\$ 874,406	\$ 256,667	\$ 161,232	\$ 28,153	\$ 1,464,016
2010	164,819	35,409	193,459	140,263	116,030	649,980
2011	211,139	72,135	453,402	145,295	30,202	912,173
2012	239,754	65,601	200,614	89,398	10,597	605,964
2013	189,794	72,732	97,393	58,576	156,260	574,755
2014	236,379	64,473	196,764	52,011	25,936	575,563
2015	136,115	60,683	333,935	42,547	128,689	701,969
2016	150,214	18,592	222,237	33,814	339,718	764,575
2017	113,032	194,943	112,700	32,300	94,836	547,811
2018	191,385	233,431	219,384	39,997	72,875	757,072

Source: Union Township School District records

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

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Tax Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	School Tax Rate <sup>b</sup>	County Equalized Value
2008	\$ 7,689,100	\$ 741,040,200	\$ 190,999,300	\$ 100,159,600	\$ 20,913,700	\$ 1,060,801,900	\$ 181,499,100	\$ 1,495,970	\$ 1,062,297,870	\$ 7.010	\$ 7,744,575,532
2009	5,219,700	742,566,000	189,280,800	97,427,400	20,856,400	1,055,350,300	181,499,100	1,495,970	1,056,846,270	7.090	7,325,231,570
2010	5,219,200	743,316,700	188,371,200	96,046,700	20,751,500	1,053,705,300	184,054,100	1,632,739	1,055,338,039	7.090	7,087,747,736
2011	4,925,900	741,672,200	186,972,400	93,708,500	20,751,500	1,048,030,500	182,056,000	1,604,756	1,049,635,256	7.561	6,815,847,279
2012	5,127,600	741,447,600	183,215,700	82,123,700	20,746,500	1,032,661,100	182,160,000	1,755,137	1,034,416,237	7.840	6,380,143,648
2013	5,725,100	739,570,500	187,297,800	70,256,500	20,572,300	1,023,422,200	184,689,800	1,592,044	1,025,014,244	8.090	6,322,915,083
2014	6,348,400	741,128,900	185,346,700	69,774,800	20,572,300	1,023,171,100	185,224,600	1,437,411	1,024,608,511	8.247	6,023,633,409
2015	8,549,400	742,161,900	190,863,500	70,630,300	20,603,500	1,032,808,600	187,327,400	1,454,499	1,034,263,099	8.420	6,127,489,228
2016	8,171,500	741,892,000	188,646,000	70,590,000	20,807,900	1,030,107,400	188,170,200	1,533,331	1,031,640,731	8.607	6,032,620,003
2017	7,914,100	743,548,000	186,518,100	68,853,900	21,752,900	1,028,587,000	187,830,100	1,482,416	1,030,069,416	8.787	6,272,037,939

Source: Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

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

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

Year Ended December 31,	Township of Union School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Direct Rate			Union Township	Union County	
	Basic Rate <sup>a</sup>	General Obligation Debt <sup>b</sup>	Total Direct			
2008	\$ 6.800	\$ 0.210	\$ 7.010	\$ 5.450	\$ 2.520	\$ 14.980
2009	6.950	0.140	7.090	5.670	2.590	15.350
2010	6.950	0.140	7.090	5.667	2.591	15.348
2011	7.332	0.229	7.561	6.104	2.893	16.558
2012	7.588	0.252	7.840	6.261	2.997	17.098
2013	7.811	0.279	8.090	6.413	3.097	17.600
2014	5.315	2.932	8.247	6.528	3.149	17.924
2015	8.150	0.270	8.420	6.739	3.175	18.334
2016	8.330	0.275	8.607	6.698	3.144	18.449
2017	8.514	0.273	8.787	7.037	3.287	19.111

Source: Municipal Tax Collector and School Business Administrator

Note:

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

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

Taxpayer	2018		Taxpayer	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Union Mill Run, LLC	\$ 10,450,000	1.01%			
Mcminn-L. Robbins, Trustee	8,966,000	0.87%			
Union 22 Plaza	8,902,400	0.86%			
Union VF, LLC	8,500,000	0.82%			
MERCK Corporation	6,708,100	0.65%		Information Not Available	
VNO 2445 Springfield Ave.	6,300,000	0.61%			
Bed Bath & Beyond	5,127,700	0.50%			
Liberty Hall Joint Venture	3,855,600	0.37%			
Island Southeast Union	3,538,900	0.34%			
Target Corporation	3,372,700	0.33%			
Union Medical Center	3,054,700	0.30%			
Dayton Hudson Corp	3,029,400	0.29%			
<b>Total</b>	<b>\$ 71,805,500</b>	<b>6.94%</b>			

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy<sup>a</sup></u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2009	\$ 74,490,593	\$ 74,490,593	100.00%	-0-
2010	74,922,558	74,922,558	100.00%	-0-
2011	77,275,754	77,275,754	100.00%	-0-
2012	79,359,903	79,359,903	100.00%	-0-
2013	81,094,875	81,094,875	100.00%	-0-
2014	82,919,685	82,919,685	100.00%	-0-
2015	84,490,626	84,490,626	100.00%	-0-
2016	87,085,760	87,085,760	100.00%	-0-
2017	88,795,357	88,795,357	100.00%	-0-
2018	90,508,938	90,508,938	100.00%	-0-

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

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

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Bond Anticipation Notes (BANs)	Capital Leases			
2009	\$ 29,717,000			\$ 29,717,000	1.10%	\$ 553.69
2010	28,542,000			28,542,000	0.99%	502.95
2011	28,320,000			28,320,000	0.94%	497.33
2012	33,587,000			33,587,000	1.07%	587.18
2013	31,872,000			31,872,000	1.00%	553.76
2014	30,042,000			30,042,000	0.90%	520.30
2015	27,842,000			27,842,000	0.80%	481.46
2016	25,882,000			25,882,000	0.72%	442.34
2017	23,837,000		\$ 485,967	24,322,967	0.67%	415.69
2018	21,732,000		599,663	22,331,663	0.61%	376.42

Source: Union School District Financial Reports

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

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

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2009	\$ 29,717,000		\$ 29,717,000	2.81%	\$ 553.69
2010	28,542,000		28,542,000	2.70%	502.95
2011	28,320,000		28,320,000	2.70%	497.33
2012	33,587,000		33,587,000	3.25%	587.18
2013	31,872,000		31,872,000	3.11%	553.76
2014	30,042,000		30,042,000	2.93%	520.30
2015	27,842,000		27,842,000	2.69%	481.46
2016	25,882,000		25,882,000	2.50%	442.34
2017	23,837,000		23,837,000	2.30%	407.39
2018	21,732,000		21,732,000	2.11%	366.31

Source: Union School District Financial Reports

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

a See Exhibit J-6 for property tax data.

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



TOWNSHIP OF UNION SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2017  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Union	\$ 51,328,670	100.00%	\$ 51,328,670
Union County General Obligation Debt	562,134,172	9.52%	<u>53,515,173</u>
Subtotal, overlapping debt			104,843,843
Union Township School District Direct Debt			<u>21,732,000</u>
Total direct and overlapping debt			<u><u>\$ 126,575,843</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis
	2017 \$ 6,272,037,939
	2016 6,235,516,949
	2015 6,001,212,086
	<u>\$18,508,766,974</u>
Average equalized valuation of taxable property	<u>\$ 6,169,588,991</u>
Debt limit (4% of average equalization value) a	\$ 246,783,560
Net bonded school debt	<u>21,732,000</u>
Legal debt margin	<u>\$ 225,051,560</u>

For the Fiscal Year Ending June 30,

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 295,372,402	\$282,987,908	\$270,383,280	\$ 257,077,412	\$ 248,393,109	\$ 243,843,854	\$243,843,854	\$243,452,334	\$ 243,843,854	\$ 246,783,560
Total net debt applicable to limit	<u>28,542,000</u>	<u>28,320,000</u>	<u>33,587,000</u>	<u>31,872,000</u>	<u>30,042,000</u>	<u>27,842,000</u>	<u>25,882,000</u>	<u>23,837,000</u>	<u>25,882,000</u>	<u>21,732,000</u>
Legal debt margin	<u>\$ 266,830,402</u>	<u>\$254,667,908</u>	<u>\$236,796,280</u>	<u>\$ 225,205,412</u>	<u>\$ 218,351,109</u>	<u>\$ 216,001,854</u>	<u>\$217,961,854</u>	<u>\$219,615,334</u>	<u>\$ 217,961,854</u>	<u>\$ 225,051,560</u>
Total net debt applicable to the limit as a percentage of debt limit	9.66%	10.01%	12.42%	12.40%	12.09%	11.42%	10.61%	9.79%	10.61%	8.81%

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

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

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

Year	Township Population <sup>a</sup>	Township Personal Income <sup>b</sup>	Union County Per Capita Personal Income <sup>c</sup>	Township Unemployment Rate <sup>d</sup>
2009	53,671	\$ 2,690,741,914	\$ 50,134	9.10%
2010	56,749	2,895,333,980	51,020	9.60%
2011	56,944	3,021,676,416	53,064	9.70%
2012	57,201	3,132,727,167	54,767	9.20%
2013	57,556	3,188,717,512	55,402	8.00%
2014	57,740	3,346,033,000	57,950	6.40%
2015	57,828	3,474,826,692	60,089	5.60%
2016	58,512	3,616,509,696	61,808	4.90%
2017	59,327 **	3,666,883,216	61,808 *	4.40%
2018	59,327	3,666,883,216 ***	61,808 *	N/A

\* - Latest Union County per capita personal income (2016) was used for calculation purposes.

\*\* - Latest population data available (2017) was used for calculation purposes

\*\*\* - Latest Population data available (2017) and latest available Union County per capita personal income (2016) was used for calculation purposes

N/A - Information Unavailable

Source:

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

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

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

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

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

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

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Instruction</b>										
Regular	503.0	582.0	533.0	523.0	527.0	537.0	579.0	527.0	542.3	535.4
Special education	154.0	162.0	151.0	155.0	159.0	153.0	163.0	199.0	244.0	140
Other special education	10.0									
<b>Support Services:</b>										
Student & instruction related services	153.0	172.0	170.0	168.0	171.0	199.0	246.0	234.0	142.1	236.1
General and business administrative services	12.0	14.0	14.0	10.0	10.0	13.0	14.0	12.0	11.0	11
School administrative services	51.0	50.0	48.0	48.0	48.0	48.0	44.0	49.0	50.0	48
Central Services	9.0	9.0	10.0	10.0	10.0	10.0	11.0	9.0	9.7	9.7
Administrative Information Technology	5.0	7.0	7.0	7.0	7.0	7.0	6.0	5.0	7.0	8
Plant operations and maintenance	132.0	136.0	146.0	137.0	137.0	140.0	159.0	140.0	126.0	117
Pupil transportation	83.0	80.0	74.0	72.0	72.0	74.0	80.0	83.0	75.0	75.5
<b>Total</b>	<u>1,112.0</u>	<u>1,212.0</u>	<u>1,153.0</u>	<u>1,130.0</u>	<u>1,141.0</u>	<u>1,181.0</u>	<u>1,302.0</u>	<u>1,258.0</u>	<u>1,207.1</u>	<u>1,180.7</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2009	7,672	\$ 109,257,645	14,241	1.42%	667	1:15	1:12	1:12	7,761.2	7,337.0	-1.67%	94.53%
2010	7,568	114,463,978	15,125	6.20%	685	1:11	1:10	1:11	7,760.7	7,353.7	-0.01%	94.76%
2011	7,702	115,504,000	14,997	-0.85%	665	1:11	1:11	1:11	7,530.5	7,129.5	-2.97%	94.67%
2012	7,654	113,193,621	14,789	-1.39%	689	1:11	1:11	1:11	7,510.7	7,137.3	-0.26%	95.03%
2013	7,414	120,339,499	16,231	9.75%	686	1:11	1:11	1:11	7,492.7	7,108.7	-0.24%	94.88%
2014	7,491	123,615,831	16,502	1.67%	690	1:11	1:11	1:11	7,491.4	7,138.9	-0.02%	95.29%
2015	7,506	123,615,831	16,469	-0.20%	742	1:11	1:11	1:11	7,505.9	7,134.2	0.19%	95.05%
2016	7,265	133,485,492	18,374	11.57%	735	1:11	1:11	1:11	7,265.0	6,911.0	-3.21%	95.13%
2017	7,231	136,989,478	18,945	3.11%	732	1:11	1:11	1:11	7,230.6	6,856.9	-0.47%	94.83%
2018	7,207	147,000,173	20,397	7.66%	733	1:10	1:10	1:10	7,207.0	6,859.0	-0.33%	95.17%

Note: Enrollment based on annual October district count.

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

Sources: Union Township School District records

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>District Building</u>				
<u>Elementary</u>				
Battle Hill				
Square Feet	57,375	57,375	57,375	57,375
Capacity (students)	387.30	387.30	387.30	387.30
Enrollment	428	398	414	409
Connecticut Farms				
Square Feet	57,740	57,740	57,740	57,740
Capacity (students)	513.30	513.30	513.30	513.30
Enrollment	422	417	407	397
Franklin				
Square Feet	58,635	58,635	58,635	58,635
Capacity (students)	580.80	580.80	580.80	580.80
Enrollment	442	431	451	421
Hamilton				
Square Feet	35,328	35,328	35,328	35,328
Capacity (students)	312.00	312.00	312.00	312.00
Enrollment	-0-	-0-	-0-	-0-
Hannah Caldwell				
Square Feet	87,000	87,000	87,000	87,000
Capacity (students)	549.90	549.90	549.90	549.90
Enrollment	619	582	529	494
Livingston				
Square Feet	48,600	48,600	48,600	48,600
Capacity (students)	525.00	525.00	525.00	525.00
Enrollment	432	440	424	433
Washington				
Square Feet	64,615	64,615	64,615	64,615
Capacity (students)	655.80	655.80	655.80	655.80
Enrollment	608	608	613	598
Jefferson/Central Five				
Square Feet	68,940	68,940	68,940	68,940
Capacity (students)	660.00	660.00	660.00	660.00
Enrollment	558	535	533	562

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>District Building (Cont'd)</u>				
<u>Middle School</u>				
Burnett				
Square Feet	167,163	167,163	167,163	167,163
Capacity (students)	1,035.80	1,035.80	1,035.80	1,035.80
Enrollment	1,034	978	983	977
Kawameeh				
Square Feet	105,202	105,202	105,202	105,202
Capacity (students)	821.60	821.60	821.60	821.60
Enrollment	637	675	681	665
<u>High School</u>				
Union High School				
Square Feet	358,161	358,161	358,161	358,161
Capacity (students)	2,227.90	2,227.90	2,227.90	2,227.90
Enrollment	2,324	2,200	2,195	2151
Other				
Field House				
Square Feet	11,316	11,316	11,316	11,316
Administration Building				
Square Feet	25,200	25,200	25,200	25,200

Number of Schools/Buildings at June 30, 2018

- Elementary = 8 \*
- Middle School = 2
- High School = 1
- Other = 2

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

Note: Year of original construction is shown in parentheses.  
Enrollment is based on the annual October district count.

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

Source: Union Township School District Facilities Office



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

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

School Facilities	Project #	For the Fiscal Year Ending June 30,									
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Battle Hill	N/A	\$ 38,589	\$ 35,389	\$ 24,997	\$ 33,896	\$ 72,190	\$ 25,652	\$ 73,357	\$ 40,104	\$ 30,734	\$ 22,808
Connecticut Farms	N/A	20,199	22,806	15,249	19,253	40,746	49,271	24,923	39,367	43,952	27,543
Franklin	N/A	26,325	45,414	59,196	36,941	83,868	35,652	28,094	39,365	52,318	49,654
Hamilton	N/A	9,169	21,709	7,136	23,208	15,733	29,872	24,466	24,200	35,103	31,713
Jefferson	N/A	44,616	24,632	10,128	8,167		21,314	31,168	29,675	30,623	28,400
Livingston	N/A	32,855	25,491	37,799	91,485	58,572	75,977	31,437	18,623	58,510	30,708
Washington	N/A	18,494	15,664	16,175	30,773	36,330	42,969	53,611	47,952	66,072	32,987
Kawameeh	N/A	41,878	26,046	26,808	21,527	103,561	36,570	45,850	95,588	48,634	43,176
Union High School	N/A	137,458	132,854	80,540	122,524	287,404	513,270	232,820	165,450	172,422	162,364
Burnet	N/A	61,983	50,982	42,978	76,280	179,099	129,331	45,042	105,698	78,879	72,094
Hannah Caldwell	N/A	41,313	47,192	31,744	37,645	86,764	65,620	76,683	76,162	71,422	74,896
		<u>\$ 472,879</u>	<u>\$ 448,179</u>	<u>\$ 352,750</u>	<u>\$ 501,699</u>	<u>\$ 964,267</u>	<u>\$ 1,025,498</u>	<u>\$ 667,451</u>	<u>\$ 682,184</u>	<u>\$ 688,669</u>	<u>\$ 576,343</u>
District Wide Facilities		<u>\$ 74,302</u>	<u>\$ 1,130,640</u>	<u>\$ 975,752</u>	<u>\$ 1,088,273</u>	<u>\$ 1,150,573</u>	<u>\$ 1,365,498</u>	<u>\$ 1,288,245</u>	<u>1,308,333</u>	<u>1,276,906</u>	<u>1,232,342</u>
Total School Facilities		<u>\$ 547,181</u>	<u>\$ 1,578,819</u>	<u>\$ 1,328,502</u>	<u>\$ 1,589,972</u>	<u>\$ 2,114,840</u>	<u>\$ 2,390,996</u>	<u>\$ 1,955,696</u>	<u>\$ 1,990,517</u>	<u>\$ 1,965,575</u>	<u>\$ 1,808,685</u>

N/A: Not Available

Source: Union Township School District records

TOWNSHIP OF UNION SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2018  
UNAUDITED

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

Source: Union Township School District Records.

TOWNSHIP OF UNION SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2018  
UNAUDITED

	Coverage	Deductible
American Zurich Insurance Company:		
Crime Coverage		
Faithful Performance Blanket	\$ 500,000	\$ 5,000
Depositors Forgery or Alteration	50,000	1,000
Computer Fraud	50,000	1,000
Darwin National Assurance Company:		
School Leaders Legal Liability:		
Each Occurrence	5,000,000	25,000
Employment Practices Liability	5,000,000	50,000
Policy Aggregate	5,000,000	
Travelers Insurance Company:		
Fidelity Bonds		
Treasurer of School Monies	530,000	
Board Secretary	470,000	
Assistant Business Administrator	25,000	
New Jersey Schools Insurance Group:		
Worker's Compensation		
Employers Liability		
Each Accident	2,000,000	
Disease Limit	2,000,000	
Disease Per Employee	2,000,000	
Compensation Benefits	NJ Statutory	

Source: Union Township School District Records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
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 Lawrence Business Center  
 11 Lawrence Road  
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Report on Internal Control Over Financial Reporting and  
 on Compliance and Other Matters Based on an Audit of Financial Statements  
 Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Union School District, in the County of Union (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

**Internal Control Over Financial Reporting**

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

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

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

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

**Compliance and Other Matters**

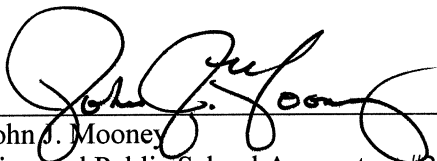
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

**Purpose of this Report**

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

January 18, 2019  
Mount Arlington, New Jersey

NISIVOCIA LLP  
NISIVOCIA LLP



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



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

Independent Auditors' Report

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

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

We have audited the Board of Education of the Township of Union School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2018. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

**Report on Internal Control Over Compliance**

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


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

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

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

January 18, 2019  
Mount Arlington, New Jersey

*NISIVOCIA LLP*  
NISIVOCIA LLP

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



TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance Unearned Revenue/ (Accounts Receivable) 6/30/2017	Cash Received	Budgetary Expenditures	Cancellation of Prior Years' Receivables/ Unearned Revenue	Balance 6/30/2018		Due to Grantor 6/30/2018	Amount Provided to Subrecipients
									Accounts Receivable	Unearned Revenue		
U.S. Department of Agriculture												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Federal Food Distribution Program	10.555	N/A	7/1/17-6/30/18	\$ 284,684		\$ 284,684	\$ (280,633)			\$ 4,051		
Federal Food Distribution Program	10.555	N/A	7/1/16-6/30/17	249,449	\$ 2,908		(2,908)					
Total Food Distribution Program					2,908	284,684	(283,541)			4,051		
School Breakfast Program	10.553	N/A	7/1/17-6/30/18	209,963		167,455	(209,963)		\$ (42,508)			
School Breakfast Program	10.553	N/A	7/1/16-6/30/17	202,782	(14,709)	14,709						
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	1,197,239		974,401	(1,197,239)		(222,838)			
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	1,187,925	(60,492)	60,492						
Total Child Nutrition Cluster					(75,201)	1,217,057	(1,407,202)		(265,346)			
Total U.S. Department of Agriculture					(72,293)	1,501,741	(1,690,743)		(265,346)	4,051		
Passed-through State Department of Education:												
General Fund:												
U.S. Department of Health and Human Services:												
Medicaid Cluster:												
Medicaid Reimbursement	93.778	N/A	7/1/17-6/30/18	191,740		191,740	(191,740)					
Total General Fund/ Medicaid Cluster						191,740	(191,740)					
Special Revenue Fund:												
U.S. Department of Education:												
Elementary and Secondary Education Act												
Title I	84.010	NCLB536017	7/1/16-6/30/17	1,298,156	(238,523)	235,768		\$ 2,755				
Title I	84.010	ESEA536018	7/1/17-6/30/18	1,104,560		486,381	(710,463)		(224,082)			
Total Title I					(238,523)	722,149	(710,463)	2,755	(224,082)			
Title II - Part A	84.367	NCLB536017	7/1/16-6/30/17	230,535	(23,523)	23,523						
Title II - Part A	84.367	ESEA536018	7/1/17-6/30/18	373,383		124,336	(195,419)		(71,083)			
Total Title II - Part A					(23,523)	147,859	(195,419)		(71,083)			
Title III	84.365	NCLB536017	7/1/16-6/30/17	75,441	(46,233)	43,764		2,469				
Title III	84.365	ESEA536018	7/1/17-6/30/18	55,258		31,737	(51,319)		(19,582)			
Total Title III					(46,233)	75,501	(51,319)	2,469	(19,582)			
Title III - Immigrant	84.365	NCLB536017	7/1/16-6/30/17	18,521	(18,469)	17,269		1,200				
Title III - Immigrant	84.365	ESEA536018	7/1/17-6/30/18	15,924			(14,220)		(14,220)			
Total Title III - Immigrant					(18,469)	17,269	(14,220)	1,200	(14,220)			

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance Unearned Revenue/ (Accounts Receivable) 6/30/2017	Cash Received	Budgetary Expenditures	Cancellation of Prior Years' Receivables/ Unearned Revenue	Balance 6/30/18		Due to Grantor 6/30/18	Amount Provided to Subrecipients
									Accounts Receivable	Unearned Revenue		
Special Revenue Fund:												
U.S. Department of Education:												
Elementary and Secondary Education Act Title IV	84.368	ESEA536018	7/1/17-6/30/18	\$ 13,066		\$ 1,371	\$ (2,729)		\$ (1,358)			
Total Title IV						1,371	(2,729)		(1,358)			
Special Education Cluster:												
U.S. Department of Education:												
I.D.E.A. Part B, Basic	84.027	IDEA536017	7/1/16-6/30/17	1,818,472	\$ (230,120)	230,120						
I.D.E.A. Part B, Basic	84.027	IDEA536018	7/1/17-6/30/18	1,781,006		1,283,032	(1,745,141)		(462,109)			
I.D.E.A. Part B, Preschool	84.027	IDEA536018	7/1/17-6/30/18	53,410		35,317	(53,410)		(18,093)			
Total Special Education Cluster					(230,120)	1,548,469	(1,798,551)		(480,202)			
Carl D. Perkins Secondary Education	84.048	PERK536017	7/1/16-6/30/17	49,182	(19,204)	17,318		\$ 1,886				
Carl D. Perkins Secondary Education	84.048	PERK536018	7/1/17-6/30/18	49,611		22,672	(45,495)		(22,823)			
Total Carl D. Perkins					(19,204)	39,990	(45,495)	1,886	(22,823)			
STEM Partnership	84.413A	N/A	7/1/16-6/30/17	6,000	(237)			592		\$ 355		
Total STEM Partnership					(237)			592		355		
Total Special Revenue Fund/U.S. Department of Education					(576,309)	2,552,608	(2,818,196)	8,902	(833,350)	355		
Total Federal Awards					\$ (648,602)	\$ 4,246,089	\$ (4,700,679)	\$ 8,902	\$ (1,098,696)	\$ 4,406	\$ -0-	\$ -0-

N/A: Not Available/Applicable

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary	Due to Grantor 06/30/17	Cash Received	Budgetary Expenditures	Grant Receivable Cancelled	Repayment of Prior Years' Balances	Balance 6/30/2018		Memo	
				(Accounts Receivable) 06/30/17						GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>General Fund</b>													
<b>NJ Department of Education:</b>													
Equalization Aid	17-495-034-5120-078	7/1/16 - 6/30/17	\$ 25,551,746	\$ (2,526,156)		\$ 2,526,156							\$ 25,551,746
Transportation Aid	17-495-034-5120-014	7/1/16 - 6/30/17	306,590	(25,402)		25,402							306,590
Special Education Aid	17-495-034-5120-089	7/1/16 - 6/30/17	4,600,487	(450,290)		450,290							4,600,487
Security Aid	17-495-034-5120-084	7/1/16 - 6/30/17	395,293	(34,617)		34,617							395,293
PARCC Readiness Aid	17-495-034-5120-098	7/1/16 - 6/30/17	73,510	(7,286)		7,286							73,510
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16 - 6/30/17	73,510	(7,286)		7,286							73,510
Professional Learning Community Aid	17-495-034-5120-101	7/1/16 - 6/30/17	71,770	(67,252)		67,252							71,770
Non-Public Transportation Aid	17-495-034-5120-014	7/1/16 - 6/30/17	92,506	(67,252)		67,252							92,506
Extraordinary Aid	17-495-034-5120-044	7/1/16 - 6/30/17	1,524,402	(1,231,537)		1,231,537							1,524,402
Reimbursed TPAF Social Security Contributions	17-495-034-5095-002	7/1/16 - 6/30/17	3,966,011	(199,261)		199,261							3,966,011
Equalization Aid	18-495-034-5120-078	7/1/17 - 6/30/18	25,765,094			23,184,041	\$ (25,765,094)					\$ (2,581,053)	25,765,094
Transportation Aid	18-495-034-5120-014	7/1/17 - 6/30/18	306,590			275,877	(306,590)					(30,713)	306,590
Special Education Aid	18-495-034-5120-089	7/1/17 - 6/30/18	4,600,487			4,139,627	(4,600,487)					(460,860)	4,600,487
Security Aid	18-495-034-5120-084	7/1/17 - 6/30/18	395,293			355,694	(395,293)					(39,599)	395,293
Additional Adjustment Aid	18-495-034-5120-085	7/1/17 - 6/30/18	1			1	(1)						1
PARCC Readiness Aid	18-495-034-5120-098	7/1/17 - 6/30/18	73,510			66,146	(73,510)					(7,364)	73,510
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17 - 6/30/18	73,510			66,146	(73,510)					(7,364)	73,510
Professional Learning Community Aid	18-495-034-5120-101	7/1/17 - 6/30/18	71,770			64,580	(71,770)					(7,190)	71,770
Non-Public Transportation Aid	18-495-034-5120-014	7/1/17 - 6/30/18	141,954				(141,954)		\$ (141,954)			(141,954)	141,954
Extraordinary Aid	18-495-034-5120-044	7/1/17 - 6/30/18	1,748,279				(1,748,279)		(1,748,279)			(1,748,279)	1,748,279
On-Behalf TPAF Post Retirement Contribution	18-495-034-5094-001	7/1/17 - 6/30/18	5,174,043			5,174,043	(5,174,043)						5,174,043
On-Behalf TPAF Pension Contribution	18-495-034-5094-002	7/1/17 - 6/30/18	7,821,061			7,821,061	(7,821,061)						7,821,061
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17 - 6/30/18	189,798			189,798	(189,798)						189,798
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17 - 6/30/18	14,879			14,879	(14,879)						14,879
Reimbursed TPAF Social Security Contributions	18-495-034-5095-003	7/1/17 - 6/30/18	4,076,206			3,777,974	(4,076,206)			(298,232)		(298,232)	4,076,206
<b>Total General Fund State Aid</b>				<b>(4,616,339)</b>		<b>49,746,206</b>	<b>(50,452,475)</b>			<b>(2,188,465)</b>		<b>(5,322,608)</b>	<b>87,108,300</b>
<b>Debt Service Aid Type II</b>	18-100-034-5120-124	7/1/17 - 6/30/18	113,679			113,679	(113,679)						113,679
<b>Total Debt Service Aid</b>						<b>113,679</b>	<b>(113,679)</b>						<b>113,679</b>
<b>Total NJ Department of Education</b>				<b>(4,616,339)</b>		<b>49,859,885</b>	<b>(50,566,154)</b>			<b>(2,188,465)</b>		<b>(5,322,608)</b>	<b>87,221,979</b>
<b>New Jersey Department of Agriculture:</b>													
<b>Food Service Fund:</b>													
School Lunch Program - State	18-100-010-3350-023	7/1/17 - 6/30/18	37,234			30,301	(37,234)			(6,933)		(6,933)	37,234
School Lunch Program - State	17-100-010-3350-023	7/1/16 - 6/30/17	36,854	(5,151)		5,151							36,854
<b>Total NJ Department of Agriculture</b>				<b>(5,151)</b>		<b>35,452</b>	<b>(37,234)</b>			<b>(6,933)</b>		<b>(6,933)</b>	<b>74,088</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary	Due to	Cash	Budgetary	Grant	Repayment	Balance 6/30/2018		Memo	
				Balance (Accounts Receivable) 06/30/17	Grantor 06/30/17	Received	Expenditures	Receivable Cancelled	of Prior Years' Balances	GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>Special Revenue Fund:</b>													
<b>New Jersey Nonpublic Aid:</b>													
<b>Nonpublic Auxiliary Services:</b>													
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	\$ 147,049			\$ 147,049	\$ (142,630)				\$ 4,419		\$ 142,630
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	183,281		\$ 1,613			\$ (1,613)					181,668
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	2,710			2,710	(1,355)				1,355		1,355
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	14,616		13,337				(13,337)				1,279
Transportation	18-100-034-5120-067	7/1/17-6/30/18	20,970			20,970	(20,970)						20,970
<b>Nonpublic Handicapped Services:</b>													
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	49,532		4,332				(4,332)				45,200
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	45,687			45,687	(39,131)				6,556		39,132
Supplementary Instruction	17-100-034-5120-066	7/1/16-6/30/17	44,728		10,672				(10,672)				34,056
Supplementary Instruction	18-100-034-5120-066	7/1/17-6/30/18	38,858			38,858	(30,293)				8,565		30,293
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	30,923		18,024				(18,024)				12,899
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	18,749			18,749	(12,856)				5,893		12,856
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	30,031		367				(367)				29,664
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	27,335			27,335	(26,170)				1,165		26,170
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	46,890		1,828				(1,828)				45,062
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	48,403			48,403	(47,159)				1,244		47,159
Technology Initiative	17-100-034-5120-373	7/1/16-6/30/17	13,546		118				(118)				13,428
Technology Initiative	18-100-034-5120-373	7/1/17-6/30/18	18,463			18,463	(18,212)				251		18,212
Security Aid	17-100-034-5120-070	7/1/16-6/30/17	26,050		1,889				(1,889)				24,161
Security Aid	18-100-034-5120-070	7/1/17-6/30/18	37,425			37,425	(12,600)				24,825		12,600
<b>Total Special Revenue Fund</b>					<b>52,180</b>	<b>405,649</b>	<b>(351,376)</b>		<b>(52,180)</b>		<b>54,273</b>		<b>760,000</b>
<b>Total State Awards Subject to Single Audit Determination</b>				<b>\$ (4,621,490)</b>	<b>\$ 52,180</b>	<b>\$50,187,307</b>	<b>\$ (50,954,764)</b>	<b>\$ -0-</b>	<b>\$ (52,180)</b>	<b>\$(2,195,398)</b>	<b>\$ 54,273</b>	<b>\$ (5,329,541)</b>	<b>\$ 88,136,402</b>
<b>Less: State Awards Not Subject to Single Audit Major Program Determination</b>													
<b>On-Behalf TPAF Pension System Contributions:</b>													
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18	(5,174,043)				5,174,043						
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18	(7,821,061)				7,821,061						
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	(189,798)				189,798						
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	(14,879)				14,879						
<b>Subtotal - On-Behalf TPAF Pension System Contributions</b>							<b>13,199,781</b>						
<b>Total State Awards Subject to Single Audit Major Program Determination</b>							<b>(37,754,983)</b>						

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Township of Union School District Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2018. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the year of award while on a GAAP basis revenue is recognized based on grant expenditures and when reimbursement requests are submitted.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$46,062) for the general fund and \$54,984 for the special revenue fund with an additional \$8,902 attributable to prior year encumbrances cancelled, and \$4,578 attributable to local grant encumbrances. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 191,740	\$ 50,406,413	\$50,598,153
Special Revenue Fund	2,847,637	381,241	3,228,878
Debt Service Fund		113,679	113,679
Enterprise Fund - Food Service	<u>1,690,743</u>	<u>37,234</u>	<u>1,727,977</u>
Total Awards	<u>\$ 4,730,120</u>	<u>\$50,938,567</u>	<u>\$55,668,687</u>

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. Revenue and expenditures reported under the Food Distribution program represent current year value received and current year distributions respectively.

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Summary of Auditors' Results:

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

	State Grant Number/ CFDA Number	Grant Period	Award Amount	Budgetary Expenditures
<u>State:</u>				
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$25,765,094	\$25,765,094
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	4,600,487	4,600,487
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	395,293	395,293
Additional Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	1	1
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	73,510	73,510
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	73,510	73,510
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	71,770	71,770
<u>Federal:</u>				
Child Nutrition Cluster:				
Food Distribution Program	10.555	7/1/17-6/30/18	284,684	280,633
Food Distribution Program	10.555	7/1/16-6/30/17	249,449	2,908
National School Breakfast Program	10.553	7/1/17-6/30/18	209,963	209,963
National School Lunch Program	10.555	7/1/17-6/30/18	1,197,239	1,197,239

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

Summary of Auditors' Results (Cont'd):

- The threshold used for distinguishing between Type A and Type B programs was \$750,000 for federal programs and \$1,132,649 for state programs.
- The District was determined to be a "low-risk" auditee for both federal and state programs.

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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



TOWNSHIP OF UNION SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings:

The District had no prior year audit findings.