

**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, 2017**

**Comprehensive Annual  
Financial Report**

**of the**

**Township of Union School District**

**Union Township, New Jersey**

**For the Fiscal Year Ended June 30, 2017**

**Prepared by**

**Township of Union School District  
Business Office**

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INTRODUCTORY SECTION

# Township of Union Public Schools

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November 6, 2017

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, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 in the planning stages which will further improve the economic conditions in Township. 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 School District’s first initiative is to continue the process of improving the infrastructure in order to meet the needs of the students and provide both middle schools’ students the opportunity to participate in the District’s one to one technology program, which began in the high school last year. The Township of Union Public Schools are also working to create digital forms for the residency enrollment process.

Initiative Two – During the 2017-2018 School year the Township of Union Public Schools are collaborating with Lakeside Middle School teachers from Pompton Lakes on the implementation of the new math curriculum, Eureka Math. 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.

Initiative Three – The Township of Union School District will implement 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 insrution and curriculum planning.

Initiative Four – 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 Five – The Township of Union School District’s fifth initiative is to continue to research and pursue alternate funding sources to enhance both curricular and extra-curricular offerings throughout the District.

Initiative Six – The Township of Union Public School District’s final initiative for this school year is to redesign/upgrade the district’s website to send the message of forward thinking and become more responsive to the needs of the community.

### 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, 2017.

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:

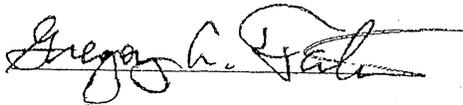
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, 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.

The Honorable President and Members of  
the Board of Education  
of the Township of Union  
Page 4  
November 6, 2017

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,



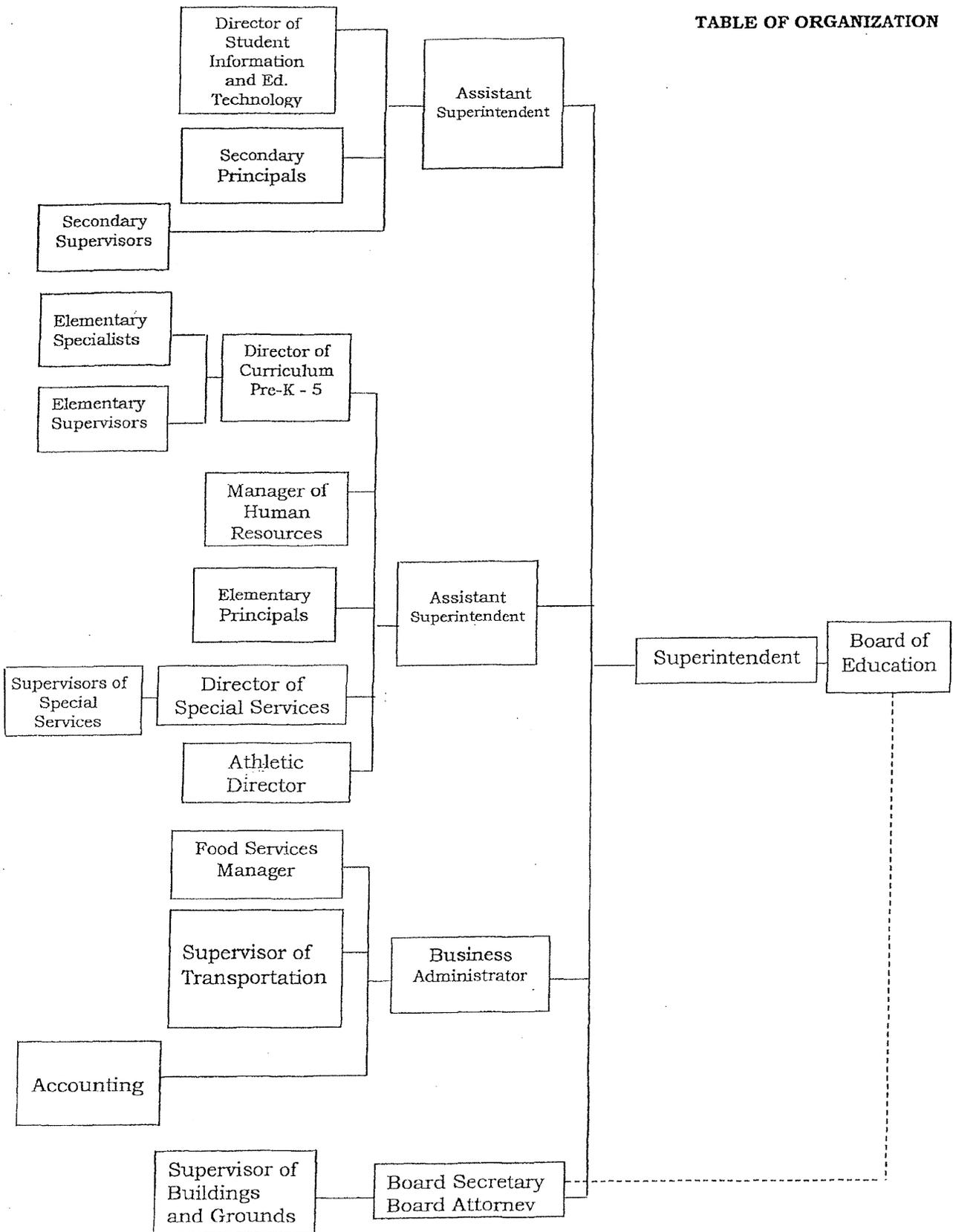
Superintendent  
Gregory Tatum



Business Administrator/Board Secretary  
Gregory Brennan

TOWNSHIP OF UNION SCHOOL DISTRICT

TABLE OF ORGANIZATION



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

**ROSTER OF OFFICIALS  
JUNE 30, 2017**

MEMBERS OF THE  
BOARD OF EDUCATION

TERM EXPIRES

David Arminio	2018
Guy Francis	2018
Ron McDowell, President	2017
Nancy Minneci	2019
Jeffrey Monge	2018
Vito A. Nufrio	2017
Nellis Regis-Darby	2019
Mary Lynn Williams	2019
Nancy Zuena, Vice President	2017

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. Vieira, 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, CPAs**

Mount Arlington Corporate Center

200 Valley Road, Suite 300

Mount Arlington, NJ, 07856

and

Lawrence Business Park

11 Lawrence Road

Newton, NJ 07860

## **Attorneys**

### **Sciarrillo Cornell**

Merlino, McKeever & Osborne, LLC

238 St. Paul Street

Westfield, NJ 07090

## **Architect**

### **Parette Somjen Architects**

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

The Honorable President and Members of  
the Board of Education  
of the Township of Union  
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### ***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, 2017, 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.

### ***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 schedules in Exhibits L-1 through L-4 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. 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 Honorable President and Members of  
the Board of Education  
of the Township of Union  
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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 November 6, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 6, 2017  
Mount Arlington, New Jersey

NISIVOCIA LLP

*NISIVOCIA LLP*



John J. Mooney  
Licensed Public School Accountant #0662  
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, 2017. 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.

### ***Financial Highlights***

- In total, the total net position decreased by \$8,983,433. The net position of the governmental activities decreased \$8,092,122 while the net position of the business-type activities decreased by \$891,311. The decrease of governmental activities was primarily due to the \$18.86 million increase in the net pension liability.
- Revenues totaled \$166,499,169 for governmental activities, and \$3,317,700 for the business type activities.
- The District had \$174,591,291 in expenses related to governmental activities. Expenses relating to business-type activities totaled \$4,209,011.
- The District continued to pay down its debt by retiring \$2,045,000 of outstanding bonds.

### ***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 and CAST 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**

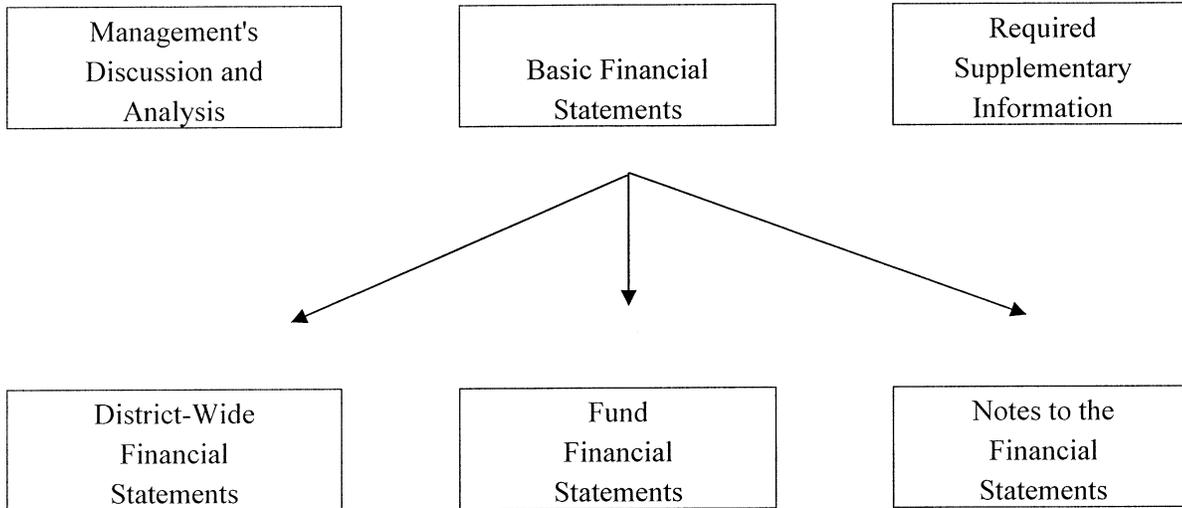


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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 and Cast 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, deferred outflow of resources, 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 and CAST 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
	2015/16	2016/17	2015/2016	2016/17	2015/2016	2016/17	
Current and Other Assets	\$ 26,501,865	\$ 20,374,719	\$ 1,566,440	\$ 507,836	\$ 28,068,305	\$ 20,882,555	-25.60%
Capital Assets, Net	91,414,861	92,660,974	879,360	819,426	92,294,221	93,480,400	1.29%
Total Assets	<u>117,916,726</u>	<u>113,035,693</u>	<u>2,445,800</u>	<u>1,327,262</u>	<u>120,362,526</u>	<u>114,362,955</u>	-4.98%
Deferred Outflows of Resources	10,379,005	23,514,045			10,379,005	23,514,045	126.55%
Other Liabilities	4,132,988	3,946,471	230,135	2,908	4,363,123	3,949,379	-9.48%
Long-Term Liabilities	71,733,130	88,937,501			71,733,130	88,937,501	23.98%
Total Liabilities	<u>75,866,118</u>	<u>92,883,972</u>	<u>230,135</u>	<u>2,908</u>	<u>76,096,253</u>	<u>92,886,880</u>	22.06%
Deferred Inflows of Resources	671,725				671,725		-100.00%
Net Position:							
Net Investment in Capital Assets	66,817,323	69,521,056	879,360	819,426	67,696,683	70,340,482	3.91%
Restricted	21,523,970	16,685,083			21,523,970	16,685,083	-22.48%
Unrestricted/(Deficit)	<u>(36,583,405)</u>	<u>(42,540,373)</u>	<u>1,336,305</u>	<u>504,928</u>	<u>(35,247,100)</u>	<u>(42,035,445)</u>	-19.26%
Total Net Position	<u>\$ 51,757,888</u>	<u>\$ 43,665,766</u>	<u>\$ 2,215,665</u>	<u>\$ 1,324,354</u>	<u>\$ 53,973,553</u>	<u>\$ 44,990,120</u>	-16.64%

*Changes in Net Position.* The District's combined net position was \$44,990,120 on June 30, 2017, \$8,983,433 less than the year before. (See Figure A-3). Net investment in capital assets increased primarily due to the current year maturity of serial bonds payable \$2,045,000, as well as current year capital asset additions of \$4,766,821 offset by current year depreciation of \$3,427,448, net deletions and adjustments of (\$93,260), and the amortization of \$101,413 of the deferred amount on the refunding. Restricted net position decreased primarily due to the transfer of \$6,092,901 into the Capital Reserve account from Capital Projects Fund and the Cast Fund. Unrestricted net assets decreased primarily due to an increase in net pension liability as well as the pension related deferred inflows and outflows. The net position of the business-type activities decreased \$891,311 which is primarily attributable to the transfer of funds from the Cast Fund into Capital Reserve (See Figure A-4).

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services	\$ 150,214	\$ 113,032	\$ 1,617,053	\$ 1,630,647	\$ 1,767,267	\$ 1,743,679	-1.33%
Operating Grants and Contributions	36,896,315	48,459,115	1,597,231	1,679,296	38,493,546	50,138,411	30.25%
<b>General Revenue:</b>							
Property Taxes	87,085,760	88,795,357			87,085,760	88,795,357	1.96%
Unrestricted Federal and State Aid	28,081,549	27,779,891			28,081,549	27,779,891	-1.07%
Other	630,748	1,351,774	3,864	7,757	634,612	1,359,531	114.23%
	<u>152,844,586</u>	<u>166,499,169</u>	<u>3,218,148</u>	<u>3,317,700</u>	<u>156,062,734</u>	<u>169,816,869</u>	8.81%
<b>Expenses:</b>							
Instruction	96,994,729	108,688,020			96,994,729	108,688,020	12.06%
Pupil and Instruction Services	26,709,562	29,951,433			26,709,562	29,951,433	12.14%
Administrative and Business	11,741,820	13,711,842			11,741,820	13,711,842	16.78%
Maintenance and Operations	11,532,667	13,091,671			11,532,667	13,091,671	13.52%
Transportation	5,943,785	7,555,417			5,943,785	7,555,417	27.11%
Other	2,144,855	1,592,908	3,256,197	4,209,011	5,401,052	5,801,919	7.42%
	<u>155,067,418</u>	<u>174,591,291</u>	<u>3,256,197</u>	<u>4,209,011</u>	<u>158,323,615</u>	<u>178,800,302</u>	12.93%
Increase/(Decrease) in Net Position	<u>\$ (2,222,832)</u>	<u>\$ (8,092,122)</u>	<u>\$ (38,049)</u>	<u>\$ (891,311)</u>	<u>\$ (2,260,881)</u>	<u>\$ (8,983,433)</u>	-297.34%

*Revenue Sources.* The District's total revenue for the 2016/2017 school year was \$169,816,869. (See Figure A-4). Property taxes and operating grants and contributions accounted for most of the District's revenue, with local taxes accounting for \$88,795,357 of the total, or 52.29 percent. (See Figure A-5). Another 45.88 percent came from grants, aid and contributions, and the remainder from miscellaneous sources and charges for services. The District basically conducts its operations from the revenue it receives from its local taxpayers and state aid.

**Figure A-5**  
**Sources of Revenue for Fiscal Year 2017**

	Amount	Percentage
<b>Sources of Income:</b>		
Operating Grants and Contributions	\$ 50,138,411	29.52%
Property Taxes	88,795,357	52.29%
Federal and State Unrestricted Aid	27,779,891	16.36%
Charges for Services	1,743,679	1.03%
Other	1,359,531	0.80%
	<u>\$ 169,816,869</u>	<u>100.00%</u>

The total cost of all programs and services was \$178,800,302. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (81.77 percent). (See Figure A-6). The District's administrative and business activities accounted for 7.67 percent of total costs.



**Figure A-6**  
**Expenses for Fiscal Year 2017**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 108,688,020	60.79%
Pupil and Instruction Services	29,951,433	16.75%
Administrative and Business	13,711,842	7.67%
Maintenance and Operations	13,091,671	7.32%
Transportation	7,555,417	4.22%
Other	5,801,919	3.25%
	<u>\$ 178,800,302</u>	<u>100.00%</u>

***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-7 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-7**  
**Net Cost of Governmental Activities**

Sources of Income:	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015/16</u>	<u>2016/17</u>	<u>2015/16</u>	<u>2016/17</u>
Instruction	\$ 96,994,729	\$ 108,688,020	\$ 63,529,197	\$ 64,205,266
Pupil and Instruction Services	26,709,562	29,951,433	24,908,388	28,190,426
Administrative and Business	11,741,820	13,711,842	10,289,300	11,698,834
Maintenance and Operations	11,532,667	13,091,671	11,532,667	13,091,671
Transportation	5,943,785	7,555,417	5,617,482	7,253,894
Other	2,144,855	1,592,908	2,144,855	1,579,053
	<u>\$ 155,067,418</u>	<u>\$ 174,591,291</u>	<u>\$ 118,021,889</u>	<u>\$ 126,019,144</u>

- The cost of all governmental activities this year was \$174.59 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$48.46 million).
- Most of the District's costs however, were financed by District taxpayers.
- The remainder of the funding came from unrestricted state and federal aid, miscellaneous revenue and investment earnings.

### ***Business-Type Activities***

Net position from the District's business-type activity decreased by \$891,311. (Refer to Figure A-4). The factor contributing to this result was:

- Enterprise Fund net position decrease by \$891,311 primarily due to the closing of the Cast Fund which resulted in the transfer of \$849,955 out of the Enterprise Fund.

### ***Financial Analysis of the District's Funds***

The District's financial position remains relatively stable. 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 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-8**  
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	
Sites (Land)	\$ 9,553,000	\$ 9,553,000			\$ 9,553,000	\$ 9,553,000	0.00%
Site Improvements	2,638,677	2,505,042			2,638,677	2,505,042	-5.06%
Buildings and Improvements	74,419,186	75,053,479			74,419,186	75,053,479	0.85%
Furniture, Machinery and Equipment	4,803,998	5,549,453	\$ 879,360	\$ 819,426	5,683,358	6,368,879	12.06%
	<u>\$ 91,414,861</u>	<u>\$ 92,660,974</u>	<u>\$ 879,360</u>	<u>\$ 819,426</u>	<u>\$ 92,294,221</u>	<u>\$ 93,480,400</u>	1.29%

The District capitalized \$4,812,211 of expenditures during the fiscal year. The depreciation in the governmental activities and the business-type activities for the fiscal year 2016-17 was \$3,427,448 and \$88,649, respectively. There was an additional net adjustment of \$109,935.

### Long-term Liabilities

At year-end, the District had \$23,837,000 in general obligation bonds outstanding – a reduction of \$2,045,000 from last year – as shown in Figure A-9. (More detailed information about the District’s long-term liabilities is presented in Note 7 to the Basic Financial Statements.)

**Figure A-9**  
Outstanding Long-Term Liabilities

	Total School District		Percentage Change
	2015/16	2016/17	
General Obligation Bonds (Financed with Property Taxes)	\$ 25,882,000	\$ 23,837,000	-7.90%
Capital Leases		485,967	
Unamortized Bond Premium	1,035,180	930,712	-10.09%
Net Pension Liability	41,778,961	60,640,585	45.15%
Compensated Absences Payable	3,036,989	3,043,237	0.21%
	<u>\$ 71,733,130</u>	<u>\$ 88,937,501</u>	23.98%

- The District continued to pay down its debt, retiring \$2,045,000 of outstanding bonds.
- The District’s net pension liability increased \$18,861,624.

### 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, 2017

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 9,039,983	\$ 402,020	\$ 9,442,003
Receivables from Other Governments	2,237,828	80,352	2,318,180
Other Receivables	64,556		64,556
Inventory		25,464	25,464
Restricted Assets:			
Cash and Cash Equivalents	9,024,044		9,024,044
Capital Assets:			
Sites (Land)	9,553,000		9,553,000
Depreciable Site Improvements, Buildings and Building Improvements, and Furniture, Machinery and Equipment	83,107,974	819,426	83,927,400
Total Assets	<u>113,027,385</u>	<u>1,327,262</u>	<u>114,354,647</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Amount on Refunding	1,183,049		1,183,049
Changes in Assumptions - Pension	12,561,490		12,561,490
Difference Between Actual and Experience - Pensions	1,127,731		1,127,731
Changes in Proportions - Pensions	4,427,856		4,427,856
Net Difference Between Project and Actual Investment Earning Investment Gains - Pensions	2,312,280		2,312,280
District Contribution Subsequent to Measurement Date - Pensions	1,901,639		1,901,639
Total Deferred Outflows of Resources	<u>23,514,045</u>		<u>23,514,045</u>
<b>LIABILITIES</b>			
Accounts Payable	1,096,232		1,096,232
Intergovernmental Payable	1,953,819		1,953,819
Accrued Interest Payable	360,595		360,595
Unearned Revenue	535,825	2,908	538,733
Noncurrent Liabilities:			
Due Within One Year	2,449,987		2,449,987
Due Beyond One Year	86,487,514		86,487,514
Total Liabilities	<u>92,883,972</u>	<u>2,908</u>	<u>92,886,880</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	69,521,056	819,426	70,340,482
Restricted for:			
Debt Service	66,752		66,752
Capital Projects	7,574,044		7,574,044
Excess Surplus	1,455,646		1,455,646
Excess Surplus - Designated for Subsequent Year's Expenditures	6,138,641		6,138,641
Maintenance	450,000		450,000
Emergency	1,000,000		1,000,000
Unrestricted/(Deficit)	(42,540,373)	504,928	(42,035,445)
Total Net Position	<u>\$ 43,665,766</u>	<u>\$ 1,324,354</u>	<u>\$ 44,990,120</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, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 79,393,892	\$ 113,032	\$ 29,581,495		\$ (49,699,365)		\$ (49,699,365)
Special Education	21,277,414		11,794,119		(9,483,295)		(9,483,295)
Other Special Instruction	6,052,220		2,331,215		(3,721,005)		(3,721,005)
Other Instruction	1,964,494		662,893		(1,301,601)		(1,301,601)
Support services:							
Tuition	10,198,341		1,761,007		(8,437,334)		(8,437,334)
Student & Instruction Related Services	19,753,092				(19,753,092)		(19,753,092)
General Administrative Services	4,394,509				(4,394,509)		(4,394,509)
School Administrative Services	6,602,185		2,013,008		(4,589,177)		(4,589,177)
Central Services	1,825,020				(1,825,020)		(1,825,020)
Administrative Information Technology	890,128				(890,128)		(890,128)
Plant Operations and Maintenance	13,091,671				(13,091,671)		(13,091,671)
Pupil Transportation	7,555,417		301,523		(7,253,894)		(7,253,894)
Interest on Long-Term Debt	1,037,076				(1,037,076)		(1,037,076)
Unallocated Depreciation	481,027				(481,027)		(481,027)
Capital Outlay	74,805		13,855		(60,950)		(60,950)
Total Governmental Activities	174,591,291	113,032	48,459,115	-0-	(126,019,144)	\$ -0-	(126,019,144)

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</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	\$ 3,342,381	\$ 1,630,647	\$ 1,679,296			\$ (32,438)	\$ (32,438)
Total Business-Type Activities	3,342,381	1,630,647	1,679,296			(32,438)	(32,438)
Total Primary Government	\$ 177,933,672	\$ 1,743,679	\$ 50,138,411	\$ -0-	\$ (126,019,144)	\$ (32,438)	\$ (126,051,582)
<u>General Revenues and Transfers:</u>							
<u>Taxes:</u>							
Property Taxes, Levied for General Purposes, Net					85,981,132		85,981,132
Taxes Levied for Debt Service					2,814,225		2,814,225
Federal and State Aid not Restricted					27,779,891		27,779,891
Miscellaneous Income					458,834	7,757	466,591
Transfers					892,940	(866,630)	26,310
Total General Revenue					117,927,022	(858,873)	117,068,149
Change in Net Position					(8,092,122)	(891,311)	(8,983,433)
Net Position - Beginning					51,757,888	2,215,665	53,973,553
Net Position - Ending					\$ 43,665,766	\$ 1,324,354	\$ 44,990,120

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, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 8,811,128	\$ 162,103		\$ 66,752	\$ 9,039,983
Intergovernmental Accounts Receivable - State	1,816,169				1,816,169
Intergovernmental Accounts Receivable - Federal		429,967			429,967
Interfund Receivable			\$ 557,404		557,404
Other Receivable	56,248	8,308			64,556
Restricted Cash and Cash Equivalents	9,024,044				9,024,044
<b>Total Assets</b>	<b>\$ 19,707,589</b>	<b>\$ 600,378</b>	<b>\$ 557,404</b>	<b>\$ 66,752</b>	<b>\$ 20,932,123</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable - Vendors	\$ 1,019,282	\$ 76,950			\$ 1,096,232
Intergovernmental Payable - State		52,180			52,180
Interfund Payable	557,404				557,404
Unearned Revenue	64,577	471,248			535,825
<b>Total Liabilities</b>	<b>1,641,263</b>	<b>600,378</b>			<b>2,241,641</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve Account	7,574,044				7,574,044
Maintenance Reserve Account	450,000				450,000
Emergency Reserve Account	1,000,000				1,000,000
Excess Surplus	1,455,646				1,455,646
Excess Surplus Designated for Subsequent Year's Expenditures	6,138,641				6,138,641
Debt Service				\$ 66,752	66,752
<b>Committed:</b>					
Capital Projects Fund			\$ 557,404		557,404
<b>Assigned:</b>					
For Subsequent Year's Expenditures	440,962				440,962
Encumbrances	641,808				641,808
For Subsequent Year's Expenditures - SEMI ARRA	11,659				11,659
Unassigned	353,566				353,566
<b>Total Fund Balances</b>	<b>18,066,326</b>		<b>557,404</b>	<b>66,752</b>	<b>18,690,482</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 19,707,589</b>	<b>\$ 600,378</b>	<b>\$ 557,404</b>	<b>\$ 66,752</b>	<b>\$ 20,932,123</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

Total Fund Balances From Previous Page	\$ 18,690,482
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. The cost of the assets is \$125,945,445 and the accumulated depreciation is \$33,284,471.	92,660,974
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.	(360,595)
The Deferred Amount on Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of Expenditure	1,183,049
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 \$411,536.	(930,712)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds. 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:	(60,640,585)
Changes in Assumptions - Pensions	12,561,490
Net Difference Between Projected and Actual Investment Earnings - Pensions	2,312,280
Changes in Proportions - Pensions	4,427,856
Difference Between Actual and Experience - Pensions	1,127,731
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>(27,366,204)</u>
Net Position of Governmental Activities	<u>\$ 43,665,766</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, 2017

REVENUE:	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Local Sources:					
Local Tax Levy	\$ 85,981,132			\$ 2,814,225	\$ 88,795,357
Tuition	113,032				113,032
Transportation Fees	7,634				7,634
Rents and Royalties	32,300				32,300
Miscellaneous	394,845	\$ 59,482	\$ 24,055		478,382
Total - Local Sources	86,528,943	59,482	24,055	2,814,225	89,426,705
State Sources	47,324,738	389,936	(91,352)	113,569	47,736,891
Federal Sources	180,894	2,720,056			2,900,950
Total Revenue	134,034,575	3,169,474	(67,297)	2,927,794	140,064,546

EXPENDITURES:

Current:					
Regular Instruction	38,268,347	1,357,332			39,625,679
Special Education Instruction	9,689,681				9,689,681
Other Special Instruction	2,970,290				2,970,290
Other Instruction	1,145,049				1,145,049
Support Services and Undistributed Costs:					
Tuition	10,178,864	1,798,287			11,977,151
Student & Instruction Related Services	13,691,265				13,691,265
General Administrative Services	2,234,559				2,234,559
School Administrative Services	4,394,485				4,394,485

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>EXPENDITURES (Cont'd):</b>					
Support Services and Undistributed Costs (Cont'd):					
Central Services	\$ 1,069,061				\$ 1,069,061
Administrative Information Technology	890,128				890,128
Plant Operations and Maintenance	9,763,807				9,763,807
Pupil Transportation	6,394,379				6,394,379
Unallocated Benefits	35,871,544				35,871,544
Debt Service:					
Principal				\$ 2,045,000	2,045,000
Interest and Other Charges				905,900	905,900
Capital Outlay	3,202,116	\$ 13,855	\$ 1,515,720		4,731,691
Total Expenditures	<u>139,763,575</u>	<u>3,169,474</u>	<u>1,515,720</u>	<u>2,950,900</u>	<u>147,399,669</u>
Deficiency of Revenue under Expenditures	<u>(5,729,000)</u>		<u>(1,583,017)</u>	<u>(23,106)</u>	<u>(7,335,123)</u>
<b>OTHER FINANCING SOURCES/(USES):</b>					
Capital Leases (Non-budgeted)	735,144				735,144
Transfers In	6,092,901		1,880,500	50,365	8,023,766
Transfers Out	(1,880,500)		(5,267,001)		(7,147,501)
Total Other Financing Sources/(Uses)	<u>4,947,545</u>		<u>(3,386,501)</u>	<u>50,365</u>	<u>1,611,409</u>
Net Change in Fund Balances	(781,455)		(4,969,518)	27,259	(5,723,714)
Fund Balance—July 1	18,847,781		5,526,922	39,493	24,414,196
Fund Balance—June 30	<u>\$ 18,066,326</u>	<u>\$ -0-</u>	<u>\$ 557,404</u>	<u>\$ 66,752</u>	<u>\$ 18,690,482</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, 2017

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (5,723,714)

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 capital outlays differ from depreciation and adjustments and deletions from capital assets in the period.

	Adjustments/Deletions	\$ (93,260)	
	Depreciation expense	(3,427,448)	
	Capital outlays	4,766,821	
			1,246,113

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 (+).

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. (+)

(134,231)

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.

(735,144)

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, 2017

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	(18,861,624)
Deferred Outflows:	
Changes in Assumptions	8,074,763
Difference between Expected and Actual Experience	131,032
Changes in Proportion	2,635,694
Net difference between projected and actual investment earnings on pension plan investments	2,312,280
Deferred Inflows:	
Net difference between projected and actual investment earnings on pension plan investments	671,725
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.	2,294,177
Change in Net Position of Governmental Activities (Exhibit A-2)	\$ (8,092,122)

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, 2017

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Food Service Fund	CAST Fund	Total Funds
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 402,020		\$ 402,020
Intergovernmental Accounts Receivable:			
Federal	75,201		75,201
State	5,151		5,151
Inventories	25,464		25,464
Total Current Assets	507,836		507,836
Non-Current Assets:			
Capital Assets	2,110,345		2,110,345
Less: Accumulated Depreciation	(1,290,919)		(1,290,919)
Total Non-Current Assets	819,426		819,426
Total Assets	1,327,262		1,327,262
<b>LIABILITIES:</b>			
Current Liabilities:			
Unearned Revenue	2,908		2,908
Total Current Liabilities	2,908		2,908
<b>NET POSITION:</b>			
Investment in Capital Assets	819,426		819,426
Unrestricted	504,928		504,928
Total Net Position	\$ 1,324,354	\$ -0-	\$ 1,324,354

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, 2017

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Food Service Fund	CAST Fund	Total Funds
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 907,269		\$ 907,269
Daily Sales - Non-reimbursable Programs	712,854		712,854
Special Events	10,524		10,524
Total Operating Revenue	<u>1,630,647</u>		<u>1,630,647</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs	777,372		777,372
Cost of Sales - Non-reimbursable Programs	611,865		611,865
Salaries and Payroll Taxes	1,302,400		1,302,400
Management Fee	77,140		77,140
Miscellaneous Expenditures	16,399		16,399
Supplies and Repairs	468,556		468,556
Depreciation Expense	85,617	\$ 3,032	88,649
Total Operating Expenses	<u>3,339,349</u>	<u>3,032</u>	<u>3,342,381</u>
Operating Loss	<u>(1,708,702)</u>	<u>(3,032)</u>	<u>(1,711,734)</u>
Non-Operating Revenue:			
Local Sources			
Interest Revenue	4,550	3,207	7,757
State Sources:			
State School Lunch Program	36,854		36,854
Federal Sources			
School Breakfast Program	202,782		202,782
National School Lunch Program	1,187,925		1,187,925
Food Distribution Program	251,735		251,735
Total Non-Operating Revenue	<u>1,683,846</u>	<u>3,207</u>	<u>1,687,053</u>
Change in Net Positions before Transfers	(24,856)	175	(24,681)
Transfers:			
Transfers Out - Capital Reserve		(849,955)	(849,955)
Transfer of Capital Assets		(16,675)	(16,675)
		<u>(866,630)</u>	<u>(866,630)</u>
Change in Net Position	(24,856)	(866,455)	(24,681)
Net Position - Beginning of Year	<u>1,349,210</u>	<u>866,455</u>	<u>2,215,665</u>
Net Position - End of Year	<u>\$ 1,324,354</u>	<u>\$ -0-</u>	<u>\$ 1,324,354</u>

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, 2017

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Funds</u>		
	<u>Food Service</u> <u>Fund</u>	<u>CAST</u> <u>Fund</u>	<u>Total Funds</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,630,647		\$ 1,630,647
Payments to Food Service Vendor	(3,222,552)		(3,222,552)
Net Cash Used for Operating Activities	(1,591,905)		(1,591,905)
Cash Flows Used for Capital and Related Financing Activities:			
Purchase of Capital Assets	(45,390)		
Net Cash Used for Capital and Related Financing Activities	(45,390)		
Cash Flows from Investing Activities:			
Investment Income	4,550	\$ 3,207	7,757
Net Cash Provided by Investing Activities	4,550	3,207	7,757
Cash Flows from Noncapital Financing Activities:			
State Sources:			
State School Lunch Program	34,049		34,049
Federal Sources:			
National School Lunch Program	1,213,039		1,213,039
School Breakfast Program	202,782		202,782
Transfer Out		(849,955)	(849,955)
Net Cash Provided (Used for) Noncapital Financing Activities	1,449,870	(849,955)	599,915
Net Decrease in Cash and Cash Equivalents	(182,875)	(846,748)	(1,029,623)
Cash and Cash Equivalents, July 1	584,895	846,748	1,431,643
Cash and Cash Equivalents, June 30	<u>\$ 402,020</u>	<u>\$ -0-</u>	<u>\$ 402,020</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating (Loss)	\$ (1,708,702)	\$ (3,032)	\$ (1,711,734)
Adjustment to Reconcile Operating Loss to net Cash Used for Operating Activities:			
Depreciation	85,617	3,032	88,649
Federal Food Distribution Program	251,735		251,735
Changes in Assets and Liabilities:			
(Increase)/Decrease in Inventories	6,672		6,672
Increase/(Decrease) in Accounts Payable	(224,941)		(224,941)
Increase/(Decrease) in Unearned Revenue	(2,286)		(2,286)
Net Cash Used for Operating Activities	<u>\$ (1,591,905)</u>	<u>\$ -0-</u>	<u>\$ (1,591,905)</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 \$249,449 and \$251,734, respectively, for the fiscal year ended June 30, 2017.

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, 2017

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Funds</u>	<u>Escrow Account</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 4,713,733	\$ 1,238,669	\$ 178,245	
Interfund Receivable - Payroll Agency		228,412		
Total Assets	<u>4,713,733</u>	<u>1,467,081</u>	<u>178,245</u>	
<u>LIABILITIES:</u>				
Accrued Salaries and Wages	3,249,777			
Payroll Deductions and Withholdings	874,470			
Due to Student Groups	361,074			
Interfund Payable - Unemployment Trust	228,412			
Total Liabilities	<u>4,713,733</u>			
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		1,467,081		
Scholarships and Memorials			178,245	
Total Net Position	<u>\$ -0-</u>	<u>\$ 1,467,081</u>	<u>\$ 178,245</u>	<u>\$ -0-</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, 2017

	Unemployment Compensation Trust	Scholarship and Memorial Trust	Escrow Account	Totals
ADDITIONS:				
Contributions:				
Plan Member	\$ 124,752			\$ 124,752
Donations		\$ 99,421		99,421
Total Contributions	<u>124,752</u>	<u>99,421</u>		<u>224,173</u>
Investment Earnings:				
Interest	6,100	1,142	\$ 99	7,341
Net Investment Earnings	<u>6,100</u>	<u>1,142</u>	<u>99</u>	<u>7,341</u>
Total Additions	<u>130,852</u>	<u>100,563</u>	<u>99</u>	<u>231,514</u>
DEDUCTIONS:				
Unemployment Compensation Claims	60,268			60,268
Scholarships Awarded		35,407		35,407
Total Deductions	<u>60,268</u>	<u>35,407</u>		<u>95,675</u>
Change in Net Position Before Transfers	70,584	65,156	99	135,839
TRANSFERS:				
Transfer Out - Debt Service Fund			(26,310)	(26,310)
Change in Net Position			(26,211)	109,529
Net Position - Beginning of the Year	<u>1,396,497</u>	<u>113,089</u>	<u>26,211</u>	<u>1,535,797</u>
Net Position - End of the Year	<u>\$ 1,467,081</u>	<u>\$ 178,245</u>	<u>\$ -0-</u>	<u>\$ 1,671,636</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, 2017

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, 2017  
(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 and CAST) Fund: The enterprise fund accounts for all revenue and expenses pertaining to the Board's cafeteria and CAST fund 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, 2017  
(Continued)

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

Enterprise (Food Service and CAST) Fund (Cont'd): The CAST fund represents the remains of the sale of an asset (broad casting device on Empire State Building in New York City) which was used to generate enterprise revenue. The asset was sold prior to 2010. During the 2016/2017 school year the CAST fund was closed, with the remaining proceeds being transferred to the Capital Reserve account.

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, 2017 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).

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 134,071,619	\$ 3,279,865
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		(110,391)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	3,051,037	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(3,088,081)	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 134,034,575	\$ 3,169,474



TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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	\$ 139,763,575	\$ 3,279,865
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.		(110,391)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 139,763,575	\$ 3,169,474

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, 2017  
(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, 2017.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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 their estimated fair market value on the date received. 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:

	Estimated Useful Life
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, 2017 totaled \$3,249,777.

N. Compensated Absences:

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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 \$18,066,326 General Fund balance at June 30, 2017, \$7,574,044 is restricted in the capital reserve account; \$450,000 is restricted in the maintenance reserve account, and \$1,000,000 is restricted in the emergency reserve; \$6,138,641 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2018; \$1,455,646 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2019; \$641,808 is assigned for encumbrances; \$440,962 is assigned fund balance that has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2018; and \$11,659 is assigned fund balance due to SEMI ARRA funds that have been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2018. There is also 353,566 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, 2018.

Capital Projects Fund: The Capital Projects Fund has a committed fund balance of \$557,404 at June 30, 2017.

Debt Service Fund: The \$66,752 Debt Service Fund balance at June 30, 2017 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, 2017 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, 2017  
(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 \$42,540,373 deficit in unrestricted net position of the governmental activities at June 30, 2017 resulted primarily due to the net pension liability of \$60,640,585. 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, changes in assumptions – pensions, differences between actual and experience – pensions, net difference between projected and actual investment earnings on pension plan investments, changes in proportions – pensions, and the district contribution subsequent to the measurement date related to pensions at June 30, 2017.

The District did not have any deferred inflows of resources at June 30, 2017.

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, 2017

(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, 2017.

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 and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2017.

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, 2017

(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, 2017  
(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, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) 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



TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

Investments: (Cont'd)

- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (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.

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking and Savings Accounts	<u>\$ 15,572,650</u>	<u>\$ 9,024,044</u>	<u>\$ 24,596,694</u>

During the period ended June 30, 2017, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$24,596,694 and the bank balance was \$27,023,705.

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.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 4,105,672
Add:	
Transfer from Capital Outlay - Unexpended Funds	825,000
Transfer from CAST Fund - Unexpended Funds	5,242,946
Transfer from Capital Projects Fund - Unexpended Funds	849,956
Interest Earned in Capital Reserve Account	42,970
Less: Budgeted Withdrawal	<u>(3,492,500)</u>
Ending Balance, June 30, 2017	<u><u>\$ 7,574,044</u></u>

The balance in the capital reserve account at June 30, 2017 does not exceed the LRFPP 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 LRFPP.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2017, the District transferred a total of \$48,711 to capital outlay accounts for equipment which did not require approval from the County Superintendent.

NOTE 6: CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 2,609,990
General Administration	56,484
Operations and Maintenance of Plant	87,395
Transportation	192,552
Unallocated	<u>481,027</u>
	<u><u>\$ 3,427,448</u></u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 6: CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	Beginning Balance	Additions	Adjustments/ Decreases	Ending Balance
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	3,815,084	\$ 34,302		3,849,386
Buildings and Building Improvements	94,561,059	2,863,258		97,424,317
Machinery and Equipment	13,453,521	1,869,261	\$ (204,040)	15,118,742
Total Capital Assets Being Depreciated	<u>111,829,664</u>	<u>4,766,821</u>	<u>(204,040)</u>	<u>116,392,445</u>
Governmental Activities Capital Assets	<u>121,382,664</u>	<u>4,766,821</u>	<u>(204,040)</u>	<u>125,945,445</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,176,407)	(167,937)		(1,344,344)
Buildings and Building Improvements	(20,141,873)	(2,228,965)		(22,370,838)
Machinery and Equipment	(8,649,523)	(1,030,546)	110,780	(9,569,289)
	<u>(29,967,803)</u>	<u>(3,427,448)</u>	<u>110,780</u>	<u>(33,284,471)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 91,414,861</u>	<u>\$ 1,339,373</u>	<u>\$ (93,260)</u>	<u>\$ 92,660,974</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 2,095,273	\$ 45,390	\$ (30,318)	\$ 2,110,345
Less: Accumulated Depreciation	(1,215,913)	(88,649)	13,643	(1,290,919)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 879,360</u>	<u>\$ (43,259)</u>	<u>\$ (16,675)</u>	<u>\$ 819,426</u>

The District has active construction projects for Union High School Boilers and District Wide Doors and Windows Replacement. At year end, the District had \$169,579 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, 2017, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/16	Accrued	Retired	Balance 6/30/17
Serial Bonds Payable	\$25,882,000		\$2,045,000	\$ 23,837,000
Capital Leases Payble		\$ 735,144	249,177	485,967
Compensated Absences Payable	3,036,989	6,248		3,043,237
Net Pension Liability	41,778,961	18,861,624		60,640,585
Unamortized Bond Premium	1,035,180		104,468	930,712
	<u>\$71,733,130</u>	<u>\$ 19,603,016</u>	<u>\$2,398,645</u>	<u>\$ 88,937,501</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

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, 2017 as follows:

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Amount</u>
2010 Refunding Bonds	8/15/2028	3.00%-4.00%	\$15,060,000
2011 School Bonds	1/1/2032	2.25%-3.75%	5,462,000
2015 School Bonds	1/1/2023	3.00%-4.00%	3,315,000
			<u>\$23,837,000</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,105,000	\$ 833,250	\$ 2,938,250
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
2023-27	8,650,000	1,510,322	10,160,322
2028-32	4,262,000	305,672	4,567,672
	<u>\$23,837,000</u>	<u>\$ 5,174,544</u>	<u>\$ 29,011,544</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 \$826,244.

C. Bonds Authorized but not Issued:

As of June 30, 2017, 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 \$3,043,237. Governmental Funds compensated absences will be liquidated by the General Fund.

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

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

D. Compensated Absences: (Cont'd)

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, 2017, no liability existed for compensated absences in the Food Service or CAST Enterprise Funds.

E. Capital Leases Payable:

The District purchased various computer technology equipment under capital leases. The capital lease is for a term of three years and will be retired through the General Fund. The District has entered into capital leases totaling \$735,144 of which \$ 249,177 has been liquidated as of June 30, 2017. 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, 2017.

<u>Year</u>	<u>Amount</u>
2018	\$ 250,474
2019	250,474
	<u>500,948</u>
Less: Amount representing interest	<u>(14,981)</u>
Present value of net minimum lease payments	<u>\$ 485,967</u>

The current portion of Capital Leases payable at June 30, 2017 is \$240,519 the long term portion payable is \$245,448. 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, 2017 is \$-0- and the long-term portion is \$60,640,585. 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.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.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:

TOWNSHIP OF UNION SCHOOL DISTRICT  
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)

Benefits Provided (Cont'd)

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

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 2017.

The employee contribution rate was 7.20% effective July 1, 2016. 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, 2017, the District reported a liability of \$60,640,585 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016.

TOWNSHIP OF UNION SCHOOL DISTRICT  
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)

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, 2016 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, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.980%)
District's proportionate share of the Net Pension Liability	\$ 74,307,960	\$ 60,640,585	\$ 49,356,983

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.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.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

TOWNSHIP OF UNION SCHOOL DISTRICT  
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, 2016, the District's proportion was 0.204%, which was a decrease of 0.018% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$1,818,955. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 762,264	
	2015	5.72	3,114,781	
	2016	5.57	8,684,445	
Difference Between expected and Actual Experience	2015	5.72	864,183	
	2016	5.57	263,548	
Changes in Proportion	2014	6.44	1,235,810	
	2015	5.72	155,346	
	2016	5.57	3,036,700	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(1,142,264)	
	2015	5.00	730,812	
	2016	5.00	2,723,732	
District Contribution Subsequent to the Measurement Date	2016	1.00	<u>1,901,639</u>	
			<u>\$ 22,330,996</u>	<u>\$ -0-</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:



TOWNSHIP OF UNION SCHOOL DISTRICT  
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)

Fiscal Year Ending June 30,	Total
2016	\$ 3,602,593
2017	3,602,592
2018	4,173,725
2019	3,506,539
2020	1,116,052
	\$ 16,001,501

Actuarial Assumptions

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

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
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)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	50.00%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
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)

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, 2016 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, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.980%)
District's proportionate share of the Net Pension Liability	\$ 74,307,960	\$ 60,640,585	\$ 49,356,983

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.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.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

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)

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 2016, the State's pension contribution was less than the actuarially 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 2017, the State of New Jersey contributed \$5,267,263 the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$25,541,683.

The employee contribution rate was 7.20% effective July 1, 2016. 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, 2017, the State's proportionate share of the net pension liability associated with the District was \$414,833,252. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the District's proportion was 0.527%, which was an increase of 0.015% from its proportion measured as of June 30, 2015.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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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>414,833,252</u>
Total	\$	<u><u>414,833,252</u></u>

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$5,627,263 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 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	\$ 1,691,524,165	
Changes in Assumptions - 2015	8.3	4,488,602,746	
Changes in Assumptions - 2016	8.3	<u>9,522,623,964</u>	
		<u>15,702,750,875</u>	
Difference Between Expected and Actual Experience - 2014	8.5		16,110,615
Difference Between Expected and Actual Experience - 2015	8.3	277,221,464	
Difference Between Expected and Actual Experience - 2016	8.3	<u>277,221,464</u>	<u>118,421,979</u>
			<u>134,532,594</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2014	5	(870,618,286)	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2015	5	577,926,182	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments - 2016	5	<u>1,727,420,767</u>	
		<u>1,434,728,663</u>	
		<u>\$ 33,394,673,341</u>	<u>\$ 269,065,188</u>

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:

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

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

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

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

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, 2015 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 (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected\_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	50.00%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate – TPAF

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

Sensitivity of the 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, 2015 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:

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

	June 30, 2016		
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Total Net Pension Liability	\$ 495,403,608	\$ 414,833,252	\$ 349,037,159

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 \$28,333 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$88,770 for the fiscal year ended June 30, 2017.

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. 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>.



TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 9. EMERGENCY RESERVE ACCOUNT (Cont'd)

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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	<u>\$ 450,000</u>
Ending Balance, June 30, 2017	<u><u>\$ 450,000</u></u>

NOTE 10. POST-RETIREMENT BENEFITS

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

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$4,858,676, \$5,027,269 and \$4,395,276 for 2017, 2016 and 2015, respectively.

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.

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.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

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 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.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance (Cont'd)

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ 6,100	\$ 124,752	\$ 60,268	\$ 1,467,081
2015-2016	8,777	117,735	111,975	1,396,497
2014-2015	8,564	112,067	109,346	1,381,960

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, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		\$ 557,404
Capital Projects Fund	\$ 557,404	
Agency Funds		228,412
Unemployment Compensation Trust Fund	228,412	
	<u>\$ 785,816</u>	<u>\$ 785,816</u>

The General Fund owes \$557,404 to the Capital Projects Fund for the remaining portion of Capital Projects. 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, 2017.

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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, 2017, if any, is unknown.

Encumbrances

At June 30, 2017, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Activities
\$ 641,808	\$ 222,979	\$ 169,579	\$ 1,034,366

On the District's Governmental Funds Balance sheet as of June 30, 2017 \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$222,979 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 \$169,579 of year-end encumbrances on a budgetary basis are included in the \$557,404 committed fund balance at June 30, 2017.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	<u>\$ 1,000,000</u>
Ending Balance, June 30, 2017	<u><u>\$ 1,000,000</u></u>

NOTE 18. ACCOUNTS PAYABLE

Payables as of June 30, 2017 were:

	Governmental Funds		Total Governmental Funds	District Contri- bution Subsequent to the Measur- ment Date	Total Governmental Activites
	General Fund	Special Revenue Fund			
Vendors	\$1,019,282	\$ 76,950	\$ 1,096,232		\$ 1,096,232
State		52,180	52,180	\$ 1,901,639	1,953,819
Total	<u>\$1,019,282</u>	<u>\$ 129,130</u>	<u>\$ 1,148,412</u>	<u>\$ 1,901,639</u>	<u>\$ 3,050,051</u>

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 THREE FISCAL YEARS  
UNAUDITED

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

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 THREE FISCAL YEARS  
UNAUDITED

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

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 THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.4993965717%	0.5121144212%	0.5273323977%
State's proportionate share of the net pension liability attributable to the District	\$ 266,911,214	\$ 323,678,183	\$ 414,833,252
District's covered employee payroll	\$ 50,438,662	\$ 52,609,495	\$ 55,743,331
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%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	22.33%

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 THREE FISCAL YEARS  
UNAUDITED

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

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  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

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).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

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.

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 85,981,132		\$ 85,981,132	\$ 85,981,132	
Tuition from Individuals	105,190		105,190	87,500	\$ (17,690)
Tuition from LEAs Within State				25,532	25,532
Transportation Fees from, Individuals				7,634	7,634
Rents and Royalties				32,300	32,300
Miscellaneous	8,000		8,000	394,845	386,845
<b>Total - Local Sources</b>	<b>86,094,322</b>		<b>86,094,322</b>	<b>86,528,943</b>	<b>434,621</b>
State Sources:					
Equalization Aid	25,551,746		25,551,746	25,551,746	
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	700,000		700,000	1,524,402	824,402
Nonpublic Transportation Aid				92,506	92,506
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				5,627,263	5,627,263
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				203,889	203,889
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				16,128	16,128
On-Behalf TPAF Post Retirement Medical Benefits (non-Budgeted)				4,858,676	4,858,676
TPAF Social Security (Reimbursed - Non-Budgeted)				3,966,011	3,966,011
<b>Total State Sources</b>	<b>31,772,907</b>		<b>31,772,907</b>	<b>47,361,782</b>	<b>15,588,875</b>
Federal Sources:					
Medicaid Reimbursement	115,008		115,008	169,235	54,227
Medicaid Reimbursement - SEMI ARRA				11,659	11,659
<b>Total Federal Sources</b>	<b>115,008</b>		<b>115,008</b>	<b>180,894</b>	<b>65,886</b>
<b>TOTAL REVENUES</b>	<b>117,982,237</b>		<b>117,982,237</b>	<b>134,071,619</b>	<b>16,089,382</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 489,802	\$ 63,787	\$ 553,589	\$ 552,299	\$ 1,290
Kindergarten - Salaries of Teachers	1,723,866	14,953	1,738,819	1,736,220	2,599
Grades 1-5 - Salaries of Teachers	12,731,731	613,617	13,345,348	13,344,564	784
Grades 6-8 - Salaries of Teachers	8,267,214	51,721	8,318,935	8,315,935	3,000
Grades 9-12 - Salaries of Teachers	11,336,546	4,574	11,341,120	11,325,610	15,510
Regular Programs - Home Instruction:					
Salaries of Teachers	323,800	(57,775)	266,025	265,576	449
Purchased Professional - Educational Services	70,000	(3,631)	66,369	50,303	16,066
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	203,124	509,124	712,248	706,798	5,450
Purchased Professional - Technical Services	78,068	(72,803)	5,265	5,000	265
Other Purchased Services (400-500 series)	400,908	144,712	545,620	521,083	24,537
General Supplies	1,230,239	(259,654)	970,585	946,438	24,147
Textbooks	851,350	(350,836)	500,514	498,521	1,993
<b>Total Regular Programs - Instruction</b>	<b>37,706,648</b>	<b>657,789</b>	<b>38,364,437</b>	<b>38,268,347</b>	<b>96,090</b>
Special Education Instruction:					
Cognitive - Moderate:					
Salaries of Teachers	108,831		108,831	108,831	
Other Salaries for Instruction	23,084		23,084	23,084	
General Supplies	3,750	(925)	2,825	2,394	431
Textbooks	250	(250)			
<b>Total Cognitive - Moderate</b>	<b>135,915</b>	<b>(1,175)</b>	<b>134,740</b>	<b>134,309</b>	<b>431</b>
Learning and or Language Disabilities:					
Salaries of Teachers	516,494	125,206	641,700	641,700	
Other Salaries for Instruction	100,413	(54,471)	45,942	45,942	
General Supplies	5,750	(1,232)	4,518	2,354	2,164
Textbooks	250	(250)			
<b>Total Learning and or Language Disabilities</b>	<b>622,907</b>	<b>69,253</b>	<b>692,160</b>	<b>689,996</b>	<b>2,164</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Behavioral Disabilities:					
Salaries of Teachers	\$ 267,283	\$ 52,435	\$ 319,718	\$ 319,718	
Other Salaries for Instruction	176,489	(100,626)	75,863	75,863	
General Supplies	1,443	(902)	541	541	
<b>Total Behavioral Disabilities</b>	<b>445,215</b>	<b>(49,093)</b>	<b>396,122</b>	<b>396,122</b>	
Multiple Disabilities:					
Salaries of Teachers	156,864	86,398	243,262	243,262	
Other Salaries for Instruction	26,574	(24,388)	2,186	2,186	
General Supplies	5,250	(1,764)	3,486	2,967	\$ 519
<b>Total Multiple Disabilities</b>	<b>188,688</b>	<b>60,246</b>	<b>248,934</b>	<b>248,415</b>	<b>519</b>
Resource Room/Resource Center:					
Salaries of Teachers	7,036,228	(44,897)	6,991,331	6,991,331	
Other Salaries for Instruction	385,122	(214,464)	170,658	170,658	
General Supplies	7,741	(2,608)	5,133	5,133	
<b>Total Resource Room/Resource Center</b>	<b>7,429,091</b>	<b>(261,969)</b>	<b>7,167,122</b>	<b>7,167,122</b>	



TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Autistic:					
Salaries of Teachers	\$ 417,180	\$ 12,633	\$ 429,813	\$ 429,813	
Other Salaries for Instruction	66,154	(17,041)	49,113	49,113	
General Supplies	28,250	(1,518)	26,732	26,627	\$ 105
Total Autistic	511,584	(5,926)	505,658	505,553	105
Preschool Disabled - Part-time:					
Salaries of Teachers	279,505	(8,227)	271,278	271,278	
Other Salaries for Instruction	83,832	(15,385)	68,447	68,447	
General Supplies	2,500	(2,053)	447	447	
Total Preschool Handicapped - Part-time	365,837	(25,665)	340,172	340,172	
Preschool Disabled - Full-time:					
Salaries of Teachers	134,694	(2,975)	131,719	131,719	
Other Salaries for Instruction	50,422	25,772	76,194	76,194	
General Supplies	500	(421)	79	79	
Total Preschool Handicapped - Full-time:	185,616	22,376	207,992	207,992	
Total Special Education Instruction	9,884,853	(191,953)	9,692,900	9,689,681	3,219
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	2,033,692	222,808	2,256,500	2,256,500	
Total Basic Skills/Remedial - Instruction	2,033,692	222,808	2,256,500	2,256,500	
Bilingual Education - Instruction:					
Salaries of Teachers	725,403	(23,541)	701,862	701,862	
Total Bilingual Education - Instruction	725,403	(23,541)	701,862	701,862	

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Vocational Programs-Local-Instruction					
Other Purchased Serv. (400-500 series)	\$ 3,000	\$ (1,300)	\$ 1,700	\$ 1,686	\$ 14
General Supplies	12,177	(1,568)	10,609	10,242	367
Total Vocational Programs-Local-Instruction	15,177	(2,868)	12,309	11,928	381
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	188,970	(6,879)	182,091	158,788	23,303
Supplies and Materials	4,770		4,770	4,419	351
Other Objects	34,037	(11,158)	22,879	21,771	1,108
Total School-Sponsored Cocurricular Activities - Instruction	227,777	(18,037)	209,740	184,978	24,762
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	664,446	(8,000)	656,446	643,543	12,903
Other Purchased Services (300-500 series)	153,464	(27,623)	125,841	121,623	4,218
Supplies and Materials	122,373	23,992	146,365	129,102	17,263
Other Objects	23,544	(2,000)	21,544	21,519	25
Total School-Sponsored Cocurricular Athletics - Instruction	963,827	(13,631)	950,196	915,787	34,409
Before/After School Programs - Instruction					
Salaries of Teachers	109,900	9,553	119,453	38,914	80,539
Other Purchased Services (400-500 series)		5,370	5,370	5,370	
General Supplies	20,000	(17,100)	2,900		2,900
Before/After School Programs - Instruction	129,900	(2,177)	127,723	44,284	83,439
Total Instruction	51,687,277	628,390	52,315,667	52,073,367	242,300

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(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	\$ 40,000	\$ (17,962)	\$ 22,038	\$ 13,098	\$ 8,940
Tuition to Other LEAs Within the State - Special	4,478,634	679,726	5,158,360	5,158,360	
Tuition to County Vocational School District - Regular	702,500	(17,850)	684,650	684,650	
Tuition to County Vocational School District - Special	100,000	(50,800)	49,200	49,200	
Tuition to County Special Services and Day School	44,000	16,558	60,558	59,783	775
Tuition to Private Schools for the Handicapped - Within State	3,648,259	(10,130)	3,638,129	3,632,582	5,547
Tuition to Private Schools for the Handicapped and Other LEA O/S State	70,000	2,635	72,635	72,635	
Tuition to State Facilities	61,581		61,581	61,581	
Tuition to Other	149,292	297,683	446,975	446,975	
Total Undistributed Expenditures - Instruction:	9,294,266	899,860	10,194,126	10,178,864	15,262
Attendance & Social Work:					
Salaries	208,527	4,928	213,455	209,673	3,782
Other Purchased Services	98,400		98,400	61,500	36,900
Other Objects	1,095	(246)	849	849	
Total Attendance & Social Work	308,022	4,682	312,704	272,022	40,682
Health Services:					
Salaries	932,477	(49,245)	883,232	879,299	3,933
Purchased Professional and Technical Services	71,133	(19,200)	51,933	45,623	6,310
Supplies and Materials	20,885	(3,270)	17,615	15,924	1,691
Total Health Services	1,024,495	(71,715)	952,780	940,846	11,934

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	\$ 1,423,277	\$ (5,216)	\$ 1,418,061	\$ 1,418,061	
Purchased Professional - Educational Services	507,850	746,971	1,254,821	1,224,880	\$ 29,941
Supplies and Materials	40,060	(6,734)	33,326	30,278	3,048
Total Speech, OT, PT and Related Services	1,971,187	735,021	2,706,208	2,673,219	32,989
Other Support Services - Students - Extra Services:					
Salaries	2,015,610	(198,418)	1,817,192	1,817,192	
Total Other Support Services - Students - Extra Services	2,015,610	(198,418)	1,817,192	1,817,192	
Guidance:					
Salaries of Other Professional Staff	1,893,078	(21,707)	1,871,371	1,871,371	
Salaries of Secretarial and Clerical Assistants	303,182	(27,495)	275,687	275,687	
Supplies and Materials	919		919	810	109
Other Objects	9,671	(1,399)	8,272	7,335	937
Total Guidance	2,206,850	(50,601)	2,156,249	2,155,203	1,046
Child Study Team:					
Salaries of Other Professional Staff	2,610,629	(49,470)	2,561,159	2,561,159	
Salaries of Secretarial and Clerical Assistants	261,577	(16,221)	245,356	245,356	
Purchased Professional - Educational Services	87,748	8,164	95,912	66,302	29,610
Other Purchased Services (400-500 series)	3,389	(2,089)	1,300	1,300	
Other Objects	2,311	(344)	1,967	1,967	
Total Child Study Team	2,965,654	(59,960)	2,905,694	2,876,084	29,610

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	\$ 1,509,608	\$ (57,552)	\$ 1,452,256	\$ 1,452,256	\$ 4,133
Salaries of Other Professional Staff	53,260	(2,827)	50,433	46,300	942
Salaries of Secretarial and Clerical Assistants	245,699	15,000	260,699	259,757	401
Other Purchased Services (400-500 series)		500	500	99	290
Supplies and Materials	117,924	(10,600)	107,324	107,034	541
Other Objects	15,624	(7,471)	8,153	7,612	6,307
<b>Total Improvement of Instructional Services</b>	<b>1,942,115</b>	<b>(62,750)</b>	<b>1,879,365</b>	<b>1,873,058</b>	
Educational Media Services/School Library:					
Salaries	929,902	(4,743)	925,159	920,388	4,771
Supplies and Materials	90,652	(4,197)	86,455	80,625	5,830
Other Objects	16,500	(2,500)	14,000	13,439	561
<b>Total Educational Media Services/School Library</b>	<b>1,037,054</b>	<b>(11,440)</b>	<b>1,025,614</b>	<b>1,014,452</b>	<b>11,162</b>
Instructional Staff Training Services:					
Salaries of Other Professional Staff	34,500	(3,760)	30,740	10,500	20,240
Purchased Professional - Educational Services	54,691	(10,188)	44,503	35,576	8,927
Other Purchased Services (400-500 series)	25,637	500	26,137	23,113	3,024
<b>Total Instructional Staff Training Services</b>	<b>114,828</b>	<b>(13,448)</b>	<b>101,380</b>	<b>69,189</b>	<b>32,191</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - General Administration:					
Salaries	\$ 1,013,453	\$ (134,825)	\$ 878,628	\$ 878,628	
Salaries - Governance Staff (BOE Direct Reports)	4,600		4,600	4,600	
Legal Services	239,894	(19,115)	220,779	220,779	
Audit Fees	59,000	(9,000)	50,000	50,000	
Architectural/Engineering Services	25,765	71,320	97,085	54,070	\$ 43,015
Other Purchased Professional Services	7,832	(4,999)	2,833	2,078	755
Purchased Technical Services	1,000	1,000	2,000	1,888	112
Communications/Telephone	451,082	(66,391)	384,691	361,942	22,749
Miscellaneous Purchased Services (400-500 series) Other than 530 & 585	595,720	(28,425)	567,295	562,854	4,441
Supplies and Materials	93,569	(31,630)	61,939	56,113	5,826
BOE In-House Training/Meeting Supplies	6,000	(4,400)	1,600	1,556	44
Judgements Against the School District	50,000	(49,500)	500	441	59
Miscellaneous Expenditures	67,416	(53,800)	13,616	12,409	1,207
Board of Education Dues and Fees	35,065	(6,999)	28,066	27,201	865
Total Support Services - General Administration	2,645,796	(332,164)	2,313,632	2,234,559	78,208
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	2,637,641	(82,996)	2,554,645	2,554,550	95
Salaries of Other Professional Staff	450,054	(3,751)	446,303	446,302	1
Salaries of Secretarial and Clerical Assistants	1,184,279	(20,100)	1,164,179	1,164,179	
Other Salaries	8,000	17,623	25,623	25,623	
Purchased and Technical Services	5,000	(2,000)	3,000	2,478	522
Other Purchased Services (400-500 series)	15,772	(3,000)	12,772	8,708	4,064
Supplies and Materials	117,392	(15,189)	102,203	99,850	2,353
Other Objects	111,248	(764)	110,484	92,795	17,689
Total Support Services - School Administration	4,529,386	(110,177)	4,419,209	4,394,485	24,724

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Central Services:					
Salaries	\$ 847,542	\$ 71,720	\$ 919,262	\$ 914,957	\$ 4,305
Purchased Professional - Services	95,461	15,737	111,198	107,379	3,819
Miscellaneous Purchased Technical Services	2,000	(2,000)			
Miscellaneous Purchased Services (400-500 series)	21,315	(11,409)	9,906	9,672	234
Supplies and Materials	24,307	5,500	29,807	28,869	938
Miscellaneous Expenditures	15,000	(15,000)			
Other Objects		8,900	8,900	8,184	716
<b>Total Central Services</b>	<b>1,005,625</b>	<b>73,448</b>	<b>1,079,073</b>	<b>1,069,061</b>	<b>10,012</b>
Administration Information Technology:					
Salaries	373,724	144,813	518,537	516,479	2,058
Purchased Technical Services	241,179	30,910	272,089	260,251	11,838
Other Purchased Services (400-500 series)		3,495	3,495	3,495	
Supplies and Materials	101,224	13,073	114,297	109,903	4,394
Other Objects	1,500	(1,500)			
<b>Total Administration Information Technology</b>	<b>717,627</b>	<b>190,791</b>	<b>908,418</b>	<b>890,128</b>	<b>18,290</b>
Required Maintenance of School Facilities:					
Salaries	1,087,328	(41,764)	1,045,564	1,043,269	2,295
Cleaning, Repair and Maintenance Services	730,069	(92,518)	637,551	567,858	69,693
Unused Vacation Payment to Term/Retired Staff		9,178	9,178	9,178	
General Supplies	355,036	(43,911)	311,125	299,546	11,579
Other Objects	41,315	14,671	55,986	45,724	10,262
<b>Total Required Maintenance of School Facilities</b>	<b>2,213,748</b>	<b>(154,344)</b>	<b>2,059,404</b>	<b>1,965,575</b>	<b>93,829</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Custodial Services:					
Salaries	\$ 3,493,923	\$ (130,812)	\$ 3,363,111	\$ 3,356,220	\$ 6,891
Salaries of Non-Instructional Aids	448,196	(128,825)	319,371	315,954	3,417
Unused Vacation Payment to Term/Ret Staff		18,650	18,650	18,650	
Purchased Professional and Technical Services	20,550	(7,000)	13,550	13,505	45
Cleaning, Repair and Maintenance Services	156,750	(9,430)	147,320	132,316	15,004
Other Purchased Property Services	119,823	3,326	123,149	117,615	5,534
General Supplies	296,945	1,100	298,045	297,752	293
Energy (Electricity)	1,507,136	(99,866)	1,407,270	1,274,648	132,622
Energy (Natural Gas)	809,500	(113,319)	696,181	537,339	158,842
<b>Total Custodial Services</b>	<b>6,852,823</b>	<b>(466,176)</b>	<b>6,386,647</b>	<b>6,063,999</b>	<b>322,648</b>
Care and Upkeep of Grounds:					
Salaries	364,752	(14,963)	349,789	340,407	9,382
Cleaning, Repair and Maintenance Services	39,225	(27,900)	11,325	11,172	153
General Supplies	53,893	18,000	71,893	68,288	3,605
<b>Total Care and Upkeep of Grounds</b>	<b>457,870</b>	<b>(24,863)</b>	<b>433,007</b>	<b>419,867</b>	<b>13,140</b>
Security:					
Salaries	1,152,515	(47,531)	1,104,984	1,103,955	1,029
Purchased Prof. and Tech Services	187,828	20,630	208,458	195,645	12,813
General Supplies	10,850	(2,000)	8,850	8,598	252
Other Objects	8,490	(2,230)	6,260	6,168	92
<b>Total Security</b>	<b>1,359,683</b>	<b>(31,131)</b>	<b>1,328,552</b>	<b>1,314,366</b>	<b>14,186</b>



TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Student Transportation Services:					
Salaries of Non-Instructional Aides	\$ 547,080	\$ (72,586)	\$ 474,494	\$ 474,494	
Salaries for Pupil Transportation - Regular	1,459,647	(87,495)	1,372,152	1,368,673	\$ 3,479
Salaries for Pupil Transportation - Other than Between Home and School	20,000		20,000	18,099	1,901
Unused Vacation Payment to Term/Ret Staff		10,757	10,757	10,757	
Management Fee - ESC Transp. Prog.	120,007	21,878	141,885	132,643	9,242
Purchased Professional and Technical Services	14,500	(8,000)	6,500	6,380	120
Cleaning, Repair and Maintenance Services	103,053	(16,139)	86,914	82,551	4,363
Contracted Services:					
Aid in Lieu - Choice Students	15884	(4,388)	11,496	11,492	4
Aid in Lieu - Non Public Schools	285,586	(15,448)	270,138	267,044	3,094
Aid in Lieu - Charter School	27,072	(6,251)	20,821	14,586	6,235
Other than Between Home and School - Vendors	156,393	(21,659)	134,734	129,817	4,917
ESC Regular Students	398,078	(71,600)	326,478	294,700	31,778
ESC Special Education Students	2,515,653	881,775	3,397,428	3,380,549	16,879
General Supplies	38,405	(14,000)	24,405	18,771	5,634
Transportation Supplies	263,735	(79,050)	184,685	182,793	1,892
Other Objects	3,300	(2,200)	1,100	1,030	70
<b>Total Student Transportation Services</b>	<b>5,968,393</b>	<b>515,594</b>	<b>6,483,987</b>	<b>6,394,379</b>	<b>89,608</b>
<b>Unallocated Benefits:</b>					
Social Security Contributions	1,530,000	94,531	1,624,531	1,592,523	32,008
Other Retirement Contributions - PERS	1,710,000	155,776	1,865,776	1,865,776	
Other Retirement Contributions - Regular	50,000		50,000	28,333	21,667
Workmen's Compensation	800,000	(96,900)	703,100	698,905	4,195
Unemployment Compensation	50,000	(50,000)			
Health Benefits	17,842,000	(990,457)	16,851,543	16,783,879	67,664
Tuition Reimbursement	260,000	(127,601)	132,399	91,156	41,243
Other Employee Benefits	300,000	(300,000)			
Unused Vacation Payment to Term/Ret Staff	100,000	42,849	142,849	139,005	3,844
<b>Total Unallocated Benefits</b>	<b>22,642,000</b>	<b>(1,271,802)</b>	<b>21,370,198</b>	<b>21,199,577</b>	<b>170,621</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
On-Behalf Contributions:					
On-behalf TPAF Pension Contributions (non-budgeted)				\$ 5,627,263	\$ (5,627,263)
On-behalf Non-Contributory Insurance (non-budgeted)				203,889	(203,889)
On-behalf Long-Term Disability Insurance (non-budgeted)				16,128	(16,128)
On-Behalf TPAF Post Retirement Medical Benefits (non-budgeted)				4,858,676	(4,858,676)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				3,966,011	(3,966,011)
Total On-Behalf Contributions				14,671,967	(14,671,967)
Total Personal Services - Employee Benefits	\$ 22,642,000	\$ (1,271,802)	\$ 21,370,198	35,871,544	(14,501,346)
Total Undistributed Expenses	71,273,032	(439,593)	70,833,439	84,488,092	(13,655,518)
TOTAL CURRENT EXPENSE	122,960,309	188,797	123,149,106	136,561,459	(13,412,353)
CAPITAL OUTLAY					
Equipment:					
Instruction	3,325	7,770	11,095	8,332	2,763
Other Support Services - Students - Regular	18,904	13,683	32,587	16,228	16,359
Other Support Services - Students - Special	5,000	(2,166)	2,834	2,834	
School -Spons. And Other Instr prog	60,222	18,500	78,722	74,868	3,854
General Administration		4,900	4,900	4,859	41
Admin. Info. Tech.	196,541	78,914	275,455	275,455	
Required Maintenance for School Facilities	81,560		81,560	42,253	39,307
Custodial Services	65,000		65,000	31,443	33,557
Care and Upkeep of Grounds	132,482		132,482	102,466	30,016
Security	71,325	1	71,326	47,419	23,907
Non- Instructional Equipment	6,000		6,000	3,667	2,333
School buses - regular	208,000	2,000	210,000	209,127	873
Regular Programs - Instruction:					
Grades 1-5	34,600	(16,218)	18,382	14,930	3,452
Grades 6-8	31,121	(6,621)	24,500		24,500
Grades 9-12	55,300	(52,052)	3,248	3,248	
Total Equipment	969,380	48,711	1,018,091	837,129	180,962

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	\$ 393,328	\$ (167,401)	\$ 225,927	\$ 129,346	\$ 96,581
Other Objects	8,000		8,000		8,000
Assessment for Debt Service- SDA Funding	101,460		101,460	101,460	
Construction Services	4,041,975	(1,713,099)	2,328,876	1,399,037	929,839
Total Facilities Acquisition and Construction Services	4,544,763	(1,880,500)	2,664,263	1,629,843	1,034,420
Assets Acquired Under Capital Leases (Non-budgeted):					
Vehicles, Improvements, and Equipment				735,144	(735,144)
				735,144	(735,144)
TOTAL CAPITAL OUTLAY	5,514,143	(1,831,789)	3,682,354	3,202,116	480,238
Transfer to Charter School	237,508	(237,508)			
Total Transfer to Charter School	237,508	(237,508)			
TOTAL EXPENDITURES	128,711,960	(1,880,500)	126,831,460	139,763,575	(12,932,115)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(10,729,723)	1,880,500	(8,849,223)	(5,691,956)	3,157,267
Other Financing Sources/ (Uses):					
Transfer from Enterprise Fund to Capital Reserve				849,955	849,955
Transfer to Capital Projects Fund From Capital Outlay		(1,880,500)	(1,880,500)	(1,880,500)	
Transfer from Capital Projects to Capital Reserve				5,242,946	5,242,946
Capital Lease Proceeds				735,144	735,144
Total Other Financing Sources (Uses)		(1,880,500)	(1,880,500)	4,947,545	6,828,045

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
	\$ (10,729,723)		\$ (10,729,723)	\$ (744,411)	\$ 9,985,312
	21,898,818		21,898,818	21,898,818	
	\$ 11,169,095	\$ -0-	\$ 11,169,095	\$ 21,154,407	\$ 9,985,312

Excess (Deficiency) of Revenues and Other Financing Sources and Other Financial Uses Over (Under) Expenditures

Fund Balance, July 1

Fund Balance, June 30

Recapitulation:

Restricted Fund Balance:

Capital Reserve

Maintenance Reserve

Emergency Reserve

Excess Surplus - Designated for Subsequent Year's Expenditures

Excess Surplus

Assigned Fund Balance:

Year-end Encumbrances

Subsequent Year's Expenditures

Subsequent Year's Expenditures - SEMI ARRA

Unassigned Fund Balance

Reconciliation to Governmental Fund Statement (GAAP):

Last Two State Aid Payments not Recognized on GAAP Basis

Fund Balance per Governmental Funds GAAP

	\$ 7,574,044
	450,000
	1,000,000
	6,138,641
	1,455,646
	641,808
	440,962
	11,659
	3,441,647
	<u>21,154,407</u>
	<u>(3,088,081)</u>
	<u>\$ 18,066,326</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
State Sources	\$ 411,200	\$ 49,603	\$ 460,803	\$ 408,623	\$ (52,180)
Federal Sources	2,502,407	1,047,620	3,550,027	2,813,489	(736,538)
Local Sources		467,031	467,031	57,753	(409,278)
<b>Total Revenues</b>	<u>2,913,607</u>	<u>1,564,254</u>	<u>4,477,861</u>	<u>3,279,865</u>	<u>(1,197,996)</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	578,508	264,229	842,737	554,137	288,600
Purchased Professional - Educational Services		5,000	5,000	4,616	384
Purchased Professional/Technical Services	35,259	350,797	386,056	383,760	2,296
Tuition	1,282,000	485,474	1,767,474	1,761,007	6,467
General Supplies	598,365	129,208	727,573	198,673	528,900
Text Book	30,605	(574)	30,031	29,664	367
Other Object	13,936	1,171	15,107	840	14,267
<b>Total Instruction</b>	<u>2,538,673</u>	<u>1,235,305</u>	<u>3,773,978</u>	<u>2,932,697</u>	<u>841,281</u>
<b>Support Services</b>					
Salaries of Other Professional Staff		108,303	108,303	70,618	37,685
Personal Service - Employee Benefits		175,421	175,421	113,469	61,952
Purchased Professional - Educational Services		205,204	205,204	32,840	172,364
Purchased Professional - Technical Services		46,890	46,890	38,784	8,106
Other Purchased Services		103,521	103,521	53,992	49,529
Supplies and Materials	374,934	(324,257)	50,677	23,610	27,067
<b>Total Support Services</b>	<u>374,934</u>	<u>315,082</u>	<u>690,016</u>	<u>333,313</u>	<u>356,703</u>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment		13,867	13,867	13,855	12
<b>Total Facilities Acquisition and Construction Services</b>		<u>13,867</u>	<u>13,867</u>	<u>13,855</u>	<u>12</u>
<b>Total Expenditures</b>	<u>2,913,607</u>	<u>1,564,254</u>	<u>4,477,861</u>	<u>3,279,865</u>	<u>1,197,996</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<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, 2017  
(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	\$ 134,071,619	\$ 3,279,865
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		(110,391)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	3,051,037	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(3,088,081)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 134,034,575	\$ 3,169,474
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 139,763,575	\$ 3,279,865
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.		(110,391)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 139,763,575	\$ 3,169,474

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, 2017 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.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

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, 2017

	No Child Left Behind				
	Title I	Title I Carryover	Title II	Title II Carryover	Title III
<b>REVENUE:</b>					
State Sources					
Federal Sources	\$ 830,263	\$ (2,211)	\$ 47,545	\$ (86)	\$ 74,664
Local Sources					
<b>Total Revenue</b>	<b>\$ 830,263</b>	<b>\$ (2,211)</b>	<b>\$ 47,545</b>	<b>\$ (86)</b>	<b>\$ 74,664</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	536,889				17,248
Purchased Professional/Technical Services					
Purchased Professional - Educational Services	4,616				
Tuition					
General Supplies	46,206				39,309
Textbooks					
Other Objects					
<b>Total Instruction</b>	<b>587,711</b>				<b>56,557</b>
Support Services:					
Salaries of Other Professional Staff	65,206				
Personal Service - Employee Benefits	111,936				1,148
Purchased Professional/Technical Services	21,995	(2,211)	19,000		
Purchased Professional - Educational Services					
Other Purchased Services	22,609		25,741	(86)	3,104
Supplies and Materials	20,806		2,804		
<b>Total Support Services</b>	<b>242,552</b>	<b>(2,211)</b>	<b>47,545</b>	<b>(86)</b>	<b>4,252</b>
Facilities Acquisition and Construction Services:					
Instructional Equipment					13,855
<b>Total Facilities Acquisition and Construction Services</b>					<b>13,855</b>
<b>Total Expenditures</b>	<b>\$ 830,263</b>	<b>\$ (2,211)</b>	<b>\$ 47,545</b>	<b>\$ (86)</b>	<b>\$ 74,664</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	No Child Left Behind	IDEA			Perkins Secondary
	Title III - Immigrant	Basic	Basic Carryover	Preschool	
<b>REVENUE:</b>					
State Sources					
Federal Sources	\$ 18,469	\$ 1,787,179	\$ (46,600)	\$ 53,268	\$ 45,329
Local Sources					
<b>Total Revenue</b>	<b>\$ 18,469</b>	<b>\$ 1,787,179</b>	<b>\$ (46,600)</b>	<b>\$ 53,268</b>	<b>\$ 45,329</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers					
Purchased Professional/Technical Services					4,801
Purchased Professional - Educational Services					
Tuition		1,707,739		53,268	
General Supplies	18,469				31,267
Textbooks					
Other Objects					840
<b>Total Instruction</b>	<b>18,469</b>	<b>1,707,739</b>		<b>53,268</b>	<b>36,908</b>
Support Services:					
Salaries of Other Professional Staff					5,412
Personal Service - Employee Benefits					385
Purchased Professional/Technical Services					
Purchased Professional - Educational Services		79,440	(46,600)		
Other Purchased Services					2,624
Supplies and Materials					
<b>Total Support Services</b>		<b>79,440</b>	<b>(46,600)</b>		<b>8,421</b>
Facilities Acquisition and Construction Services:					
Instructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<b>\$ 18,469</b>	<b>\$ 1,787,179</b>	<b>\$ (46,600)</b>	<b>\$ 53,268</b>	<b>\$ 45,329</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Nonpublic			
	Textbook	Security	Nursing	Technology Initiative
REVENUE:				
State Sources	\$ 29,664	\$ 24,161	\$ 45,062	\$ 13,428
Federal Sources				
Local Sources				
<b>Total Revenue</b>	<b>\$ 29,664</b>	<b>\$ 24,161</b>	<b>\$ 45,062</b>	<b>\$ 13,428</b>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Purchased Professional/Technical Services		24,161	45,062	13,428
Purchased Professional - Educational Services				
Tuition				
General Supplies				
Textbooks	29,664			
Other Objects				
<b>Total Instruction</b>	<b>29,664</b>	<b>24,161</b>	<b>45,062</b>	<b>13,428</b>
Support Services:				
Salaries of Other Professional Staff				
Personal Service - Employee Benefits				
Purchased Professional/Technical Services				
Purchased Professional - Educational Services				
Other Purchased Services				
Supplies and Materials				
<b>Total Support Services</b>				
Facilities Acquisition and Construction Services:				
Instructional Equipment				
<b>Total Facilities Acquisition and Construction Services</b>				
<b>Total Expenditures</b>	<b>\$ 29,664</b>	<b>\$ 24,161</b>	<b>\$ 45,062</b>	<b>\$ 13,428</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	STEM Partnership	Chapter 192		
		Compensatory Education	English as Second Language	Transportation
REVENUE:				
State Sources		\$ 181,668	\$ 1,279	\$ 21,206
Federal Sources	\$ 5,669			
Local Sources				
Total Revenue	<u>\$ 5,669</u>	<u>\$ 181,668</u>	<u>\$ 1,279</u>	<u>\$ 21,206</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Purchased Professional/Technical Services		181,668	1,279	21,206
Purchased Professional - Educational Services				
Tuition				
General Supplies	5,669			
Textbooks				
Other Objects				
Total Instruction	<u>5,669</u>	<u>181,668</u>	<u>1,279</u>	<u>21,206</u>
Support Services:				
Salaries of Other Professional Staff				
Personal Service - Employee Benefits				
Purchased Professional/Technical Services				
Purchased Professional - Educational Services				
Other Purchased Services				
Supplies and Materials				
Total Support Services				
Facilities Acquisition and Construction Services:				
Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	<u>\$ 5,669</u>	<u>\$ 181,668</u>	<u>\$ 1,279</u>	<u>\$ 21,206</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Chapter 193			Local Grants	Total
	Supplemental Instruction	Corrective Speech	Examination & Classification		
REVENUE:					
State Sources	\$ 34,056	\$ 45,200	\$ 12,899		\$ 408,623
Federal Sources					2,813,489
Local Sources				\$ 57,753	57,753
Total Revenue	<u>\$ 34,056</u>	<u>\$ 45,200</u>	<u>\$ 12,899</u>	<u>\$ 57,753</u>	<u>3,279,865</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					554,137
Purchased Professional/Technical Services	34,056	45,200	12,899		383,760
Purchased Professional - Educational Services					4,616
Tuition					1,761,007
General Supplies				57,753	198,673
Textbooks					29,664
Other Objects					840
Total Instruction	<u>34,056</u>	<u>45,200</u>	<u>12,899</u>	<u>57,753</u>	<u>2,932,697</u>
Support Services:					
Salaries of Other Professional Staff					70,618
Personal Service - Employee Benefits					113,469
Purchased Professional/Technical Services					38,784
Purchased Professional - Educational Services					32,840
Other Purchased Services					53,992
Supplies and Materials					23,610
Total Support Services					<u>333,313</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment					13,855
Total Facilities Acquisition and Construction Services					<u>13,855</u>
Total Expenditures	<u>\$ 34,056</u>	<u>\$ 45,200</u>	<u>\$ 12,899</u>	<u>\$ 57,753</u>	<u>\$ 3,279,865</u>

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, 2017

Revenue and Other Financing Sources:	
State Sources - SDA Grants	\$ (91,352)
Interest on Investments	24,055
	<hr/>
Total Revenue and Other Financing Sources	<u>(67,297)</u>
Expenditures:	
Architectural/Engineering Services	78,725
Purchased Professional and Technical Services	7,118
Construction Services	1,429,877
	<hr/>
Total Expenditures	<u>1,515,720</u>
Other Financing Sources/(Uses):	
Transfer from Capital Outlay	1,880,500
Transfer to General Fund - Capital Reserve	(5,242,946)
Transfer to Debt Service Fund	(24,055)
	<hr/>
Total Other Financing Sources/(Uses)	<u>(3,386,501)</u>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(4,969,518)
Fund Balance - Beginning of Year	5,526,922
	<hr/>
Fund Balance - End of Year	<u>\$ 557,404</u>
Recapitulation of Fund Balance	
Committed:	
Year-end Encumbrances	\$ 169,579
Other Purposes	387,825
	<hr/>
Fund Balance per Governmental Funds (Budgetary Basis)	<u>557,404</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS-BUDGETARY BASIS  
JEFFERSON ELEMENTARY SCHOOL CONSTRUCTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 5,259,907		\$ 5,259,907	\$ 5,259,907
Bond Proceeds	6,712,000		6,712,000	6,712,165
Transfer from Capital Reserve	12,000,000	\$ (5,105,918)	6,894,082	12,000,000
<b>Total Revenue and Other Financing Sources</b>	<b>23,971,907</b>	<b>(5,105,918)</b>	<b>18,865,989</b>	<b>23,972,072</b>
Expenditures:				
Purchased Professional and Technical Services	1,981,852	7,118	1,988,970	2,458,106
Construction Services	16,009,905	87,498	16,097,403	20,359,150
Equipment	665,211		665,211	
Miscellaneous Expenses	114,405		114,405	1,154,816
<b>Total Expenditures</b>	<b>18,771,373</b>	<b>94,616</b>	<b>18,865,989</b>	<b>23,972,072</b>
<b>Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures</b>	<b>\$ 5,200,534</b>	<b>\$ (5,200,534)</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

## Additional Project Information:

Project Number:

Jefferson Elementary School

5290-085-09-00BK

Grant Date

8/20/2010

Bonds Authorized Date

4/20/2010

Bonds Authorized

\$ 6,712,000

Original Authorized Cost

\$ 23,972,072

Revised Authorized Cost

23,972,072

Percentage Decrease

over Original Authorized Cost

0.00%

Percentage Completion

100.00%

Original Target Completion Date

N/A

Revised Target Completion Date

N/A



TOWNSHIP OF UNION SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS-BUDGETARY BASIS  
 UNION HIGH SCHOOL ELECTRICAL UPGRADES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Period	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 738,646	\$ (91,352)	\$ 647,294	\$ 647,294
Transfer from Capital Reserve	1,107,969	(137,028)	970,941	970,941
<b>Total Revenue and Other Financing Sources</b>	<b>1,846,615</b>	<b>(228,380)</b>	<b>1,618,235</b>	<b>1,618,235</b>
Expenditures:				
Purchased Professional and Technical Services	143,000		143,000	143,000
Construction Services	1,377,227	98,008	1,475,235	1,475,235
<b>Total Expenditures</b>	<b>1,520,227</b>	<b>98,008</b>	<b>1,618,235</b>	<b>1,618,235</b>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 326,388</u>	<u>\$ (326,388)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

## Additional Project Information:

Project Number:

Union High School  
 Electrical Upgrades

5290-050-14-1001

Grant Date

3/31/2014

Bonds Authorized Date

N/A

Bonds Authorized

N/A

Original Authorized Cost

\$ 1,846,615

Revised Authorized Cost

1,618,235

Percentage Decrease

over Original Authorized Cost

0.00%

Percentage Completion

100.00%

Original Target Completion Date

12/31/2016

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, 2017

	Current Period	Totals	Authorized Cost
Revenue and Other Financing Sources:			
Transfer from Capital Outlay	\$ 1,477,500	\$ 1,477,500	\$ 1,477,500
Total Revenue and Other Financing Sources	<u>1,477,500</u>	<u>1,477,500</u>	<u>1,477,500</u>
Expenditures:			
Architectural/Engineering Services	53,775	53,775	150,000
Construction Services	1,244,371	1,244,371	1,327,500
Total Expenditures	<u>1,298,146</u>	<u>1,298,146</u>	<u>1,477,500</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 179,354</u>	<u>\$ 179,354</u>	<u>\$ -0-</u>

Additional Project Information:

Grant Date	
Bonds Authorized Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 1,477,500
Revised Authorized Cost	N/A
Percentage Completion	87.86%
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, 2017

	<u>Current Period</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:			
Transfer from Capital Outlay	\$ 303,000	\$ 303,000	\$ 303,000
Total Revenue and Other Financing Sources	<u>303,000</u>	<u>303,000</u>	<u>303,000</u>
Expenditures:			
Purchased Professional and Technical Services	24,950	24,950	28,000
Construction Services			<u>275,000</u>
Total Expenditures	<u>24,950</u>	<u>24,950</u>	<u>303,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 278,050</u>	<u>\$ 278,050</u>	<u>\$ -0-</u>

Additional Project Information:

Grant Date	N/A
Bonds Authorized Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 303,000
Revised Authorized Cost	N/A
Percentage Completion	8.23%
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, 2017

	<u>Current Period</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenue and Other Financing Sources:			
Transfer from Capital Outlay	\$ 100,000	\$ 100,000	\$ 100,000
Total Revenue and Other Financing Sources	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Expenditures:			
Construction Services			<u>100,000</u>
Total Expenditures			<u>100,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -0-</u>

Additional Project Information:

Grant Date	N/A
Bonds Authorized Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 100,000
Revised Authorized Cost	N/A
Percentage Decrease over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	2/1/2018

PROPRIETARY FUNDS

TOWNSHIP OF UNION SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	Major Funds		Total
	Food Service Fund	CAST Fund	
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 402,020		\$ 402,020
Intergovernmental Accounts Receivable:			
Federal	75,201		75,201
State	5,151		5,151
Inventories	25,464		25,464
Total Current Assets	<u>507,836</u>		<u>507,836</u>
Non-Current Assets:			
Capital Assets	2,110,345		2,110,345
Less: Accumulated Depreciation	<u>(1,290,919)</u>		<u>(1,290,919)</u>
Total Non-Current Assets	<u>819,426</u>		<u>819,426</u>
Total Assets	<u>1,327,262</u>		<u>1,327,262</u>
<b>LIABILITIES:</b>			
Unearned Revenue	<u>2,908</u>		<u>2,908</u>
Total Liabilities	<u>2,908</u>		<u>2,908</u>
<b>NET POSITION:</b>			
Investment in Capital Assets	819,426		819,426
Unrestricted	<u>504,928</u>		<u>504,928</u>
Total Net Position	<u>\$ 1,324,354</u>	<u>\$ -0-</u>	<u>\$ 1,324,354</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Major Funds		Total
	Food Service Fund	CAST Fund	
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 907,269		\$ 907,269
Daily Sales - Non-reimbursable Programs	712,854		712,854
Special Events	10,524		10,524
Total Operating Revenue	<u>1,630,647</u>		<u>1,630,647</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs	777,372		777,372
Cost of Sales - Non-reimbursable Programs	611,865		611,865
Salaries, Benefits & Payroll Taxes	1,302,400		1,302,400
Supplies, Insurance & Other Costs	468,556		468,556
Management Fee	77,140		77,140
Miscellaneous Expenses	16,399		16,399
Depreciation Expense	85,617	\$ 3,032	88,649
Total Operating Expenses	<u>3,339,349</u>	<u>3,032</u>	<u>3,342,381</u>
Operating Loss	<u>(1,708,702)</u>	<u>(3,032)</u>	<u>(1,711,734)</u>
Non-Operating Revenue:			
Local Sources:			
Interest Income	4,550	3,207	7,757
State Sources:			
State School Lunch Program	36,854		36,854
Federal Sources:			
School Breakfast Program	202,782		202,782
National School Lunch Program	1,187,925		1,187,925
Food Distribution Program	251,735		251,735
Total Non-Operating Revenue	<u>1,683,846</u>	<u>3,207</u>	<u>1,687,053</u>
Change in Net Position Before Transfers	(24,856)	175	(24,681)
Transfers:			
Transfers Out - Capital Reserve		(849,955)	(849,955)
Transfer of Capital Assets		(16,675)	(16,675)
Total Transfers		<u>(866,630)</u>	<u>(866,630)</u>
Change in Net Position After Transfers	(24,856)	(866,455)	(891,311)
Net Position - Beginning of Year	<u>1,349,210</u>	<u>866,455</u>	<u>2,215,665</u>
Net Position - End of Year	<u>\$ 1,324,354</u>	<u>\$ -0-</u>	<u>\$ 1,324,354</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Major Funds		Total
	Food Service Fund	CAST Fund	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,630,647		\$ 1,630,647
Payments to Food Service Vendor	(3,222,552)		(3,222,552)
Net Cash Used for Operating Activities	(1,591,905)		(1,591,905)
Cash Flows Used for Capital and Related Financing Activities:			
Purchase of Capital Assets	(45,390)		(45,390)
Net Cash Used for Capital and Related Financing Activities	(45,390)		(45,390)
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income	4,550	\$ 3,207	7,757
Net Cash Provided by Investing Activities	4,550	3,207	7,757
Cash Flows from Noncapital Financing Activities:			
State Sources:			
State School Lunch Program	34,049		34,049
Federal Sources:			
National School Lunch Program	1,213,039		1,213,039
School Breakfast Program	202,782		202,782
Transfers Out		(849,955)	
Net Cash Provided/(Used) by Noncapital Financing Activities	1,449,870	(849,955)	599,915
Net Decrease in Cash and Cash Equivalents	(182,875)	(846,748)	(1,029,623)
Cash and Cash Equivalents, July 1	584,895	846,748	1,431,643
Cash and Cash Equivalents, June 30	\$ 402,020	\$ -0-	\$ 402,020
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating (Loss)	\$ (1,708,702)	\$ (3,032)	\$ (1,711,734)
Adjustment to Reconcile Operating Loss to Net Cash			
Used for Operating Activities:			
Depreciation	85,617	3,032	88,649
Federal Food Distribution Program	251,735		251,735
Changes in Assets and Liabilities:			
(Increase)/Decrease in Inventories	6,672		6,672
Increase/(Decrease) in Accounts Payable	(224,941)		(224,941)
Increase/(Decrease) in Unearned Revenue	(2,286)		(2,286)
Net Cash Used for Operating Activities	\$ (1,591,905)	\$ -0-	\$ (1,591,905)

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$249,449 and \$251,734, respectively, the fiscal year ended June 30, 2017.



FIDUCIARY FUNDS

TOWNSHIP OF UNION SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	Student Activity	Agency Payroll	Total	Unemployment Compensation Trust	Scholarship and Memorial Trust Fund	Escrow Deposits	Total Fiduciary Funds
<u>ASSETS:</u>							
Cash and Cash Equivalents	\$ 361,074	\$ 4,352,659	\$ 4,713,733	\$ 1,238,669	\$ 178,245		\$ 6,130,647
Interfund Receivable - Payroll Agency				228,412			228,412
Total Assets	361,074	4,352,659	4,713,733	1,467,081	178,245		6,359,059
<u>LIABILITIES:</u>							
Accrued Salaries and Wages		3,249,777	3,249,777				3,249,777
Payroll Deductions and Withholdings		874,470	874,470				874,470
Due to Student Groups	361,074		361,074				361,074
Interfund Payable - Unemployment Compensation Trust		228,412	228,412				228,412
Total Liabilities	361,074	4,352,659	4,713,733				4,713,733
<u>NET POSITION:</u>							
Held in Trust for:							
Unemployment Claims				1,467,081			1,467,081
Restricted for Scholarships					178,245		178,245
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 1,467,081	\$ 178,245	\$ -0-	\$ 1,645,326

TOWNSHIP OF UNION SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Unemployment Compensation Trust	Scholarship and Memorial Trust	Escrow Deposits	Totals
<b>ADDITIONS:</b>				
Contributions:				
Plan Member	\$ 124,752			\$ 124,752
Donations		\$ 99,421		99,421
Total Contributions	<u>124,752</u>	<u>99,421</u>		<u>224,173</u>
Investment Earnings:				
Interest	6,100	1,142	\$ 99	7,341
Net Investment Earnings	<u>6,100</u>	<u>1,142</u>	<u>99</u>	<u>7,341</u>
Total Additions	<u>130,852</u>	<u>100,563</u>	<u>99</u>	<u>231,514</u>
<b>DEDUCTIONS:</b>				
Unemployment Compensation Claims	60,268			60,268
Scholarships Awarded		35,407		35,407
Total Deductions	<u>60,268</u>	<u>35,407</u>		<u>95,675</u>
Change in Net Position Before Transfers	<u>70,584</u>	<u>65,156</u>	<u>99</u>	<u>135,839</u>
<b>TRANSFERS:</b>				
Transfer Out - Debt Service			(26,310)	(26,310)
Change in Net Position			(26,211)	109,529
Net Position - Beginning of the Year	<u>1,396,497</u>	<u>113,089</u>	<u>26,211</u>	<u>1,535,797</u>
Net Position - End of the Year	<u>\$ 1,467,081</u>	<u>\$ 178,245</u>	<u>\$ -0-</u>	<u>\$ 1,671,636</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 346,994	\$ 800,652	\$ 786,572	\$ 361,074
Total Assets	<u>\$ 346,994</u>	<u>\$ 800,652</u>	<u>\$ 786,572</u>	<u>\$ 361,074</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 346,994	\$ 800,652	\$ 786,572	\$ 361,074
Total Liabilities	<u>\$ 346,994</u>	<u>\$ 800,652</u>	<u>\$ 786,572</u>	<u>\$ 361,074</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
Elementary Schools:				
Battle Hill	\$ 6,759	\$ 6,962	\$ 5,778	\$ 7,943
Central Five - Jefferson	124	246	246	124
Connecticut Farms	1,370	1,627	1,614	1,383
Hannah Caldwell	50		50	
Washington	87			87
Junior High School:				
Burnett	35,113	57,358	52,589	39,882
Kawameeh	38,805	74,107	76,700	36,212
Senior High School:				
Jefferson High School Activities	214,070	500,461	497,180	217,351
Athletic Account	<u>50,617</u>	<u>159,891</u>	<u>152,415</u>	<u>58,093</u>
Total	<u>\$ 346,994</u>	<u>\$ 800,652</u>	<u>\$ 786,572</u>	<u>\$ 361,074</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 3,986,595	\$ 88,375,775	\$ 88,009,712	\$ 4,352,659
Total Assets	<u>\$ 3,986,595</u>	<u>\$ 88,375,775</u>	<u>\$ 88,009,712</u>	<u>\$ 4,352,659</u>
 <u>LIABILITIES:</u>				
Interfund Payable - Unemployment				
Compensation Trust Fund	\$ 225,652	\$ 2,760		\$ 228,412
Accrued Salaries and Wages	2,983,755	3,249,777	\$ 2,983,755	3,249,777
Payroll Deductions and Withholdings	777,188	85,123,238	85,025,957	874,470
Total Liabilities	<u>\$ 3,986,595</u>	<u>\$ 88,375,775</u>	<u>\$ 88,009,712</u>	<u>\$ 4,352,659</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, 2016	Retired/Matured	Balance June 30, 2017
			Date	Amount				
Refunding School Bonds - Series 2010	11/10/2010	\$ 20,175,000	8/15/2017	\$ 1,310,000	4.000%	\$ 16,325,000	\$ 1,265,000	\$ 15,060,000
			8/15/2018	1,330,000	4.000%			
			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 SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2016	Retired/Matured	Balance June 30, 2017
			Date	Amount				
School Bonds	9/8/2011	\$ 6,712,000	1/1/2018	\$ 300,000	2.750%	\$ 5,762,000	\$ 300,000	\$ 5,462,000
			1/1/2019	330,000	3.000%			
			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	1/1/2018	495,000	3.000%	3,795,000	480,000	3,315,000
			1/1/2019	515,000	4.000%			
			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%						
						\$ 25,882,000	\$ 2,045,000	\$ 23,837,000

TOWNSHIP OF UNION SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2016</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2017</u>
Computers	2.048%	12/27/2016	\$ -0-	\$ 735,144	\$ 249,177	\$ 485,967
			<u>\$ -0-</u>	<u>\$ 735,144</u>	<u>\$ 249,177</u>	<u>\$ 485,967</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<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	\$ 2,814,225		\$ 2,814,225	\$ 2,814,225	
State Sources:					
Debt Service State Aid Support	113,569		113,569	113,569	
Total Revenue	<u>2,927,794</u>		<u>2,927,794</u>	<u>2,927,794</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	905,900		905,900	905,900	
Redemption of Principal	2,045,000		2,045,000	2,045,000	
Total Regular Debt Service	<u>2,950,900</u>		<u>2,950,900</u>	<u>2,950,900</u>	
Total Expenditures	<u>2,950,900</u>		<u>2,950,900</u>	<u>2,950,900</u>	
Deficit of Revenues Under Expenditures	(23,106)		(23,106)	(23,106)	
OTHER FINANCING SOURCES:					
Transfer from Fiduciary Fund - Escrow				26,310	26,310
Transfer from Capital Projects Fund - Interest				24,055	\$ 24,055
Total Other Financing Sources				<u>50,365</u>	<u>50,365</u>
Excess of Revenues Over/(Under) Expenditures/ (Deficit)	(23,106)		(23,106)	27,259	50,365
Fund Balance, July 1	39,493		39,493	39,493	
Fund Balance, June 30	<u>\$ 16,387</u>	<u>\$ -0-</u>	<u>\$ 16,387</u>	<u>\$ 66,752</u>	<u>\$ 50,365</u>
Recapitulation of Fund Balance:					
Restricted for Subsequent Year's Expenditures				<u>\$ 66,752</u>	<u>\$ 66,752</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 24,996,992	\$ 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
Restricted	19,641,224	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
Unrestricted/(Deficit)	(2,931,011)	(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)
Total Governmental Activities Net Position	\$ 41,707,205	\$ 61,634,083	\$ 55,748,123	\$ 61,654,706	\$ 67,740,389	\$ 71,650,752	\$ 72,457,214	\$ 53,980,720	\$ 51,757,888	\$ 43,665,766
<b>Business-type Activities</b>										
Investment in Capital Assets	\$ 341,990	\$ 283,748	\$ 272,306	\$ 239,255	\$ 224,930	\$ 722,552	\$ 918,049	\$ 840,238	\$ 879,360	\$ 819,426
Unrestricted/(Deficit)	19,063,155	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
Total Business-type Activities Net Position/(Deficit)	\$ 19,405,145	\$ 2,458,281	\$ 2,419,386	\$ 2,402,458	\$ 2,338,684	\$ 2,236,631	\$ 2,155,316	\$ 2,253,714	\$ 2,215,665	\$ 1,324,354
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 25,338,982	\$ 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
Restricted	19,641,224	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
Unrestricted/(Deficit)	16,132,144	(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)
Total District Net Position	\$ 61,112,350	\$ 64,092,365	\$ 58,167,509	\$ 64,057,063	\$ 70,079,073	\$ 73,887,383	\$ 74,612,530	\$ 56,234,434	\$ 53,973,553	\$ 44,990,120

Source: Union School District Financial Reports

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 49,706,204	\$ 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
Special Education	9,157,100	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
Other Special Education	3,695,686	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
Other Instruction									1,913,182	1,964,494
Support Services:										
Tuition	10,190,050	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
Student & Instruction Related Services	13,267,778	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
General Administrative Services	2,971,426	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
School Administrative Services	6,673,327	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
Central Services									1,385,075	1,825,020
Administrative Information Technology									659,100	890,128
Plant Operations and Maintenance	11,050,890	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
Pupil Transportation	5,599,296	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
Other Support Services	288,110	250,351	267,095	289,093	311,085					
Charter Schools	22,478	20,683	8,745		22,410	65,517	128,200	218,845		
Unallocated Depreciation									379,000	481,027
Interest on Long-term Debt	1,488,975	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
Capital Outlay									951,182	74,805
Unallocated Amortization										
Total Governmental Activities Expenses	114,111,320	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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
For the Fiscal Year Ending June 30,										
Business-type Activities:										
Food Service	\$ 2,936,067	\$ 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
Total Business-type Activities Expense	2,936,067	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
Total District Expenses	117,047,387	115,406,545	120,468,843	120,806,889	120,066,060	127,286,156	131,036,538	146,830,334	158,323,615	177,933,672
Program Revenues:										
Governmental Activities:										
Charges for Services	9,797,582	6,489,260	7,176,242	7,381,358	8,705,420	11,261,352	9,610,490	22,660,690	36,896,315	113,032
Operating Grants and Contributions	9,797,582	6,489,260	7,176,242	7,381,358	8,705,420	11,261,352	9,610,490	22,660,690	37,046,529	48,572,147
Total Governmental Activities Program Revenues	1,778,485	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
Business-type Activities:										
Charges for Services:										
Food Service	1,054									
C.A.S.T.	1,082,615	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
Operating Grants and Contributions	2,862,154	2,926,327	2,983,086	2,984,244	3,053,757	2,930,589	3,101,066	3,069,468	3,214,284	3,309,943
Total Business-type Activities Program Revenues	12,659,736	9,415,587	10,159,328	10,365,602	11,759,177	14,191,941	12,711,556	25,730,158	40,260,813	51,882,090
Net (Expense)/Revenue	(104,313,738)	(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)
Governmental Activities	(73,913)	(68,543)	(43,356)	(12,961)	(77,470)	(105,457)	(85,489)	95,722	(41,913)	(32,438)
Business-type Activities	(104,387,651)	(105,990,958)	(110,309,515)	(110,441,287)	(108,306,883)	(113,094,215)	(118,324,982)	(121,100,176)	(118,062,802)	(126,051,582)
Total District-wide Net Expense										

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 68,832,048	\$ 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
Taxes Levied for Debt Service	2,546,935	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
Unrestricted Grants and Contributions	26,752,890	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
Miscellaneous Income	1,990,219	1,146,618	650,668	1,028,605	761,657	746,530	681,970	701,969	630,748	458,834
Extraordinary Item - Adjustment to Fixed Assets				13,859	(4,709)					
Transfers	(6,705)						(1,095)			
<b>Total Governmental Activities</b>	<b>100,115,387</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>
Business-type Activities:										
Miscellaneous/Investment Earnings	115,290	523,848	50,323	4,794	4,935	3,404	3,079	2,676	3,864	7,757
Transfers	(2,567)	(6,668)	(1,360)				1,095			(866,630)
<b>Total Business-type Activities</b>	<b>112,723</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>Total District-wide</b>	<b>100,228,110</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>Change in Net Position</b>	<b>(4,198,351)</b>	<b>2,531,377</b>	<b>(5,930,463)</b>	<b>5,906,583</b>	<b>6,085,683</b>	<b>3,910,563</b>	<b>806,462</b>	<b>392,350</b>	<b>(2,222,832)</b>	<b>(8,092,122)</b>
Governmental Activities	38,810	448,637	5,607	(8,167)	(72,535)	(102,053)	(81,315)	98,398	(38,049)	(891,311)
Business-type Activities	\$ (4,159,541)	\$ 2,980,014	\$ (5,924,856)	\$ 5,898,416	\$ 6,013,148	\$ 3,808,310	\$ 725,147	\$ 490,748	\$ (2,260,881)	\$ (8,983,433)

Source: Union School District Financial Reports



TOWNSHIP OF UNION SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST SEVEN FISCAL YEARS

UNAUDITED

(modified accrual basis of accounting)

	June 30,						
	2011	2012	2013	2014	2015	2016	2017
General Fund							
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
Excess Surplus Designated for Subsequent Year's Expenditures						4,589,630	6,138,641
Capital Reserve Account	3,420,467	5,008,552	6,218,659	6,231,176	4,689,651	4,105,672	7,574,044
Maintenance Reserve	250,000	250,000	2,050,000	2,050,000	1,050,000	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
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
SEMI ARRA							11,659
Unassigned/(Deficit)	(1,192,190)	(73,645)					353,566
Total General Fund	<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>
All Other Governmental Funds							
Restricted for:							
Debt Service	\$ 283,840	\$ 292,431	\$ 50,454	\$ 45,501	\$ 28,879	\$ 39,493	\$ 66,752
Capital Projects Fund	16,231,280	5,095,105	4,977,123	4,833,738	6,225,421	5,200,534	
Committed:						326,388	557,404
Capital Projects Fund							
Assigned to:							
Year End Encumbrances	1,505,568	10,479,039	2,142,872	1,102,566	970,244		
Total All Other Governmental Funds	<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>

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues:</b>										
Tax Levy	\$ 74,577,529	\$ 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
Tuition Charges	113,741	143,558	164,819	211,140	239,753	189,794	236,379	136,115	150,214	113,032
Transportation Fees	2,153	1,242	5,004	9,345	4,754	4,280	8,269	12,899	14,400	7,634
Interest Earnings	43,336	350,558	35,409	31,661	18,585	10,108	12,517	5,880	33,814	32,300
Miscellaneous	1,650,863	1,053,429	491,299	776,460	518,394	542,348	424,805	547,075	607,855	478,382
State Sources	36,744,197	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
Federal Sources	2,879,470	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
<b>Total Revenue</b>	<b>116,011,289</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>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	35,312,043	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
Special Education Instruction	6,555,123	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
Other Special Instruction									2,997,697	2,970,290
Other Instruction	2,663,327	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
<b>Support Services:</b>										
Tuition	10,190,050	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
Student & Instruction Related Services	10,553,575	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
General Administration	2,168,023	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
School Administrative Services	4,570,913	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
Central Services									933,813	1,069,061
Administrative Information Technology									659,100	890,128
Plant Operations and Maintenance	8,792,643	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
Pupil Transportation	5,002,891	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
Unallocated Benefits	24,981,915	21,565,380	23,530,253	25,622,615	26,524,349	29,305,655	28,086,371	30,814,981	34,277,386	35,871,544
Transfer of Funds to Charter Schools	22,478	20,683	8,745	22,410	65,517	65,517	128,200	218,845		
Capital Outlay	2,254,320	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
<b>Debt Service:</b>										
Principal - Lease Purchase Agreement	400,000									
Interest - Lease Purchase Agreement	13,000									
Principal - Serial Bonds	1,045,000	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
Interest - Serial Bonds	1,489,250	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
<b>Total Expenditures</b>	<b>116,014,551</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>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(3,262)</b>	<b>41,739</b>	<b>(8,866,522)</b>	<b>1,482,213</b>	<b>(1,391,918)</b>	<b>(6,963,017)</b>	<b>(1,859,682)</b>	<b>(1,255,325)</b>	<b>(1,250,078)</b>	<b>(7,335,123)</b>

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources (Uses)										
School Bond Proceeds	\$ 151,132	\$ 17,611,293	\$ 2,544,015	\$ 12,572,702	\$ 6,712,000				\$ 464,804	\$ 8,023,766
Transfers In	(151,132)	(611,293)	(2,544,015)	(12,572,702)	(1,093,317)		\$ (1,095)		(464,804)	(7,147,501)
Transfers Out										735,144
Capital Leases (non-budgeted)										
Total Other Financing Sources (Uses)	-0-	17,000,000	-0-	-0-	6,712,000	-0-	(1,095)	-0-	-0-	1,611,409
Net Change in Fund Balances	\$ (3,262)	\$ 17,041,739	\$ (8,866,522)	\$ 1,482,213	\$ 5,320,082	\$ (6,963,017)	\$ (1,860,777)	\$ (1,255,325)	\$ (1,250,078)	\$ (5,723,714)
Debt Service as a Percentage of Noncapital Expenditures	2.66%	2.34%	2.25%	2.01%	2.24%	2.50%	2.42%	2.35%	2.18%	2.11%

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)*

Fiscal Year Ending June 30,	Tuition	Interest on Investments	Refunds	Rental Income	Other		Total
					Miscellaneous		
2008	\$ 113,741	\$ 941,341	\$ 408,536	\$ 136,079	\$ 29,547	\$	1,629,244
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

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
2007	\$ 4,417,900	\$ 739,367,800	\$ 194,116,500	\$ 102,058,600	\$ 21,539,000	\$ 1,061,499,800	\$ 190,388,600	\$ 1,585,067	\$ 1,063,084,867	\$ 7.020	\$ 7,710,370,833
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	1,049,655,256	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	4,533,331	1,034,640,731	8.607	6,032,620,003

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			
2007	\$ 6.800	\$ 0.220	\$ 7.020	\$ 5.090	\$ 2.342	\$ 14.452
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

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 TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

	2016		2007	
	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%		
Meminn-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%		
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>		

Information Not Available

Source: Municipal Tax Assessor

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2008	\$ 71,378,983	\$ 71,378,983	100.00%	-0-
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-

- 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			
2008	\$ 30,832,000			\$ 30,832,000	1.09%	\$ 578.08
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	0.74%	442.34
2017	23,837,000		\$ 485,967	24,322,967	0.69%	415.69

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2008	\$ 30,832,000		\$ 30,832,000	2.90%	\$ 578.08
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

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, 2016  
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	\$ 44,795,995	100.00%	\$ 44,795,995
Union County General Obligation Debt	582,124,789	9.52%	<u>55,418,280</u>
Subtotal, overlapping debt			100,214,275
Union Township School District Direct Debt			<u>23,837,000</u>
Total direct and overlapping debt			<u><u>\$ 124,051,275</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 2017

	Equalized valuation basis
2016	\$ 6,235,516,949
2015	6,001,212,086
2014	6,022,195,998
	<u>\$18,258,925,033</u>
	<u>\$ 6,086,308,344</u>
	Debt limit (4% of average equalization value) a
	\$ 243,452,334
	Net bonded school debt
	23,837,000
	<u>\$ 219,615,334</u>
	Average equalized valuation of taxable property
	<u>\$ 6,086,308,344</u>

For the Fiscal Year Ending June 30,

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$281,289,997	\$ 303,674,679	\$295,372,402	\$282,987,908	\$ 270,383,280	\$ 257,077,412	\$248,393,109	\$243,843,854	\$ 243,843,854	\$ 243,452,334
Total net debt applicable to limit	<u>30,832,000</u>	<u>29,717,000</u>	<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>
Legal debt margin	<u>\$250,457,997</u>	<u>\$ 273,957,679</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	10.96%	9.79%	9.65%	10.01%	12.42%	12.40%	12.09%	11.42%	10.61%	9.79%

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

<u>Year</u>	<u>Township Population<sup>a</sup></u>	<u>Township Personal Income<sup>b</sup></u>	<u>Union County Per Capita Personal Income<sup>c</sup></u>	<u>Township Unemployment Rate<sup>d</sup></u>
2008	53,335	\$ 2,841,315,455	\$ 53,273	5.30%
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	3,515,927,568	60,089 *	4.90%
2017	58,512 **	3,515,927,568 ***	60,089 *	N/A

\* - Latest Union County per capita personal income/Unemployment rate available (2015) was used for calculation purposes.

\*\* - Latest population data available (2016) was used for calculation purposes

\*\*\* - Latest Population data available (2016) and latest available Union County per capita personal income (2015) 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>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	578.0	503.0	582.0	533.0	523.0	527.0	537.0	579.0	527.0	542.3
Special education	105.0	154.0	162.0	151.0	155.0	159.0	153.0	163.0	199.0	244.0
Other special education	10.0	10.0								
Support Services:										
Student & instruction related services	150.0	153.0	172.0	170.0	168.0	171.0	199.0	246.0	234.0	142.1
General and business administrative services	13.0	12.0	14.0	14.0	10.0	10.0	13.0	14.0	12.0	11.0
School administrative services	48.0	51.0	50.0	48.0	48.0	48.0	48.0	44.0	49.0	50.0
Central Services	8.0	9.0	9.0	10.0	10.0	10.0	10.0	11.0	9.0	9.7
Administrative Information Technology	4.0	5.0	7.0	7.0	7.0	7.0	7.0	6.0	5.0	7.0
Plant operations and maintenance	92.0	132.0	136.0	146.0	137.0	137.0	140.0	159.0	140.0	126.0
Pupil transportation	85.0	83.0	80.0	74.0	72.0	72.0	74.0	80.0	83.0	75.0
<b>Total</b>	<b>1,093.0</b>	<b>1,112.0</b>	<b>1,212.0</b>	<b>1,153.0</b>	<b>1,130.0</b>	<b>1,141.0</b>	<b>1,181.0</b>	<b>1,302.0</b>	<b>1,258.0</b>	<b>1,207.1</b>

Source: District Personnel Records

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

Fiscal Year	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
	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Elementary	Middle School	High School						
2008	7,893	\$ 110,828,244	\$ 14,041	6.79%	693	1:14	1:13	1:13	7,893.0	7,443.0	-0.32%	94.30%		
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	139,717,078	19,322	5.16%	732	1:11	1:11	1:11	7,230.6	6,856.9	-0.47%	94.83%		

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 THREE FISCAL YEARS  
UNAUDITED

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>District Building (Cont'd)</u>			
<u>Middle School</u>			
Burnett			
Square Feet	167,163	167,163	167,163
Capacity (students)	1,035.80	1,035.80	1,035.80
Enrollment	1,034	978	983
Kawameeh			
Square Feet	105,202	105,202	105,202
Capacity (students)	821.60	821.60	821.60
Enrollment	637	675	681
<u>High School</u>			
Union High School			
Square Feet	358,161	358,161	358,161
Capacity (students)	2,227.90	2,227.90	2,227.90
Enrollment	2,324	2,200	2,195
Other			
Field House			
Square Feet	11,316	11,316	11,316
Administration Building			
Square Feet	25,200	25,200	25,200
Number of Schools/Buildings at June 30, 2017			
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,									
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Battle Hill	N/A	\$ 34,819	\$ 38,589	\$ 35,389	\$ 24,997	\$ 33,896	\$ 72,190	\$ 25,652	\$ 73,357	\$ 40,104	\$ 30,734
Connecticut Farms	N/A	14,780	20,199	22,806	15,249	19,253	40,746	49,271	24,923	39,367	43,952
Franklin	N/A	43,977	26,325	45,414	59,196	36,941	83,868	35,652	28,094	39,365	52,318
Hamilton	N/A	14,408	9,169	21,709	7,136	23,208	15,733	29,872	24,466	24,200	35,103
Jefferson	N/A	12,372	44,616	24,632	10,128	8,167	21,314	21,314	31,168	29,675	30,623
Livingston	N/A	16,110	32,855	25,491	37,799	91,485	58,572	75,977	31,437	18,623	58,510
Washington	N/A	33,010	18,494	15,664	16,175	30,773	36,330	42,969	53,611	47,952	66,072
Kawameeh	N/A	31,482	41,878	26,046	26,808	21,527	103,561	36,570	45,850	95,588	48,634
Union High School	N/A	178,263	137,458	132,854	80,540	122,524	287,404	513,270	232,820	165,450	172,422
Burnet	N/A	129,637	61,983	50,982	42,978	76,280	179,099	129,331	45,042	105,698	78,879
Hannah Caldwell	N/A	55,885	41,313	47,192	31,744	37,645	86,764	65,620	76,683	76,162	71,422
		\$ 564,743	\$ 472,879	\$ 448,179	\$ 352,750	\$ 501,699	\$ 964,267	\$ 1,023,498	\$ 667,451	\$ 682,184	\$ 688,669
District Wide Facilities		\$ 82,812	\$ 74,302	\$ 1,130,640	\$ 975,752	\$ 1,088,273	\$ 1,150,573	\$ 1,365,498	\$ 1,288,245	\$ 1,308,333	\$ 1,276,906
Total School Facilities		\$ 647,555	\$ 547,181	\$ 1,578,819	\$ 1,328,502	\$ 1,589,972	\$ 2,114,840	\$ 2,390,996	\$ 1,955,696	\$ 1,990,517	\$ 1,965,575

N/A: Not Available

Source: Union Township School District records

TOWNSHIP OF UNION SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2017  
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, 2017  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
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	25,000	
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  
 Mt. Arlington, NJ 07856  
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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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 6, 2017.

**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.

November 6, 2017  
Mount Arlington, New Jersey

NISIVOCCIA LLP

NISIVOCCIA LLP



John J. Modney  
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, 2017. 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, 2017.

**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.

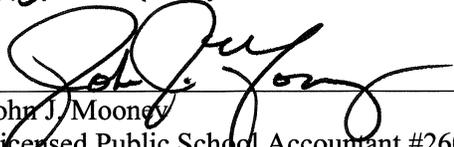
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

November 6, 2017  
Mount Arlington, New Jersey

NISIVOCCIA LLP

*NISIVOCCIA 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, 2017

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) 6/30/2016	Cash Received	Budgetary Expenditures	Cancellation of Prior Years' Receivables/ Unearned Revenue	Balance 6/30/2017 Accounts Receivable	Due to Grantor 6/30/2017	Amount Provided to Subrecipients
U.S. Department of Agriculture											
Passed-through State Department of Agriculture:											
Child Nutrition Cluster:											
Federal Food Distribution Program	10.555	N/A	7/1/16-6/30/17	\$ 249,449	\$ 5,194	\$ 249,449	\$ (246,541)		\$ 2,908		
Federal Food Distribution Program	10.555	N/A	7/1/15-6/30/16	231,785	5,194	249,449	(251,735)		2,908		
Total Food Distribution Program											
School Breakfast Program	10.553	N/A	7/1/16-6/30/17	202,782	(18,752)	188,073	(202,782)		(14,709)		
School Breakfast Program	10.553	N/A	7/1/15-6/30/16	218,205	(18,752)	18,752			(60,492)		
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	1,187,925	(81,563)	1,127,433	(1,187,925)		(75,201)		
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	1,120,405	(100,315)	1,415,821	(1,390,707)		(75,201)		
Total Child Nutrition Cluster					(93,121)	1,665,270	(1,642,442)		(75,201)		
Total U.S. Department of Agriculture											
Passed-through State Department of Education:											
General Fund:											
U.S. Department of Health and Human Services:											
Medicaid Cluster:											
Medicaid Reimbursement - ARRA	93.778	N/A	7/1/09-6/30/12	11,659		11,659	(11,659)				
Medicaid Reimbursement	93.778	N/A	7/1/16-6/30/17	169,235		169,235	(169,235)				
Total General Fund/ Medicaid Cluster						180,894	(180,894)				
Special Revenue Fund:											
U.S. Department of Education:											
No Child Left Behind Consolidated Grant:											
Title I	84.010	NCLB536017	7/1/16-6/30/17	1,298,156	(513,647)	591,741	(830,264)	\$ 2,211	(238,523)		
Title I	84.010	NCLB536016	7/1/15-6/30/16	727,445	(513,647)	511,436	(830,264)	2,211	(238,523)		
Total Title I						1,103,177					
Title II - Part A	84.367	NCLB536017	7/1/16-6/30/17	230,535	(87,986)	24,022	(47,545)	86	(23,523)		
Title II - Part A	84.367	NCLB536016	7/1/15-6/30/16	179,621	(87,986)	87,900	(47,545)	86	(23,523)		
Total Title II - Part A						111,922					
Title III	84.365	NCLB536017	7/1/16-6/30/17	75,441	(46,122)	28,431	(74,664)		(46,233)		
Title III	84.365	NCLB536016	7/1/15-6/30/16	63,675	(46,122)	46,122	(74,664)		(46,233)		
Total Title III						74,553					
Title III - Immigrant	84.365	NCLB536017	7/1/16-6/30/17	18,521	(2,909)	2,909	(18,469)		(18,469)		
Title III - Immigrant	84.365	NCLB536016	7/1/15-6/30/16	5,031	(2,909)	2,909	(18,469)		(18,469)		
Total Title III - Immigrant						2,909					

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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) 6/30/16	Cash Received	Budgetary Expenditures	Cancellation of Prior Years' Receivables/Unearned Revenue	Balance 6/30/17		Due to Grantor 6/30/17	Amount Provided to Subrecipients
									Accounts Receivable	Unearned Revenue		
<b>Special Revenue Fund:</b>												
<b>Special Education Cluster:</b>												
<b>U.S. Department of Education:</b>												
	84.027	IDEA536017	7/1/16-6/30/17	\$ 1,818,472		\$ 1,557,059	\$ (1,787,179)		\$ (230,120)			
I.D.E.A. Part B, Basic	84.027	IDEA536016	7/1/15-6/30/16	1,912,367	\$ (316,374)	269,774		\$ 46,600				
I.D.E.A. Part B, Basic	84.027	IDEA536017	7/1/16-6/30/17	53,720	(4,128)	4,128	(53,268)					
I.D.E.A. Part B, Preschool	84.027	IDEA536016	7/1/15-6/30/16	52,911	(320,502)	1,884,229	(1,840,447)	46,600	(230,120)			
<b>Total Special Education Cluster</b>												
Carl D. Perkins Secondary Education	84.048	PERK536017	7/1/16-6/30/17	49,182	(17,547)	26,125	(45,329)		(19,204)			
Carl D. Perkins Secondary Education	84.048	PERK536016	7/1/15-6/30/16	34,667	(567)	17,547		567				
Carl D. Perkins Secondary Education	84.048	PERK536015	7/1/14-6/30/15	45,101	(18,114)	43,672	(45,329)	567	(19,204)			
<b>Total Carl D. Perkins</b>												
STEM Partnership	84.413A	N/A	7/1/16-6/30/17	6,000		5,431	(5,668)		(237)			
<b>Total STEM Partnership</b>												
UNIFY - UHS	84.380	N/A	7/1/15-6/30/16	3,000	27			(27)				
UNIFY - BMS	84.380	N/A	7/1/15-6/30/16	2,870	(2,008)	1,815		193				
UNIFY - BMS	84.380	N/A	7/1/14-6/30/15	2,993	(2,758)			2,758				
UNIFY - UH	84.380	N/A	7/1/14-6/30/15	3,000	(754)	1,815		754				
<b>Total</b>					(5,493)			3,678				
<b>Total Special Revenue Fund/U.S. Department of Education</b>					(994,773)	3,227,708	(2,862,386)	53,142	(576,309)			
<b>Total Federal Awards</b>					\$ (1,089,894)	\$ 5,073,872	\$ (4,685,722)	\$ 53,142	\$ (651,510)	\$ 2,908	\$ -0-	\$ -0-

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

N/A: Not Available/Applicable

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary Balance (Accounts Receivable) 06/30/16	Due to Grantor 06/30/16	Cash Received	Budgetary Expenditures	Grant Receivable Cancelled	Repayment of Prior Years' Balances	Balance 6/30/2017		Memo	Cumulative Total Expenditures
										GAAP (Accounts Receivable)	Due to Grantor		
General Fund													
NJ Department of Education:													
Equalization Aid	16-495-034-5120-078	7/1/15 - 6/30/16	\$ 25,485,236	\$ (2,526,156)		\$ 2,526,156							\$ 25,485,236
Transportation Aid	16-495-034-5120-014	7/1/15 - 6/30/16	256,269	(25,402)	25,402								256,269
Special Education Aid	16-495-034-5120-089	7/1/15 - 6/30/16	4,542,770	(450,290)	450,290								4,542,770
Security Aid	16-495-034-5120-084	7/1/15 - 6/30/16	349,231	(34,617)	34,617								349,231
PARCC Readiness Aid	16-495-034-5120-098	7/1/15 - 6/30/16	73,510	(7,286)	7,286								73,510
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15 - 6/30/16	73,510	(7,286)	7,286								73,510
Non-Public Transportation Aid	16-495-034-5120-014	7/1/15 - 6/30/16	67,252	(67,252)	67,252								67,252
Extraordinary Aid	16-100-034-5120-044	7/1/15 - 6/30/16	1,231,537	(1,231,537)	1,231,537								1,231,537
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	7/1/15 - 6/30/16	4,004,752	(193,530)	193,530								4,004,752
Equalization Aid	17-495-034-5120-078	7/1/16 - 6/30/17	25,551,746		25,012,368	\$ (25,551,746)						\$ (2,539,378)	25,551,746
Transportation Aid	17-495-034-5120-014	7/1/16 - 6/30/17	306,590		276,121	(306,590)							306,590
Special Education Aid	17-495-034-5120-089	7/1/16 - 6/30/17	4,600,487		4,143,282	(4,600,487)							4,600,487
Security Aid	17-495-034-5120-084	7/1/16 - 6/30/17	395,293		356,008	(395,293)							395,293
Additional Adjustment Aid	17-495-034-5120-085	7/1/16 - 6/30/17	1		1	(1)							1
PARCC Readiness Aid	17-495-034-5120-098	7/1/16 - 6/30/17	73,510		66,204	(73,510)							73,510
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16 - 6/30/17	73,510		66,204	(73,510)							73,510
Professional Learning Community Aid	17-495-034-5120-101	7/1/16 - 6/30/17	71,770		64,638	(71,770)							71,770
Non-Public Transportation Aid	17-495-034-5120-014	7/1/16 - 6/30/17	92,506			(92,506)							92,506
Extraordinary Aid	17-495-034-5120-044	7/1/16 - 6/30/17	1,524,402			(1,524,402)							1,524,402
On-Behalf TPAF Post Retirement Contribution	17-495-034-5094-001	7/1/16 - 6/30/17	4,858,676		4,858,676	(4,858,676)							4,858,676
On-Behalf TPAF Pension Contribution	17-495-034-5094-002	7/1/16 - 6/30/17	5,627,263		5,627,263	(5,627,263)							5,627,263
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16 - 6/30/17	203,889		203,889	(203,889)							203,889
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16 - 6/30/17	16,128		16,128	(16,128)							16,128
Reimbursed TPAF Social Security Contributions	17-495-034-5095-003	7/1/16 - 6/30/17	3,966,011		3,766,750	(3,966,011)							3,966,011
Total General Fund State Aid				(4,543,356)	47,000,888	(47,361,782)					(1,816,169)		83,445,850
Debt Service Aid Type II	17-100-034-5120-124	7/1/16 - 6/30/17	113,569		113,569	(113,569)							113,569
Total Debt Service Aid					113,569	(113,569)							113,569
Total NJ Department of Education				(4,543,356)	47,114,457	(47,475,351)					(1,816,169)		83,559,419
New Jersey Department of Agriculture:													
Food Service Fund:													
School Lunch Program - State	17-100-010-3350-023	7/1/16 - 6/30/17	36,854		31,703	(36,854)							36,854
School Lunch Program - State	16-100-010-3350-023	7/1/15 - 6/30/16	32,030	(2,346)	2,346							(5,151)	32,030
Total NJ Department of Agriculture				(2,346)	34,049	(36,854)					(5,151)		68,884

**TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary Balance (Accounts Receivable) 06/30/16	Due to Grantor 06/30/16	Cash Received	Budgetary Expenditures	Grant Receivable Cancelled	Repayment of Prior Years' Balances	Balance 6/30/2017 (GAAP Accounts Receivable)	Due to Grantor	Budgetary Receivable	Memo	Cumulative Total Expenditures
<b>NJ Schools Development Authority:</b>														
Capital Projects Fund:														
Jefferson School	5290-085-09-1003	7/1/10 - 6/30/17	\$ 5,259,907	\$ (262,995)		\$ 262,995								\$ 5,259,907
Union High School Electrical Upgrade	5290-050-14-1001	7/1/14 - 6/30/17	738,646	(738,646)		647,294		\$ 91,352						647,294
Total NJ Department of Agriculture				(1,001,641)		910,289		91,352						6,101,215
<b>Special Revenue Fund:</b>														
<b>New Jersey Nonpublic Aid:</b>														
<b>Nonpublic Auxiliary Services:</b>														
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	163,286		\$ 9,650	183,281	\$ (181,668)		\$ (9,650)		\$ 1,613			153,636
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	183,281											181,668
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	13,885		7,937		(1,279)		(7,937)					2,413
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	14,616			14,616					13,337			1,279
Transportation	17-100-034-5120-067	7/1/16-6/30/17	21,206			21,206	(21,206)							21,206
<b>Nonpublic Handicapped Services:</b>														
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	49,532			49,532	(45,200)		(30,149)		4,332			45,200
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	57,096		30,149									26,947
Supplementary Instruction	17-100-034-5120-066	7/1/16-6/30/17	44,728			44,728	(34,056)		(3,638)		10,672			34,056
Supplementary Instruction	16-100-034-5120-066	7/1/15-6/30/16	38,612		3,638									34,974
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	30,923			30,923	(12,899)		(9,949)		18,024			12,899
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	25,919		9,949									15,970
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	30,031			30,031	(29,664)		(96)		367			29,664
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	30,605		96									30,509
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	46,890			46,890	(45,062)		(237)		1,828			45,062
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	48,240		237									48,003
Technology Initiative	17-100-034-5120-373	7/1/16-6/30/17	13,546			13,546	(13,428)		(282)		118			13,428
Technology Initiative	16-100-034-5120-373	7/1/15-6/30/16	13,936		282									13,654
Security Aid	17-100-034-5120-070	7/1/16-6/30/17	26,050			26,050	(24,161)		(2,112)		1,889			24,161
Security Aid	16-100-034-5120-070	7/1/15-6/30/16	13,400		2,112									11,288
Total Special Revenue Fund					64,050	460,803	(408,623)		(64,050)		52,180			746,017
Total State Awards Subject to Single Audit Determination				\$ (5,547,343)	\$ 64,050	\$47,495,740	\$ (47,920,828)	\$ 91,352	\$ (64,050)	\$ (1,821,320)	\$ 52,180	\$ (4,909,401)		\$ 90,361,966
<b>Less: State Awards Not Subject to Single Audit Major Program Determination</b>														
<b>On-Behalf TPAF Pension System Contributions:</b>														
On-Behalf TPAF Pension Contributions	17-495-034-5094-001	7/1/16-6/30/17	(4,858,676)				4,858,676							
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-002	7/1/16-6/30/17	(5,627,263)				5,627,263							
On-Behalf TPAF Pension Contributions	17-495-034-5094-004	7/1/16-6/30/17	(203,889)				203,889							
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	(16,128)				16,128							
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17												
Subtotal - On-Behalf TPAF Pension System Contributions							10,705,956							
Total State Awards Subject to Single Audit Major Program Determination							(37,214,872)							

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, 2017

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, 2017. 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 (\$37,044) for the general fund and (\$110,391) for the special revenue fund of which \$1,729 is attributable to local grants and are not included on the schedules of expenditures of state and federal awards. 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, 2017  
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 180,894	\$ 47,324,738	\$47,505,632
Special Revenue Fund	2,720,056	389,936	3,109,992
Debt Service Fund		113,569	113,569
Enterprise Fund - Food Service	1,642,442	36,854	1,679,296
Total Awards	<u>\$ 4,543,392</u>	<u>\$47,865,097</u>	<u>\$52,408,489</u>

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

NOTE 5. SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

During fiscal year end June 30, 2015, the District was awarded \$1,231,604 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act for HVAC upgrades at Washington School and electrical upgrades at Union High School. As of June 30, 2017, \$1,140,252 has been received and the remaining balance has been cancelled.

NOTE 6. 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, 2017. 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, 2017

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:

	<u>State Grant Number/ CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$25,551,746	\$25,551,746
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	4,600,487	4,600,487
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	395,293	395,293
Additional Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	1	1
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	73,510	73,510
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	73,510	73,510
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	71,770	71,770
Reimbursed TPAF Social Security Contributions	17-495-034-5095-003	7/1/16-6/30/17	3,966,011	3,966,011
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	1,524,402	1,524,402
<u>Federal:</u>				
Child Nutrition Cluster:				
Food Distribution Program	10.555	7/1/16-6/30/17	249,449	246,541
Food Distribution Program	11.555	7/1/15-6/30/16	231,785	5,194
National School Breakfast Program	10.553	7/1/16-6/30/17	202,782	202,782
National School Lunch Program	10.555	7/1/16-6/30/17	1,187,925	1,187,925
Title I	84.010	7/1/16-6/30/17	1,298,156	830,264

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(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 \$1,116,446 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, 2017

Status of Prior Year Findings:

The District had no prior year audit findings.