

UNION TOWNSHIP
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**UNION TOWNSHIP BOARD OF EDUCATION
UNION TOWNSHIP, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Prepared by

**UNION TOWNSHIP BOARD OF EDUCATION
DEPARTMENT OF ADMINISTRATION**

**UNION TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

INTRODUCTORY SECTION	<u>PAGE</u>
Letter of Transmittal	2
Organizational Chart	3
Roster of Officials	4
Consultants and Advisors	5
FINANCIAL SECTION	
Independent Auditor's Report	7-9
Required Supplementary Information – Part I	
Management's Discussion and Analysis	11
Basic Financial Statements	
A. District-Wide Financial Statements:	
A-1 Statement of Net Position	14
A-2 Statement of Activities	15
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	17-18
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	19-20
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Proprietary Funds:	
B-4 Combining Statement of Fund Net Position	22
B-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	23
B-6 Combining Statement of Cash Flows	24
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	25
B-8 Statement of Changes in Fiduciary Net Position	26
Notes to the Financial Statements	28-49
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule-General Fund	52-57
C-1A Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual	58
C-2 Budgetary Comparison Schedule-Special Revenue Fund	59
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	61

**UNION TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
(Continued)**

FINANCIAL SECTION (Continued)	<u>PAGE</u>
 Other Supplemental Information	
D. School Level Schedule	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenue and Expenditures Special Revenue Fund-Budgetary Basis	65
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	67
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance-Budgetary Basis	68
F-2A Schedule of Project Revenues, Expenditures, Project Balance and Project Status- Budgetary Basis	69
G. Proprietary Funds	
Enterprise Fund:	
G-1 Combining Statement of Fund Net Position	71
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	72
G-3 Combining Statement of Fund Cash Flows	73
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Fund Net Position	75
H-2 Statement of Changes in Fiduciary Net Position	76
H-3 Student Activity Agency Fund Statement of Changes in Assets and Liabilities	77
H-4 Payroll Agency Fund Statement of Changes in Assets and Liabilities	78
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	80-81
I-2 Schedule of Capital Leases	82
I-3 Debt Service Fund Budgetary Comparison Schedule	83
 STATISTICAL SECTION (Unaudited)	
Table of Contents	85
J-1 Net Position by Component	86
J-2 Changes in Net Position	87-89
J-3 Fund Balances, Governmental Funds	90
J-4 Changes in Fund Balances, Governmental Funds	91
J-5 General Fund-Other Local Revenues by Source	92
J-6 Assessed Value and Actual Value of Taxable Property	93
J-7 Direct and Overlapping Property Tax Rates	94
J-8 Principal Property Taxpayers	95
J-9 Property Tax Levies and Collections	96

**UNION TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
(Continued)**

	<u>PAGE</u>
STATISTICAL SECTION (Unaudited)	
(Continued)	
Table of Contents (Cont'd)	
J-10 Ratios of Outstanding Debt by Type	97
J-11 Ratios of General Bonded Debt Outstanding	98
J-12 Direct and Overlapping Governmental Activities Debt	99
J-13 Legal Debt Margin Information	100
J-14 Demographic and Economic Statistics	101
J-15 Principal Employers	102
J-16 Full Time Equivalent District Employees by Function/Program	103
J-17 Operating Statistics	104
J-18 School Building Information	105
J-19 Required Maintenance	106
J-20 Insurance Schedule	107
SINGLE AUDIT SECTION	
K-1 Independent Auditor's Report-Government Auditing Standards	109-110
K-2 Independent Auditor's Report-OMB Circular A-133	111-113
K-3 Schedule of Expenditures of Federal Awards, Schedule A	114
K-4 Schedule of Expenditures State Financial Assistance, Schedule B	115
K-5 Notes to the Schedules of Awards and Financial Assistance	116-117
K-6 Schedule of Findings and Questioned Costs	118-120
K-7 Summary Schedule of Prior Audit Findings	120

INTRODUCTORY SECTION

UNION TOWNSHIP SCHOOL DISTRICT

2.0

Mr. Jeffrey Bender
Superintendent

Mrs. Fran Suhovic
Middle School Principal

"An Equal Opportunity Employer"
165 Perryville Road
Hampton, New Jersey 08827
Phone (908) 735-5511
Fax (908) 735-6657

Ms. Amy Barkman
Business Administrator

Mrs. Michele Deremer
Supervisor of Special Services

October 2, 2013

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

Dear Board Members and Constituents of Union Township:

The comprehensive annual financial report of the Union Township School District (district) for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All discourse necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes the transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit of 1996 and the U.S. Office of Management and Budget A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to the single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

Union Township District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report.

The district provides a full range of educational services appropriate to the regular education grade levels of K-8 and additional services for Pre-School Special Needs children aged 3-5. The student population at the end the fiscal year was approximately 493 students, a number that demonstrates a reduction in enrollment in the school.

During the last five years, enrollment numbers have dropped.

School Year	Student Enrollment	Percent Change
2012-13	475	-3.7
2011-12	493	-4.6
2010-11	517	-2.3
2009-10	529	-8.5
2008-09	574	-5.7
2007-08	607	-.16
2006-07	608	0
2005-06	608	-2.1
2004-05	621	-4.0
2003-04	646	0
2002-03	646	+1.4

2) ECONOMIC CONDITION AND OUTLOOK

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

Single family residential housing remains the most common type of new development, there are few new homes being constructed in the district. A large international corporation, the township's largest taxpayer has corporate offices within the township. A private recycling operation also operates a facility within the township. Tax ratable increase is mainly dependent upon homes. The increase in business within the township is minimal.

3) MAJOR INITIATIVES

The district continues to work hard to expand its continuum of services despite the budgeting limitations imposed by legislation. The major facility issue facing the district is the maintenance and necessary upgrades to the waste water treatment plant; the district is also dealing with the increasing cost of utilities and the maintenance and needed renovations of a 50 year old facility. The major educational initiative continues on the previous goals relating to technology, the district also emphasizes math, language arts, and science achievement. The district has made incredible progress in the replacement of obsolete hardware and has expanded hardware inventory to include interactive presentation boards.

The Board continues to be part of the transportation jointure with North Hunterdon Voorhees Regional High School District to maximize savings.

4) INTERNAL ACCOUNTING CONTROLS

Management of the district is responsible for establishing and maintaining the internal control structure designed to ensure that the assets of the district are protected from loss,

theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statement in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that:

1. The cost of a control should not exceed the benefits likely to be derived;
2. The valuation of costs and benefits requires estimates and judgments by management.

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

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

5) BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at the end of the year are included as re-appropriations of fund balance in the subsequent year or are cancelled. The re-appointment amounts are reported as reservations of fund balance at June 30, 2013.

6) ACCOUNTING SYSTEM AND REPORTS

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

7) CASH MANAGEMENT

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

8) RISK MANAGEMENT

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

9) OTHER INFORMATION

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William Colantano Jr., CPA was selected by the Board of Education. The audit meets the requirements set forth in state statutes the 1996 Single Audit Act and the related U.S. OMB Circular A-133 and NJ OMB's Circular 04-04. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

10) ACKNOWLEDGMENTS

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

Respectfully,

A handwritten signature in black ink, appearing to read 'Jeffrey Bender', followed by a horizontal line.

Jeffrey Bender
Superintendent
Union Township School

**Roster of Board of Education
Year Ending June 30, 2013**

NAME	TERM
Peter Ashe	2013
Lisa Coster	2015
Vincent DiRoberto	2015
Magnus Gustafsson	2014
Kevin Kuo	2015
Amy Masters (President)	2014
Michael Sroka	2013
Elizabeth Stothoff (Vice President)	2013
James Teipel	2014

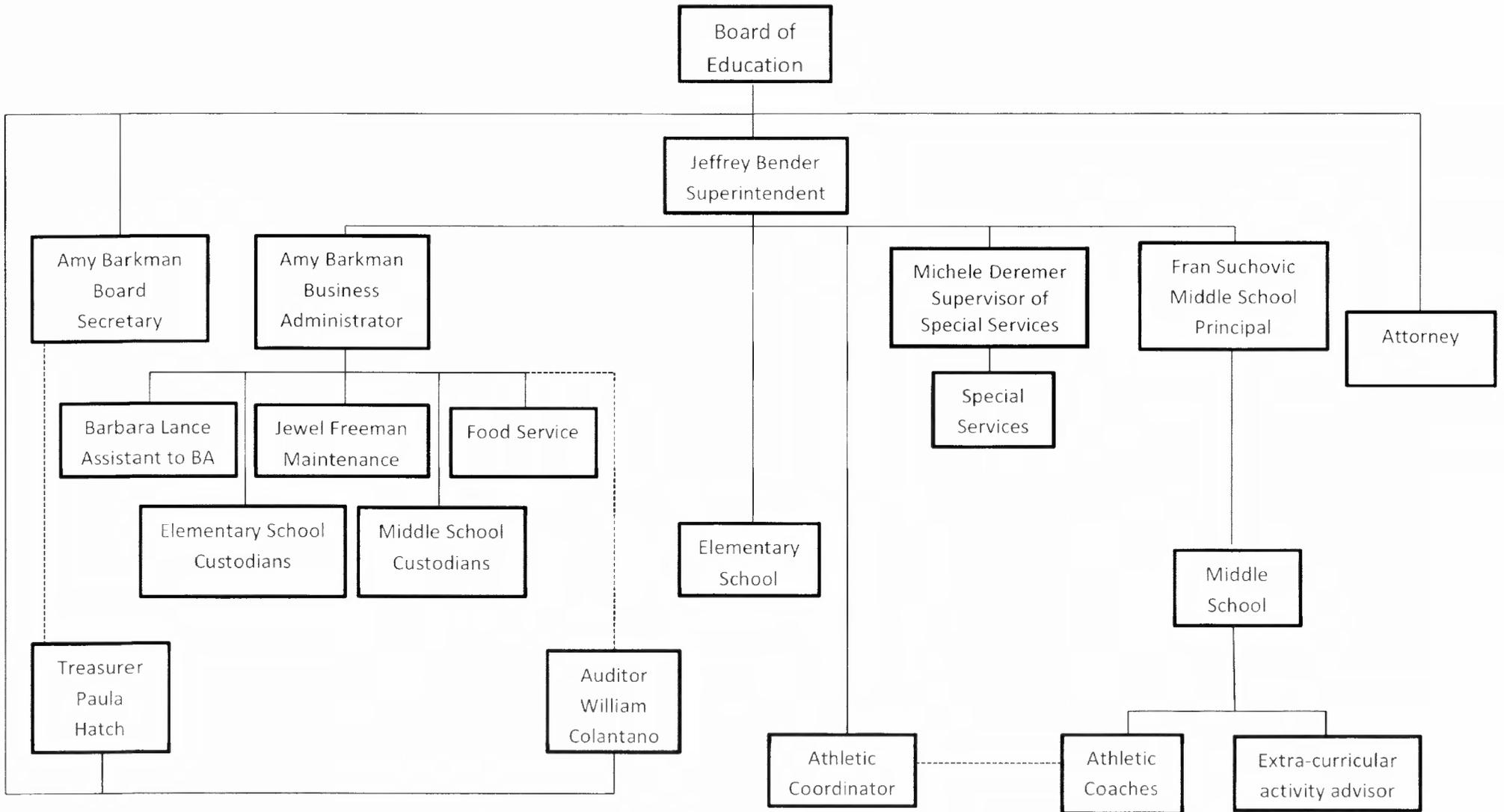
OTHER OFFICIALS

Jeffrey Bender	Superintendent
Amy M. Barkman	School Business Administrator/ Board Secretary
Frances Suchovic	Principal
Paula Hatch	Treasurer

Union Township School District

2012-2013 School Year

Organization Chart



**UNION TOWNSHIP BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

AUDIT FIRM

**William M. Colantano, Jr., CPA
100 Route 31 North
Washington, NJ 07882-1530**

ARCHITECT

**Settembrino Architects
25 Bridge Avenue
Suite 201
Red Bank, NJ 07701**

ATTORNEY

**Schenk Price Smith & King, LLP
Marc Zitomer
220 Park Avenue
PO Box 991
Florham Park, NJ 07932**

OFFICIAL DEPOSITORY

**TD Bank
92 West Main St.
Clinton, NJ 08809**

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

October 2, 2013

Honorable President and
Members of the Board of Education
Union Township School District
County of Hunterdon, 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 Union Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 04-04 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 04-04 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

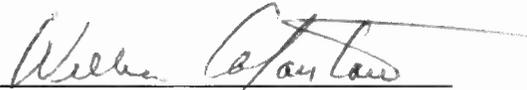
Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 2, 2013 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.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

REQUIRED SUPPLEMENTARY INFORMATION-PART I

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

11.0

The discussion and analysis of Union Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- In total, net position increased \$462,276 which represents a 6.60 percent increase from 2012.
- General revenues accounted for \$10,137,463 in revenue or 95.3 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$500,679 or 4.7 percent to total revenues of \$10,638,142.

Total assets of governmental activities increased by \$48,339, cash and cash equivalents increased by \$534,155, receivables decreased by \$39,994, and capital assets decreased by \$445,822.

- The School District had \$10,173,502 in expenses; only \$500,679 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$10,137,463 were adequate to provide for these programs.
- Among major funds, the General Fund had \$9,424,780, in revenues, \$8,852,894, in expenditures and \$0 in other financing uses. The General Fund's balance increased \$571,886 over 2012. This increase was the result of effective cost cutting measures implemented by the District.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

11.1

The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Union Township Public School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question. "How did we do financially during 2013?"

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 17. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the District's net position at 6/30/2013 with comparisons to 6/30/2012.

**Table 1
Net Position**

	6/30/13	6/30/12	Variance	
			Dollars	%
ASSETS				
Current & Other Assets	\$ 4,308,211	\$ 3,809,243	\$ 498,968	13.10
Capital Assets	17,912,958	18,360,261	(447,303)	(2.44)
Total Assets	<u>22,221,169</u>	<u>22,169,504</u>	<u>51,665</u>	0.23
LIABILITIES				
Long-Term Liabilities	14,108,838	14,570,251	(461,413)	(3.17)
Other Liabilities	<u>640,927</u>	<u>590,125</u>	<u>50,802</u>	8.61
Total Liabilities	<u>14,749,765</u>	<u>15,160,376</u>	<u>(410,611)</u>	(2.71)
NET POSITION				
Net Investment in				
Capital Assets	4,022,958	4,025,261	(2,303)	(0.06)
Restricted	3,431,663	2,992,139	439,524	14.69
Unrestricted	<u>16,783</u>	<u>(8,272)</u>	<u>25,055</u>	302.89
Total Net Position	<u>\$ 7,471,404</u>	<u>\$ 7,009,128</u>	<u>\$ 462,276</u>	6.60

Total assets increased \$51,665 which was primarily from cash flow from cost-cutting measures. Cash and cash equivalents increased by \$537,732, receivables decreased by \$38,787, capital assets decreased by \$447,303 and other assets increased by \$23.

Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints, established by grants or legal requirements of the School District, increased by \$25,055. This was the result of effective cost cutting measures implemented by the District

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

offset by an increase in restricted net assets for capital and emergency reserves of \$575,226 to be utilized in future years for new capital projects and unanticipated expenditures necessary to ensure a thorough and efficient education.

Table 2 provides a summary of the District's changes in Net Position in fiscal year ending 6/30/2013 with comparisons to 6/30/2012.

**Table 2
Changes in Net Position**

	Fiscal Year Ending		Variance	
	6/30/13	6/30/12	Dollars	%
Revenues				
Program Revenues:				
Charges for Services	\$ 305,642	\$ 310,589	\$ (4,947)	(1.59)
Operating Grants	195,037	244,643	(49,606)	(20.28)
General Revenues:				
Property Taxes	8,675,787	9,354,469	(678,682)	(7.26)
Unrestricted Grants	1,402,489	1,287,322	115,167	8.95
Other	59,187	62,278	(3,091)	(4.96)
Total Revenues	<u>10,638,142</u>	<u>11,259,301</u>	<u>(621,159)</u>	<u>(5.52)</u>
Expenses				
Instruction:				
Regular	3,537,318	3,576,815	(39,497)	(1.10)
Special	1,314,341	1,228,166	86,175	7.02
Other	293,016	339,197	(46,181)	(13.61)
Support Services:				
Tuition	330,590	438,775	(108,185)	(24.66)
Student & Instructional Staff	1,438,279	1,350,952	87,327	6.46
General & Business				
Administration	694,273	988,032	(293,759)	(29.73)
School Administration	260,203	261,970	(1,767)	(0.67)
Maintenance	981,392	1,000,227	(18,835)	(1.88)
Transportation	584,371	544,943	39,428	7.24
Food Service	125,898	143,232	(17,334)	(12.10)
Interest on Long-Term Debt	613,821	625,779	(11,958)	(1.91)
Total Expenses	<u>10,173,502</u>	<u>10,498,088</u>	<u>(324,586)</u>	<u>(3.09)</u>
Increases (Decreases) Before				
Transfers & Special Items	<u>464,640</u>	<u>761,213</u>	<u>(296,573)</u>	<u>(38.96)</u>
Transfers & Special Items:				
Loss on Disposal of Assets	(2,364)		(2,364)	*
Total Transfers & Special Items	<u>(2,364)</u>	<u>-</u>	<u>(2,364)</u>	
Increase (Decrease) in Net Position	<u>\$ 462,276</u>	<u>\$ 761,213</u>	<u>\$(298,937)</u>	<u>(39.27)</u>

* = Undefined

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 82.5 percent of revenues for governmental activities for the Union Township Public School district for fiscal year 2013.

Instruction comprises 51.2 percent of district expenses. Support services expenses make up 42.7 percent of the expenses. Interest on long-term debt makes up 6.1 percent of the expenses.

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

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending 6/30/2013 with comparisons to 6/30/2012.

**Table 3
Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	6/30/13	6/30/12	6/30/13	6/30/12
Instruction	\$ 5,144,675	\$ 5,144,178	\$ 4,902,366	\$4,859,226
Support Services:				
Tuition	330,590	438,775	223,510	332,493
Student & Instructional Staff General & Business	1,438,279	1,350,952	1,425,061	1,339,654
Administration	694,273	988,032	694,273	733,403
School Administration	260,203	261,970	260,203	261,970
Plant Operations & Maintenance	981,392	1,000,227	970,350	995,422
Pupil Transportation	584,371	544,943	584,371	544,943
Interest on Long-Term Debt	613,821	625,779	613,821	625,779
Total Expenses	<u>\$10,047,604</u>	<u>\$10,354,856</u>	<u>\$ 9,673,955</u>	<u>\$9,692,890</u>

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

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

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

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

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

11.5

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

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

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

The dependence upon tax revenues is apparent. For all activities tax revenue support is 81.6 percent. The community, as a whole, is the primary support for the Union Township School District.

The School District's Funds

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,505,553 and expenditures of \$10,069,369 and other financing uses of \$0. The net positive change in fund balance for the year of \$436,184 was most significant in the General Fund, an increase of \$571,886. This reflects effective cost-cutting measures implemented by the District.

General Fund Budgeting Highlights

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

During the course of the fiscal 2013 the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to lightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue was \$8,657,505 which was \$118,288 above original budgeted estimates of \$8,539,217. This difference was due primarily to state aid realized above original estimates of \$75,890.

The General Fund revenues and other financing sources of the School District were more than expenditures and other financing uses by \$567,485.

Capital Assets

At the end of the fiscal year 2013 the School District had \$17,912,958 invested in land, buildings, furniture and equipment, and construction in progress.

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

Table 4 provides a summary of the School District's capital assets net of depreciation at 6/30/2013 with comparisons to 6/30/2012.

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

	6/30/13	6/30/12	Variance	
			Dollars	%
Land	\$ 189,696	\$ 189,696	\$ -	0.00
Construction in Progress	-	5,050	(5,050)	(100.00)
Land Improvements	162,034	45,268	116,766	257.94
Buildings & Improvements	17,143,551	17,674,519	(530,968)	(3.00)
Equipment	417,677	445,728	(28,051)	(6.29)
Total	<u>\$ 17,912,958</u>	<u>\$ 18,360,261</u>	<u>\$ (447,303)</u>	(2.44)

* = Undefined

Overall capital assets decreased \$447,303 from fiscal year 2012 to fiscal year 2013. Increases in capital assets (primarily buildings and improvements, machinery and equipment) were offset by depreciation expenses for the year. The major capital asset addition in fiscal year 2013 was a parking lot reconstruction project for the Middle School of \$120,100.

Debt Administration

At June 30, 2013, the School district had \$14,108,838 in long-term liabilities. This amount is detailed in Table 5.

At June 30, 2013, the School District's overall legal debt limit was \$25,438,931 and the legal debt margin was \$11,548,931.

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

Table 5 provides a summary of the District's outstanding long-term liabilities at 6/30/2013 with comparisons to 6/30/2012.

**Table 5
Long-Term Liabilities at Year-end**

	6/30/13	6/30/12	Variance	
			Dollars	%
2002 General Obligation Bonds	2,655,000	2,970,000	(315,000)	(10.61)
2005 General Obligation Bonds	2,550,000	2,650,000	(100,000)	(3.77)
2007 Refunding Bonds	8,685,000	8,715,000	(30,000)	(0.34)
Unamortized Bond Premium	69,272	73,352	(4,080)	(5.56)
Compensated Absences	149,566	161,899	(12,333)	(7.62)
	<u>\$ 14,108,838</u>	<u>\$ 14,570,251</u>	<u>\$ (461,413)</u>	<u>(3.17)</u>

* = Undefined

For the Future

Our available free balance surplus on a budgetary basis is currently **\$325,856**. The Union Township Public School District is at an **excellent** financial condition presently. A major concern is future finances with the 2% budget cap and reduced state aid.

Union Township is primarily a residential community, with very few ratables; thus the burden is focused on homeowners to absorb the tax burden.

In conclusion, the Union Township Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Amy Barkman, Union Township Board of Education, 165 Perryville Rd., Hampton, NJ 08827.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 741,836	\$ 31,018	\$ 772,854
Internal Balances	(2,740)	2,740	
Receivables, Net	101,288	1,259	102,547
Inventory		1,147	1,147
Restricted Assets:			
Capital Projects Fund-Cash	34,667		34,667
Legal Reserve Accounts-Cash	3,396,996		3,396,996
Capital Assets (Note 4):			
Land and Construction in Progress	189,696		189,696
Other Capital Assets, Net of Depreciation	17,718,082	5,180	17,723,262
Total Assets	<u>22,179,825</u>	<u>41,344</u>	<u>22,221,169</u>
LIABILITIES			
Due to Other Governments	14,167		14,167
Accounts Payable	354,520		354,520
Accrued Interest	268,062		268,062
Deferred Revenue	1,803	2,165	3,968
Other Current Liabilities	210		210
Long-Term Liabilities (Note 5):			
Due Within One Year	490,610		490,610
Due Beyond One Year	13,618,228		13,618,228
Total Liabilities	<u>14,747,600</u>	<u>2,165</u>	<u>14,749,765</u>
NET POSITION			
Net Investment in Capital Assets	4,017,778	5,180	4,022,958
Restricted for:			
Legal Reserves	3,396,996		3,396,996
Capital Projects	34,667		34,667
Unrestricted	<u>(17,216)</u>	<u>33,999</u>	<u>16,783</u>
TOTAL NET POSITION	<u>\$ 7,432,225</u>	<u>\$ 39,179</u>	<u>\$ 7,471,404</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

UNION TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 2,754,658	\$ 782,660	\$ 36,191	\$ 50,531		\$ (3,450,596)		\$ (3,450,596)
Special Education	1,031,913	282,428				(1,314,341)		(1,314,341)
Other Special Instruction	39,903	13,291				(53,194)		(53,194)
Other Instruction	191,466	48,356	155,587			(84,235)		(84,235)
Support Services:								
Tuition	330,590			107,080		(223,510)		(223,510)
Students & Instruction Related Services	1,168,519	269,760		13,218		(1,425,061)		(1,425,061)
General & Business Administration Services	561,223	133,050				(694,273)		(694,273)
School Administration Services	204,365	55,838				(260,203)		(260,203)
Plant Operations & Maintenance	933,563	47,829	11,042			(970,350)		(970,350)
Pupil Transportation	584,371					(584,371)		(584,371)
Interest on Long-Term Debt	613,821					(613,821)		(613,821)
Total Governmental Activities	8,414,392	1,633,212	202,820	170,829	\$ -	(9,673,955)	\$ -	(9,673,955)
Business-Type Activities:								
Food Service	125,898		102,822	24,208			1,132	1,132
Total Business-Type Activities	125,898	-	102,822	24,208	-	-	1,132	1,132
Total Primary Government	\$ 8,540,290	\$ 1,633,212	\$ 305,642	\$ 195,037	\$ -	(9,673,955)	1,132	(9,672,823)
General Revenues, Transfers & Special Items								
						7,765,843		7,765,843
						909,944		909,944
						1,402,489		1,402,489
						17,073	129	17,202
						41,985		41,985
						(2,364)		(2,364)
						<u>10,134,970</u>	<u>129</u>	<u>10,135,099</u>
						461,015	1,261	462,276
						6,971,210	37,918	7,009,128
						<u>\$ 7,432,225</u>	<u>\$ 39,179</u>	<u>\$ 7,471,404</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash & Cash Equivalents	\$ 741,836				\$ 741,836
Due from Other Funds	9,154				9,154
Receivables from Other Governments:					
State	88,097				88,097
Federal		\$ 5,812			5,812
Local	6,800				6,800
Other Receivables	1,635				1,635
Restricted Cash & Equivalents	3,396,996		\$ 34,667		3,431,663
TOTAL ASSETS	\$ 4,244,518	\$ 5,812	\$ 34,667	\$ -	\$ 4,284,997
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Other Funds	\$ 8,721	\$ 4,229			\$ 12,950
Due to Other Governments-Local	14,167				14,167
Accounts Payable	354,520				354,520
Deferred Revenue	220	1,583			1,803
Other Current Liabilities	210				210
Total Liabilities	377,838	5,812	\$ -	\$ -	383,650
Fund Balances:					
Restricted for:					
Capital Projects			34,667		34,667
Committed for:					
Capital Reserve Account	2,613,995				2,613,995
Maintenance Reserve Account	715,000				715,000
Emergency Reserve Account	68,001				68,001

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

UNION TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances: (Cont'd)					
Assigned for:					
Year-End Encumbrances	\$ 96,597				\$ 96,597
Designated for Subsequent Year's Expenditures	95,822				95,822
Unassigned Fund Balance	277,265				277,265
Total Fund Balances	<u>3,866,680</u>	<u>\$ -</u>	<u>\$ 34,667</u>	<u>\$ -</u>	<u>3,901,347</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,244,518</u>	<u>\$ 5,812</u>	<u>\$ 34,667</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is	\$ 23,243,142			<u>5,335,364</u>	17,907,778
Long-term liabilities, including bonds payable, are not due & payable in the current period & therefore are not reported as liabilities in the funds					(14,108,838)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due					<u>(268,062)</u>
Total Net Position of Governmental Activities					<u>\$ 7,432,225</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

UNION TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 7,765,843			\$ 909,944	\$ 8,675,787
Tuition Charges	33,600				33,600
Interest on Investments	9,847				9,847
Interest Earned on Capital Reserve Funds	7,226				7,226
Before/After School Child Care Service Fees	155,587				155,587
Rentals	11,042				11,042
Contributions and Donations from Private Sources	7,100	\$ 94			7,194
Miscellaneous	32,046				32,046
Total	8,022,291	94	\$ -	909,944	8,932,329
State Sources	1,402,489				1,402,489
Federal Sources		170,735			170,735
Total Revenues	9,424,780	170,829	-	909,944	10,505,553
EXPENDITURES					
Current:					
Instructional:					
Regular Instruction	2,690,998	34,733			2,725,731
Special Education Instruction	1,031,913				1,031,913
Other Special Instruction	39,903				39,903
Other Instruction	189,955				189,955
Support Service & Undistributed Costs:					
Tuition	223,510	107,080			330,590
Student & Instruction Related Services	1,155,301	13,218			1,168,519
General & Business Administrative Services	561,223				561,223
School Administrative Services	204,365				204,365

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

UNION TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd)					
Current: (Cont'd)					
Plant Operations & Maintenance	\$ 923,871		\$ 5,702		\$ 929,573
Pupil Transportation	584,371				584,371
Unallocated Benefits	1,079,849				1,079,849
Capital Outlay	139,518	\$ 15,798			155,316
Debt Service:					
Principal				\$ 445,000	445,000
Interest & Other Charges				594,944	594,944
NJ SDA Debt Service Assessment	28,117				28,117
Total Expenditures	<u>8,852,894</u>	<u>170,829</u>	<u>5,702</u>	<u>1,039,944</u>	<u>10,069,369</u>
Net Changes in Fund Balances	571,886	-	(5,702)	(130,000)	436,184
Fund Balances, July 1	<u>3,294,794</u>	<u>-</u>	<u>40,369</u>	<u>130,000</u>	<u>2,307,473</u>
Fund Balances, June 30	<u>\$ 3,866,680</u>	<u>\$ -</u>	<u>\$ 34,667</u>	<u>\$ -</u>	<u>\$ 3,901,347</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

UNION TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$	436,184
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:</p>		
Capital Outlays	\$	155,316
Cost Basis of Assets Sold or Disposed		(2,364)
Depreciation Expense		<u>(598,774)</u>
		(445,822)
<p>Repayment of bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and are not reported in the statement of activities:</p>		
Bond Principal Payments		445,000
<p>Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:</p>		
Amortization of Bond Premium & Discounts		4,080
<p>In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.</p>		
		9,240
<p>In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		<u>12,333</u>
Change in Net Position of Governmental Activities	\$	<u>461,015</u>

UNION TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Food Service Fund
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 31,018
Due from Other Funds	2,740
Receivables from Other Governments:	
State	204
Federal	1,055
Inventory	1,147
Total Current Assets	36,164
Noncurrent Assets:	
Capital Assets	42,749
Less: Accumulated Depreciation	37,569
Total Noncurrent Assets	5,180
Total Assets	41,344
LIABILITIES	
Current Liabilities:	
Deferred Revenues	2,165
Total Current Liabilities	2,165
NET POSITION	
Net Investment in Capital Assets	5,180
Unrestricted	33,999
TOTAL NET POSITION	\$ 39,179

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

UNION TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Food Service Fund</u>
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 84,400
Daily Sales-Unreimbursable Programs	18,422
Total Operating Revenues	<u>102,822</u>
Operating Expenses:	
Costs of Sales	62,758
Salaries	36,863
Employee Benefits	8,517
Repairs	3,846
Insurance	959
Management Fee	3,879
Other Purchased Services	1,977
Supplies and Materials	5,618
Depreciation	1,481
Total Operating Expenses	<u>125,898</u>
Operating Income (Loss)	<u>(23,076)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,492
Federal Sources:	
National School Lunch Program	12,873
Special Milk Program	5
Food Donation Program	9,838
Interest Revenue	129
Total Nonoperating Revenues (Expenses)	<u>24,337</u>
Change in Net Position	1,261
Net Position, Beginning	<u>37,918</u>
Net Position, Ending	<u>\$ 39,179</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

UNION TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 104,926
Payments to Food Service Management Company	(110,710)
Payments to Vendors	(3,931)
Net Cash Provided by (Used For) Operating Activities	(9,715)
Cash Flows from Noncapital Financing Activities:	
State Sources	1,392
Federal Sources	12,581
General Fund Interfund Activity	(810)
Net Cash Provided by (Used For) Noncapital Financing Activities	13,163
Cash Flows from Investing Activities:	
Interest Earned on Investments	129
Net Increase (Decrease) in Cash and Cash Equivalents	3,577
Cash and Cash Equivalents, July 1	27,441
Cash and Cash Equivalents, June 30	\$ 31,018
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (23,076)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	1,481
Food Donation Program	9,838
(Increase) Decrease in Inventory	(23)
Increase (Decrease) in Deferred Revenue	2,065
Net Cash Provided by (Used For) Operating Activities	\$ (9,715)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

UNION TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
ASSETS			
Cash & Cash Equivalents	\$ 52,098	\$ 16,241	\$ 12,440
Due from Other Funds		5,981	
Receivables from Other Governments:			
State	19		
TOTAL ASSETS	52,117	\$ 22,222	\$ 12,440
LIABILITIES			
Due to Other Funds			\$ 4,925
Due to Student Groups		\$ 22,222	
Payroll Deductions & Withholdings			7,515
TOTAL LIABILITIES	-	\$ 22,222	\$ 12,440
NET POSITION			
Held in Trust for Unemployment Claims & Other Purposes	\$ 52,117		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

UNION TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Plan Members	\$ 7,326
Interest Earnings	<u>169</u>
	<u>7,495</u>
DEDUCTIONS	
Unemployment Claims	<u>394</u>
Change in Net Position	7,101
Net Position, Beginning of the Year	<u>45,016</u>
Net Position, End of the Year	<u><u>\$ 52,117</u></u>

NOTES TO FINANCIAL STATEMENTS

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The basic financial statements include:

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

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

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2013 of 495 students.

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

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

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

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

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

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

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

The District reports the following major governmental funds:

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

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

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

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

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

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

UNION TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

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

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

The District's Enterprise Fund is comprised of the Food Service Fund.

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

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

Equipment	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund – This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the “Benefit Reimbursement Method.”

Student Activities Agency Fund – This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund – This fund accounts for the withholding and remittance of employee salary deductions.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's Proprietary Funds have elected not to apply the standards issued by FASB after November 30, 1989.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and, if required, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2013 were insignificant.

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

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds other than the Special Revenue Fund are reported as reservations of fund balances at fiscal yearend 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 deferred revenues at fiscal year end.

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

F. Tuition Receivable

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

G. Tuition Payable

Tuition charges for the fiscal years 2012-2013 and 2011-2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

Short-Term Interfund receivables/payables represents 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.

I. Inventories and Prepaid Items

Inventories and prepaid items, 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. The commodities inventory value at balance sheet date is reported as a deferred revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

UNION TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

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

J. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements & Portable Classroom	40
Land Improvements	20
Furniture	20
Maintenance Equipment	15
Musical Instruments	10
Athletic Equipment	10
Audio Visual Equipment	10
Office Equipment	5 to 10
Computer Equipment	5 to 10
Software	5

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

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

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

L. Deferred Revenue

Deferred revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Deferred revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in deferred revenue.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

N. Fund Balances-Governmental Funds

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

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

UNION TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

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

N. Fund Balances-Governmental Funds (cont'd)

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

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

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

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

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

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

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

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

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES (Cont'd)

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

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

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

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.

NJSA 17:9-41 e.t. seq establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value 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 other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits at June 30, 2013 appear in the financial statements as summarized below:

Cash		<u>\$ 4,285,296</u>
	<u>Ref.</u>	
Cash:		
Governmental Funds, Balance Sheet	B-1	\$ 4,173,499
Enterprise Fund, Statement of Net Position	B-4	31,018
Fiduciary Funds, Statement of Net Position	B-7	<u>80,779</u>
Total Cash		<u>\$ 4,285,296</u>

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

Deposits – The District's carrying amount of bank deposits at June 30, 2013 is \$4,285,296 and the bank balance is \$4,499,435. Of the bank balance, \$250,000 is covered by federal depositary insurance and \$4,249,435 is insured by GUDPA.

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures are required for:
 - deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name
 - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name

As the district has no such investments, this disclosure is not applicable.

2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments, this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2013, the district had no investments.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being				
Depreciated:				
Land	\$ 189,696			\$ 189,696
Construction in Progress	5,050	\$ 120,100	\$ 125,150	
Total	<u>194,746</u>	<u>120,100</u>	<u>125,150</u>	<u>189,696</u>

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Being Depreciated:				
Land Improvements	\$ 62,563	\$ 125,150	\$ 9,457	\$ 178,256
Building & Improvements	21,978,750			21,978,750
Vehicles	23,473			23,473
Equipment	837,751	35,216		872,967
Total	<u>22,902,537</u>	<u>160,366</u>	<u>9,457</u>	<u>23,053,446</u>
Accumulated Depreciation:				
Land Improvements	17,295	6,020	7,093	16,222
Building & Improvements	4,304,231	530,968		4,835,199
Vehicles	23,473			23,473
Equipment	398,684	61,786		460,470
Total	<u>4,743,683</u>	<u>598,774</u>	<u>7,093</u>	<u>5,335,364</u>
Total Capital Assets, Being Depreciated, Net	<u>18,158,854</u>	<u>(438,408)</u>	<u>2,364</u>	<u>17,718,082</u>
Transfers	<u>-0-</u>	<u>(125,150)</u>	<u>(125,150)</u>	<u>-0-</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,353,600</u>	<u>\$ (443,458)</u>	<u>\$ 2,364</u>	<u>\$ 17,907,778</u>
Business-Type Activities:				
Furniture & Equipment	\$ 42,749			\$ 42,749
Less: Accum Depreciation	<u>36,088</u>	<u>\$ 1,481</u>		<u>37,569</u>
Business-Type Activities Capital Assets, Net	<u>\$ 6,661</u>	<u>\$ (1,481)</u>	<u>\$ -0-</u>	<u>\$ 5,180</u>

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction:	
Regular	\$ 287,968
Special Education	98,579
Other Special Instruction	3,812
Co-curricular Activities	19,658
Support Services:	
Student & Instruction	111,630
General & Business Admin	53,614
School Administration	19,523
Maintenance of Plant	<u>3,990</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 598,774</u>

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2013 is as Follows:

	<u>Beginning Balance</u>	<u>Accruals</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 14,335,000		\$ 445,000	\$ 13,890,000	\$ 465,000
Unamortized Premium	73,352		4,080	69,272	4,080
Compensated Absences Payable	<u>161,899</u>	<u>\$ 9,197</u>	<u>21,530</u>	<u>149,566</u>	<u>21,530</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 14,570,251</u>	<u>\$ 9,197</u>	<u>\$ 470,610</u>	<u>\$ 14,108,838</u>	<u>\$ 490,610</u>

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2013 including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 465,000	\$ 574,325	\$ 1,039,325
2015	485,000	552,794	1,037,794
2016	505,000	530,350	1,035,350
2017	530,000	506,894	1,036,894
2018	555,000	482,306	1,037,306
2019-2023	3,170,000	1,848,325	5,018,325
2024-2028	3,870,000	1,301,265	5,171,265
2029-2033	<u>4,310,000</u>	<u>439,925</u>	<u>4,749,925</u>
Total	<u>\$ 13,890,000</u>	<u>\$ 6,236,184</u>	<u>\$ 20,126,184</u>

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)

General Obligation Bonds – General obligation school building bonds at June 30, 2013, with their outstanding balances are comprised of the following individual issues:

\$11,962,000-2002 general obligation school building bonds, \$8,142,000 defeased on March 22, 2007, remainder due in annual installments of \$50,000 to \$435,000, beginning July 15, 2004, through July 15, 2019, interest from 4.75%	\$ 2,655,000
\$2,900,000-2005 general obligation school building bonds, due in annual installments from \$50,000 to \$180,000, beginning July 15, 2008, through July 15, 2030, interest from 4.00% to 4.35%	2,550,000
\$8,920,000-2007 general obligation refunding bonds, due in Annual installment of \$25,000 to \$820,000 beginning July 15, 2007 through July 15, 2032 interest from 4.00% to 4.15%	<u>8,685,000</u>
	<u>\$ 13,890,000</u>

The general obligation bonded debt of the District is limited by state law to 3.00% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2013 is \$25,438,931. General obligation debt at June 30, 2013 is \$13,890,000, resulting in a legal debt margin of \$11,548,931.

NOTE 6. PENSION PLANS

Description of Systems

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

A. Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of NJSA 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Public Employees' Retirement System - The Public Employees' Retirement System was established in January, 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

C. Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$7,700 in 2010) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcprp.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for TPAF and PERS. 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.

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Significant Legislation (cont'd)

As a result of additional legislation enacted during the year ended June 30, 1997 (Ch 115, PL 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1999, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements

The contribution policy is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute, the Board is a noncontributing employer of the TPAF.

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year Funding	TPAF Benefit Costs	Percentage of APC Contributed
06/30/13	\$ 494,149	100%
06/30/12	361,764	100%
06/30/11	265,251	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/13	\$ 77,802	100%
06/30/12	108,036	100%
06/30/11	102,924	100%

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

During the year ended June 30, 2013, the State of New Jersey contributed \$262,235 to the TPAF for post-retirement medical benefits and \$11,592 for the non-contributory insurance premiums, and \$220,322 for TPAF normal costs and accrued liability costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$268,725 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required 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. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside 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, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health 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. In fiscal year 2012, the State paid \$146.6 million toward Ch 126 benefits for 16,618 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer definer benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The States Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.nj.gov/treasury/pensions/audit-rpts-2012/shbp-12.pdf

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 7. POST-RETIREMENT BENEFITS (Cont'd)

Funding Policy-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

NOTE 8. DEFERRED COMPENSATION

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

AXA Equitable
Lincoln Financial Group
Lincoln Investment Planning Inc.

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The following interfund balances remained on the balance sheet as of June 30, 2013:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 9,154	\$ 8,721
Payroll Agency Fund		4,925
Food Service Fund	2,740	
Student Activity Fund	5,981	
Special Revenue Fund		4,229
	<u>\$ 17,875</u>	<u>\$ 17,875</u>

The balance due from the Payroll Agency Fund to the General Fund represents an imprest balance of \$2,000 and various other activities that have not been transferred to the General Fund of \$2,925. The balance due from the Special Revenue Fund to the General Fund represents a loan from the General fund of \$4,229 due to cash flow issues related to the delayed receipt of grant revenues. The balance due from the General Fund to the Food Service Fund of \$2,740 represents unremitted lunch subsidy aid due to the Food Service Fund.

The balance due from the General Fund to the Student Activity Agency Fund of \$5,981 represents a board contribution for the cost of sports officials and field trip transportation disbursed in the Activity Fund.

All interfund balances will be liquidated within one year.

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 10. INVENTORY

Inventory in the Food Service Fund at June 30, 2013 consisted of the following:

Food	\$	279
Supplies	_____	868
	\$ _____	1,147

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 11. CONTINGENT LIABILITIES

In the opinion of management there are no matters pending that will have a material adverse effect on the financial position of the District.

NOTE 12. RISK MANAGEMENT

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

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

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

<u>Fiscal Year</u>	<u>District Contrib</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$ -0-	\$ 169	\$ 7,326	\$ 394	\$ 52,117
2011-2012	-0-	297	7,289	5,269	45,016
2010-2011	2,000	-0-	7,296	46,573	42,699

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 13. LEGAL RESERVE ACCOUNTS

A capital reserve account was established by the District by inclusion of \$1 on September 25, 2000 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 districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to NJAC 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.

Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$500,000 to their Capital Reserve account and \$68,000 to their Emergency Reserve account by board resolution in June 2013.

Per NJAC 6A:23A-14.4, the District established a Debt Service Reserve Fund in fiscal year 2012 from the proceeds of the sale of a land parcel for \$130,000. The funds may be used for any outstanding debt obligations of the District. The District has designated the \$130,000 for payment of debt obligations in fiscal year 2013.

The following schedule is a summarization of the District's Legal Reserve Accounts:

Reserve Type	Beginning Balance	District Contribution	Interest Earnings	Withdrawals	Ending Balance
Capital Reserve	\$ 2,106,769	\$ 500,000	\$ 7,226		\$ 2,613,995
Maintenance Reserve	715,000				715,000
Debt Service Reserve	130,000			\$ 130,000	
Emergency Reserve	1	68,000			68,001
Totals	<u>\$ 2,951,770</u>	<u>\$ 568,000</u>	<u>\$ 7,226</u>	<u>\$ 130,000</u>	<u>\$ 3,396,996</u>

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2013 and 2012 is as follows:

	2013	2012
Committed:		
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	\$ 2,613,995	\$ 2,106,769
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	715,000	715,000

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 14. FUND BALANCES-BUDGETARY BASIS (Cont'd)

	<u>2013</u>	<u>2012</u>
Committed:		
Emergency Reserve-Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education	\$ 68,001	\$ 1
Assigned:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	96,597	180,194
Designated for Subsequent Year's Expenditures:		
Represents amount appropriated in the succeeding year's budget to reduce tax requirements	95,822	
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>325,856</u>	<u>345,822</u>
Total Fund Balance	<u>\$ 3,915,271</u>	<u>\$ 3,347,786</u>

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$-0-.

NOTE 16: SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 2, 2013, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

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

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections--2012--an amendment of GASB Statements No. 10 and No. 62". This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE (Cont'd)

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any effect on the District's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the District's financial reporting.

NOTE 18. RESTATEMENT OF PRIOR YEAR NET POSITION

During the fiscal year ending June 30, 2013, the District has determined that a restatement of its prior year net position is necessary. Due to changes in accounting principles resulting from the issuance of Government Accounting Standards Board's (GASB) Statement No. 65, debt issuance costs are now recognized as an expense in the period incurred. The following is a summary of the District's restatement of net position as of June 30, 2012:

	<u>Governmental Activities</u>
Net Position, June 30, 2012 as Originally Stated	\$ 7,225,439
Less:	
Expensing of Bond Issuance Costs in Prior Periods	<u>(254,229)</u>
Net Position, June 30, 2012 as Restated	<u>\$ 6,971,210</u>

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

UNION TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 7,765,843		\$ 7,765,843	\$ 7,765,843	
Tuition-Individuals	29,400		29,400	33,600	\$ 4,200
Interest on Investments	16,800		16,800	9,847	(6,953)
Interest Earned on Capital Reserve Funds	13,250		13,250	7,226	(6,024)
Before/After School Child Care Service Fees	134,600		134,600	155,587	20,987
Rentals	4,000		4,000	11,042	7,042
Private Contributions				7,100	7,100
Other Unrestricted Miscellaneous Revenues	16,000		16,000	32,046	16,046
Total	<u>7,979,893</u>	<u>\$ -</u>	<u>7,979,893</u>	<u>8,022,291</u>	<u>42,398</u>
State Sources:					
Categorical Transportation Aid	210,466		210,466	210,466	
Categorical Special Educational Aid	297,488		297,488	297,488	
Categorical Security Aid	36,644		36,644	36,644	
Adjustment Aid	14,726		14,726	14,726	
Extraordinary Special Education Costs Aid				71,324	71,324
Nonpublic Transportation Aid				4,566	4,566
On-Behalf TPAF Pension Contribution				231,914	231,914
On-Behalf TPAF Post Retirement Medical Benefits				262,235	262,235
Reimbursed TPAF Social Security Contribution				268,725	268,725
Total	<u>559,324</u>	<u>-</u>	<u>559,324</u>	<u>1,398,088</u>	<u>838,764</u>
TOTAL REVENUES	<u>\$ 8,539,217</u>	<u>\$ -</u>	<u>\$ 8,539,217</u>	<u>\$ 9,420,379</u>	<u>\$ 881,162</u>
EXPENDITURES					
Current:					
Instruction-Regular Program:					
Salaries of Teachers:					
Kindergarten	\$ 74,695	\$ (92)	\$ 74,603	\$ 74,603	
Grades 1-5	1,110,454	70,301	1,180,755	1,180,755	
Grades 6-8	937,044	(25,458)	911,586	911,586	
Home Instruction:					
Salaries of Teachers		2,175	2,175	2,175	
Other Salaries for Instruction	3,500	(3,500)			
Regular Programs-Undistributed Instruction:					
Other Salaries for Instruction		4,431	4,431	4,431	
Purchased Professional Educational Services					
Purchased Technical Services	60,000	(55,240)	4,760		\$ 4,760
Other Purchased Services	35,287	(8,797)	26,490	19,011	7,479
General Supplies	98,817	8,947	107,764	31,122	76,642
Textbooks	16,908	(9,298)	7,610	7,610	
Other Objects	500	(436)	64	64	
Total	<u>2,337,205</u>	<u>(16,967)</u>	<u>2,320,238</u>	<u>2,231,357</u>	<u>88,881</u>
Special Education:					
Cognitive-Mild:					
Salaries of Teachers	58,027	280	58,307	58,307	
General Supplies	350	(280)	70		70
Total	<u>58,377</u>	<u>-</u>	<u>58,377</u>	<u>58,307</u>	<u>70</u>
Learning and/or Language Disabilities:					
Other Salaries for Instruction	196,537	(195,917)	620	620	
Total	<u>196,537</u>	<u>(195,917)</u>	<u>620</u>	<u>620</u>	<u>-</u>
Resource Room/Resource Center:					
Salaries of Teachers	470,316	23,981	494,297	494,297	
Other Salaries for Instruction		154,835	154,835	154,835	
General Supplies	3,000	(1,518)	1,482	1,482	
Textbooks	500	(500)			
Total	<u>473,816</u>	<u>176,798</u>	<u>650,614</u>	<u>650,614</u>	<u>-</u>

UNION TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Preschool Disabilities-Part Time:					
Salaries of Teachers	\$ 33,709	\$ 15,646	\$ 49,355	\$ 49,355	
Other Salaries for Instruction	7,200	34,359	41,559	41,559	
General Supplies	500	178	678	678	
Total	41,409	50,183	91,592	91,592	\$ -
Total Special Education	770,139	31,064	801,203	801,133	70
Basic Skills/Remedial:					
Salaries of Teachers	24,869	14,279	39,148	39,148	
General Supplies	500	255	755	755	
Total	25,369	14,534	39,903	39,903	-
Bilingual Education:					
General Supplies	300	(255)	45		45
Total	300	(255)	45	-	45
School Sponsored Co/Extra Curricular Activities:					
Salaries	28,837	1,618	30,455	30,455	
Supplies & Materials	1,925	(1,840)	85	85	
Other Objects		418	418	418	
Total	30,762	196	30,958	30,958	-
School Sponsored Athletic Activities:					
Salaries	35,835	(2,424)	33,411	32,015	1,396
Purchased Services	6,000	(886)	5,114	5,114	
Supplies & Materials	3,000	2,707	5,707	3,771	1,936
Other Objects	400	(188)	212		212
Total	45,235	(791)	44,444	40,900	3,544
Before/After School Programs-Instructional:					
Salaries of Teachers	46,756	458	47,214	47,214	
Other Salaries for Instruction	45,504	9,069	54,573	54,573	
Supplies & Materials	7,850	(2,051)	5,799	4,184	1,615
Total	100,110	7,476	107,586	105,971	1,615
Total Instruction Regular	\$ 3,309,120	\$ 35,257	\$ 3,344,377	\$ 3,250,222	\$ 94,155
Undistributed Expenditures:					
Instruction Tuition:					
Other LEA's Within the State-Regular		\$ 5,379	\$ 5,379	\$ 5,379	
Other LEA's Within the State-Special	\$ 62,200	13,600	75,800	75,800	
CSSD & Regional Day Schools	94,487	(966)	93,521	93,521	
Private Schools for Disabled Within the State	198,858	(74,115)	124,743	48,810	\$ 75,933
Tuition-Other		5,678	5,678		5,678
Total	355,545	(50,424)	305,121	223,510	81,611
Health Services:					
Salaries	130,648	6,341	136,989	136,989	
Purchased Professional & Technical Services	3,500	(1,000)	2,500	2,500	
Other Purchased Services	500	(244)	256	256	
Supplies & Materials	4,000	(1,021)	2,979	2,979	
Other Objects	175	(175)			
Total	138,823	3,901	142,724	142,724	-
Speech, OT, PT, & Related Services:					
Salaries	110,379	299	110,678	110,678	
Purchased Professional Educational Services	200,000	13	200,013	199,013	1,000
Supplies & Materials	1,200	(299)	901	704	197
Total	311,579	13	311,592	310,395	1,197

UNION TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Guidance:					
Salaries of Other Professional Staff	\$ 158,290	\$ (39,157)	\$ 119,133	\$ 119,133	
Other Purchased Professional & Technical Services	500	4,308	4,808	4,808	
Other Purchased Services	250	(250)			
Supplies & Materials	1,500	(149)	1,351	1,351	
Total	160,540	(35,248)	125,292	125,292	\$ -
Child Study Team:					
Salaries of Other Professional Staff	250,381	71,171	321,552	266,254	55,298
Salaries of Secretarial & Clerical Assistants	35,332	(1,650)	33,682	11,851	21,831
Other Purchased Professional & Technical Services	40,000	(32,315)	7,685	6,685	1,000
Miscellaneous Purchased Services	9,019	8,333	17,352	17,352	
Supplies & Materials	6,000	2,543	8,543	8,543	
Other Objects	250	609	859	859	
Total	340,982	48,691	389,673	311,544	78,129
Improvement of Instruction Services:					
Other Purchased Services	2,000		2,000		2,000
Supplies & Materials	500	(497)	3		3
Total	2,500	(497)	2,003	-	2,003
Educational Media Services/School Library:					
Salaries	25,033	(7,974)	17,059	17,059	
Purchased Professional & Technical Services		69,510	69,510	69,510	
Other Purchased Services		9,572	9,572	9,572	
Supplies & Materials	10,000	(4,292)	5,708	5,708	
Other Objects	600	(463)	137	137	
Total	35,633	66,353	101,986	101,986	-
Instructional Staff Training Services:					
Other Salaries		44,962	44,962	463	44,499
Purchased Professional Education Services	50,000	(44,844)	5,156	5,156	
Other Purchased Services		360	360	360	
Total	50,000	478	50,478	5,979	44,499
Support Services General Administration:					
Salaries	187,210	6,326	193,536	193,536	
Legal Services	30,000	(1,426)	28,574	17,431	11,143
Audit Fees	22,000	(2,635)	19,365	19,200	165
Architectural/Engineering Services	10,000	(7,365)	2,635	2,635	
Other Purchased Professional Services	6,000	2,841	8,841	5,000	3,841
Communications & Telephone	85,748	(3,456)	82,292	66,561	15,731
Board of Education Other Purchased Services	2,000	(400)	1,600		1,600
Other Purchased Services	33,222	(2,651)	30,571	25,418	5,153
General Supplies	5,710	4,397	10,107	6,651	3,456
Board of Education In-House Training/Meeting Supplies	1,000		1,000	433	567
Miscellaneous Expenditures	6,000	1,710	7,710	7,710	
Board of Education Membership Dues & Fees		400	400	400	
Total	388,890	(2,259)	386,631	344,975	41,656
Support Services School Administration:					
Salaries of Principals/Asst. Principals/Program Directors	115,927	1	115,928	115,928	
Salaries of Secretarial & Clerical Assistants	41,102	113	41,215	41,215	
Purchased Professional & Technical Services	4,500	732	5,232	5,232	
Other Purchased Services	2,000	3,070	5,070	1,878	3,192
Supplies & Materials	3,000	6,081	9,081	5,531	3,550
Other Objects	2,000	887	2,887	1,485	1,402
Total	168,529	10,884	179,413	171,269	8,144

UNION TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Central Services:					
Salaries	\$ 167,631	\$ (3,849)	\$ 163,782	\$ 160,818	\$ 2,964
Purchased Professional Services	13,600		13,600	8,323	5,277
Purchased Technical Services	10,000	2,668	12,668	8,270	4,398
Miscellaneous Purchased Services	7,500	233	7,733	7,547	186
General Supplies	2,500		2,500	2,453	47
Total	<u>201,231</u>	<u>(948)</u>	<u>200,283</u>	<u>187,411</u>	<u>12,872</u>
Required Maintenance for School Facilities:					
Salaries		44,996	44,996	44,996	
Cleaning, Repair & Maintenance Services	153,109	10,173	163,282	146,054	17,228
General Supplies	20,000	(5,277)	14,723	5,738	8,985
Total	<u>173,109</u>	<u>49,892</u>	<u>223,001</u>	<u>196,788</u>	<u>26,213</u>
Custodial Services:					
Salaries	277,646	(56,570)	221,076	215,068	6,008
Purchased Professional & Technical Services	52,000	(11,942)	40,058	30,258	9,800
Cleaning, Repair & Maintenance Services	10,844	11,136	21,980	21,980	
Other Purchased Property Services	250	246	496	496	
Insurance	50,000	(2,182)	47,818	43,189	4,629
Miscellaneous Purchased Services		87	87	87	
General Supplies	35,000	34,738	69,738	69,194	544
Energy (Natural Gas)		94,109	94,109	94,109	
Energy (Electricity)	325,000	(160,755)	164,245	122,514	41,731
Energy (Gasoline)	4,000		4,000	2,745	1,255
Other Objects	700		700	400	300
Total	<u>755,440</u>	<u>(91,133)</u>	<u>664,307</u>	<u>600,040</u>	<u>64,267</u>
Care & Upkeep of Grounds:					
Cleaning, Repair & Maintenance Services	8,000	(2,009)	5,991	740	5,251
General Supplies		4,709	4,709	4,709	
Total	<u>8,000</u>	<u>2,700</u>	<u>10,700</u>	<u>5,449</u>	<u>5,251</u>
Security:					
Purchased Professional & Technical Services		4,784	4,784	340	4,444
Cleaning, Repair, & Maintenance Services		571	571	571	
Supplies		11,799	11,799	11,799	
Other Objects		1,600	1,600	1,600	
Total	<u>-</u>	<u>18,754</u>	<u>18,754</u>	<u>14,310</u>	<u>4,444</u>
Student Transportation Services:					
Management Fees-ESC Transportation Programs	16,892	(1,446)	15,446	15,446	
Contracted Services (Other Than Between Home & School)-Vendors	7,700	(1,252)	6,448	6,448	
Contracted Services (Between Home & School)-Joint Agreement	339,150	(21,299)	317,851	311,826	6,025
Contracted Services (Regular Students)-ESCs		28,843	28,843	28,843	
Contracted Services (Special Education Students)-ESCs	200,000	11,729	211,729	211,642	87
Contracted Services Aid in Lieu of Payments-Nonpublic Schools	47,348	(41,602)	5,746	5,746	
Contracted Services Aid in Lieu of Payments-Choice School Students	4,000	420	4,420	4,420	
Total	<u>615,090</u>	<u>(24,607)</u>	<u>590,483</u>	<u>584,371</u>	<u>6,112</u>

UNION TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Allocated Benefits:					
Regular Programs-Instruction:					
Unemployment Compensation	\$ 30,000	\$ (30,000)			
Health Benefits	478,745	(20,406)	\$ 458,339	\$ 456,675	\$ 1,664
Other Employee Benefits		2,966	2,966	2,966	
Total	508,745	(47,440)	461,305	459,641	1,664
Special Programs-Instruction:					
Health Benefits	237,163	(4,801)	232,362	230,780	1,582
Other Instructional Programs-Instruction:					
Social Security Contributions	6,300	(2,476)	3,824		3,824
Other Retirement Contributions-Regular	5,000	(5,000)			
Health Benefits	12,900		12,900	12,126	774
Total	24,200	(7,476)	16,724	12,126	4,598
Health Services:					
Health Benefits	22,901	-	22,901	21,257	1,644
Speech, OT, PT, & Related Services:					
Health Benefits	45,241	(823)	44,418	41,596	2,822
Guidance:					
Health Benefits	44,499	(5,959)	38,540	36,401	2,139
Child Study Team:					
Health Benefits	62,000	(3,873)	58,127	58,127	-
Support Services-General Administration:					
Health Benefits	17,261	4,696	21,957	21,957	-
Support Services-School Administration:					
Health Benefits	42,617	(8,516)	34,101	33,096	1,005
Support Services-Central Services:					
Health Benefits	10,729	(2,581)	8,148	6,880	1,268
Operation and Maintenance of Plant Services:					
Health Benefits	75,020	32,264	107,284	107,284	
Other Employee Benefits		32	32		32
Total	75,020	32,296	107,316	107,284	32
Total Allocated Benefits	1,090,376	(44,477)	1,045,899	1,029,145	16,754
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	98,000		98,000	75,550	22,450
Other Retirement Contributions-PERS	113,662	(13,389)	100,273	77,802	22,471
Other Retirement Contributions-Regular	22,200		22,200	4,915	17,285
Workmen's Compensation	58,500		58,500	41,407	17,093
Health Benefits	35,600		35,600	20,929	14,671
Tuition Reimbursement	47,595		47,595	28,687	18,908
Other Employee Benefits	80,000		80,000	67,685	12,315
Total	455,557	(13,389)	442,168	316,975	125,193
Total Personal Services-Employee Benefits	1,545,933	(57,866)	1,488,067	1,346,120	141,947
On-Behalf TPAF Pensions Contribution				231,914	(231,914)
On-Behalf TPAF Post Retirement Medical Benefits				262,235	(262,235)
Reimbursed TPAF Social Security Contribution				268,725	(268,725)
Total	-	-	-	762,874	(762,874)
Total Undistributed Expenditures	\$ 5,251,824	\$ (61,316)	\$ 5,190,508	\$ 5,435,037	\$ (244,529)

UNION TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL CURRENT	<u>\$ 8,560,944</u>	<u>\$ (26,059)</u>	<u>\$ 8,534,885</u>	<u>\$ 8,685,259</u>	<u>\$ (150,374)</u>
CAPITAL OUTLAY					
Equipment:					
Undistributed:					
Instruction		\$ 3,641	\$ 3,641		\$ 3,641
Security		19,418	19,418	\$ 19,418	
Total	<u>\$ -</u>	<u>23,059</u>	<u>23,059</u>	<u>19,418</u>	<u>3,641</u>
Facilities Acquisition & Construction Services:					
Land & Improvements	117,100	3,000	120,100	120,100	
NJ SDA Debt Service Assessment	28,117		28,117	28,117	
Total	<u>145,217</u>	<u>3,000</u>	<u>148,217</u>	<u>148,217</u>	<u>-</u>
TOTAL CAPITAL OUTLAY	<u>\$ 145,217</u>	<u>\$ 26,059</u>	<u>\$ 171,276</u>	<u>\$ 167,635</u>	<u>\$ 3,641</u>
TOTAL EXPENDITURES	<u>\$ 8,706,161</u>	<u>\$ -</u>	<u>\$ 8,706,161</u>	<u>\$ 8,852,894</u>	<u>\$ (146,733)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (166,944)	\$ -	\$ (166,944)	\$ 567,485	\$ 734,429
Fund Balances, July 1	<u>3,347,786</u>	<u>-</u>	<u>3,347,786</u>	<u>3,347,786</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 3,180,842</u>	<u>\$ -</u>	<u>\$ 3,180,842</u>	<u>\$ 3,915,271</u>	<u>\$ 734,429</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	\$ (180,194)		\$ (180,194)	\$ (180,194)	
Increase in Capital Reserve	13,250	\$ 500,000	513,250	507,226	\$ (6,024)
Increase in Emergency Reserve		68,000	68,000	68,000	
Budgeted Fund Balance		<u>(568,000)</u>	<u>(568,000)</u>	<u>172,453</u>	<u>740,453</u>
TOTAL	<u>\$ (166,944)</u>	<u>\$ -</u>	<u>\$ (166,944)</u>	<u>\$ 567,485</u>	<u>\$ 734,429</u>
RECAPITULATION OF FUND BALANCE					
Committed:					
Capital Reserve				\$ 2,613,995	
Maintenance Reserve				715,000	
Emergency Reserve				68,001	
Assigned:					
Year-End Encumbrances				96,597	
Designated for Subsequent Year's Budget				95,822	
Unassigned Fund Balance				<u>325,856</u>	
				<u>3,915,271</u>	
Reconciliation to Governmental Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(48,591)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 3,866,680</u>	

UNION TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES &
CHANGES IN FUND BALANCE-BUDGET & ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(NOT APPLICABLE TO THIS REPORT)

UNION TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 500		\$ 500		\$ (500)
Federal Sources	171,818		171,818	\$ 170,735	(1,083)
TOTAL REVENUES	<u>\$ 172,318</u>	<u>\$ -</u>	<u>\$ 172,318</u>	<u>\$ 170,735</u>	<u>\$ (1,583)</u>
EXPENDITURES					
Instruction:					
Salaries	\$ 3,362		\$ 3,362	\$ 3,362	
Other Purchased Services	107,080		107,080	107,080	
General Supplies	47,575	\$ (15,798)	31,777	31,277	\$ 500
Totals	<u>158,017</u>	<u>(15,798)</u>	<u>142,219</u>	<u>141,719</u>	<u>500</u>
Support Services:					
Salaries	3,491		3,491	3,491	
Other Purchased Services	5,000		5,000	4,237	763
Supplies and Materials	5,810		5,810	5,490	320
Total	<u>14,301</u>	<u>-</u>	<u>14,301</u>	<u>13,218</u>	<u>1,083</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	-	15,798	15,798	15,798	-
TOTAL EXPENDITURES	<u>\$ 172,318</u>	<u>\$ -</u>	<u>\$ 172,318</u>	<u>\$ 170,735</u>	<u>\$ 1,583</u>

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE

Explanation of Differences Between Budgetary Inflows & Outflows & GAAP
Revenues & Expenditures:

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules.	\$ 9,420,379	\$ 170,735
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures & the related revenue is recognized:		
Outstanding Encumbrances-Prior Year		94
The last State aid payment is recognized as revenue for budgetary purposes, & differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable-Prior Year	52,992	
State Aid Receivable-Current Year	(48,591)	
Total Revenues (GAAP Basis)	\$ 9,424,780	\$ 170,829
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 8,852,894	\$ 170,735
Differences-Budget to GAAP:		
Encumbrances for supplies & 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:		
Outstanding Encumbrances-Prior Year		94
Total Expenditures (GAAP Basis)	\$ 8,852,894	\$ 170,829

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	NCLB Title IIA	IDEA Basic	IDEA Preschool	Small Rural School Achievement	Total
REVENUES					
Federal Sources	\$ 9,727	\$ 107,080	\$ 3,491	\$ 50,437	\$ 170,735
TOTAL REVENUES	\$ 9,727	\$ 107,080	\$ 3,491	\$ 50,437	\$ 170,735
EXPENDITURES					
Instruction:					
Salaries				\$ 3,362	\$ 3,362
Other Purchased Services		\$ 107,080			107,080
General Supplies				31,277	31,277
Totals	\$ -	107,080	\$ -	34,639	141,719
Support Services:					
Salaries			3,491		3,491
Other Purchased Services	4,237				4,237
Supplies & Materials	5,490				5,490
Totals	9,727	-	3,491	-	13,218
Facility Acquisition & Construction Services:					
Instructional Equipment	-	-	-	15,798	15,798
TOTAL EXPENDITURES	\$ 9,727	\$ 107,080	\$ 3,491	\$ 50,437	\$ 170,735

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 6/30/2012
			Prior Years	Current Year	
Replacement of Existing Windows at Union Township Elementary School	11/30/10	\$ 234,134	\$ 193,765	\$ 5,702	\$ 34,667
		\$ 234,134	\$ 193,765	\$ 5,702	\$ 34,667

UNION TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Expenditures and Other Financing Uses:	
Supplies & Materials	\$ 5,702
Total Expenditures	<u>5,702</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,702)
Fund Balance-Beginning	<u>40,369</u>
Fund Balance-Ending	<u>\$ 34,667</u>

UNION TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES,
PROJECT BALANCE AND PROJECT STATUS-BUDGETARY BASIS
REPLACEMENT OF EXISTING WINDOWS AT
UNION TOWNSHIP ELEMENTARY SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources-SDA Grant	\$ 79,534		\$ 79,534	\$ 79,534
Local Sources-Transfer In from Capital Reserve Account	154,600		154,600	119,933
Total Revenues	<u>234,134</u>	<u>\$ -</u>	<u>234,134</u>	<u>199,467</u>
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services	1,610		1,610	1,610
Construction Services	185,760		185,760	185,760
Supplies & Materials	6,395	5,702	12,097	12,097
Total Expenditures	<u>193,765</u>	<u>5,702</u>	<u>199,467</u>	<u>199,467</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 40,369</u>	<u>\$ (5,702)</u>	<u>\$ 34,667</u>	<u>\$ -</u>
<u>Additional Project Information</u>				
Project Number	5270-60-10-1001			
Grant Date	11/30/10			
Original Bonds Authorized Date	N/A			
Original Bonds Authorized	N/A			
Original Bonds Issued	N/A			
Original Authorized Cost	\$ 257,666			
Reduction in Authorized Cost	\$ (58,199)			
Revised Authorized Cost	\$ 199,467			
Percentage Complete	100%			

PROPRIETARY FUND

DETAIL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
ENTERPRISE FUNDS
JUNE 30, 2013

	<u>Food Service Fund</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 31,018
Due from Other Funds	2,740
Receivables from Other Governments:	
State	204
Federal	1,055
Inventory	1,147
Total Current Assets	<u>36,164</u>
Noncurrent Assets:	
Capital Assets	42,749
Less: Accumulated Depreciation	<u>37,569</u>
Total Noncurrent Assets	<u>5,180</u>
Total Assets	<u>41,344</u>
LIABILITIES	
Current Liabilities:	
Deferred Revenues	<u>2,165</u>
Total Current Liabilities	<u>2,165</u>
NET POSITION	
Net Investment in Capital Assets	5,180
Unrestricted	<u>33,999</u>
TOTAL NET POSITION	<u>\$ 39,179</u>

UNION TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 84,400
Daily Sales-Unreimbursable Programs	18,422
Total Operating Revenues	102,822
Operating Expenses:	
Costs of Sales	62,758
Salaries	36,863
Employee Benefits	8,517
Repairs	3,846
Insurance	959
Management Fee	3,879
Other Purchased Services	1,977
Supplies and Materials	5,618
Depreciation	1,481
Total Operating Expenses	125,898
Operating Income (Loss)	(23,076)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,492
Federal Sources:	
National School Lunch Program	12,873
Special Milk Program	5
Food Donation Program	9,838
Interest Revenue	129
Total Nonoperating Revenues (Expenses)	24,337
Change in Net Position	1,261
Net Position, Beginning	37,918
Net Position, Ending	\$ 39,179

UNION TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 104,926
Payments to Food Service Management Company	(110,710)
Payments to Vendors	(3,931)
Net Cash Provided by (Used For) Operating Activities	(9,715)
Cash Flows from Noncapital Financing Activities:	
State Sources	1,392
Federal Sources	12,581
General Fund Interfund Activity	(810)
Net Cash Provided by (Used For) Noncapital Financing Activities	13,163
Cash Flows from Investing Activities:	
Interest Earned on Investments	129
Net Increase (Decrease) in Cash and Cash Equivalents	3,577
Cash and Cash Equivalents, July 1	27,441
Cash and Cash Equivalents, June 30	\$ 31,018
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (23,076)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	1,481
Food Donation Program	9,838
(Increase) Decrease in Inventory	(23)
Increase (Decrease) in Deferred Revenue	2,065
Net Cash Provided by (Used For) Operating Activities	\$ (9,715)

FIDUCIARY FUND

DETAIL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS				
Cash & Cash Equivalents	\$ 52,098	\$ 16,241	\$ 12,440	\$ 80,779
Due from Other Funds		5,981		5,981
Receivables from Other Governments:				
State	19			19
Total Assets	<u>52,117</u>	<u>22,222</u>	<u>12,440</u>	<u>86,779</u>
LIABILITIES				
Due to Other Funds			4,925	4,925
Due to Student Groups		22,222		22,222
Payroll Deductions & Withholdings			7,515	7,515
Total Liabilities	<u>-</u>	<u>22,222</u>	<u>12,440</u>	<u>34,662</u>
NET POSITION				
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 52,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,117</u>

UNION TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Unemployment Compensation Fund
	<u> </u>
ADDITIONS	
Contributions:	
Plan Members	\$ 7,326
Interest Earnings	169
	<u> 7,495</u>
DEDUCTIONS	
Unemployment Claims	<u> 394</u>
Change in Net Position	7,101
Net Position, Beginning	<u> 45,016</u>
Net Position, Ending	<u><u> \$ 52,117</u></u>

UNION TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance 07/01/12	Additions	Deletions	Balance 06/30/13
ASSETS				
Cash & Cash Equivalents	\$ 18,382	\$ 23,084	\$ 25,225	\$ 16,241
Due from Other Funds		5,981		5,981
TOTAL ASSETS	<u>\$ 18,382</u>	<u>\$ 29,065</u>	<u>\$ 25,225</u>	<u>\$ 22,222</u>
LIABILITIES				
Due to Student Groups	\$ 18,382	\$ 29,065	\$ 25,225	\$ 22,222
TOTAL LIABILITIES	<u>\$ 18,382</u>	<u>\$ 29,065</u>	<u>\$ 25,225</u>	<u>\$ 22,222</u>

UNION TOWNSHIP SCHOOL DISTRICT
 PAYROLL AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance 07/01/12	Additions	Deletions	Balance 06/30/13
ASSETS				
Cash & Cash Equivalents	\$ 11,156	\$ 5,048,178	\$ 5,046,894	\$ 12,440
TOTAL ASSETS	\$ 11,156	\$ 5,048,178	\$ 5,046,894	\$ 12,440
LIABILITIES				
Payroll Deductions & Withholdings	\$ 8,778	\$ 2,033,805	\$ 2,035,068	\$ 7,515
Net Payroll		3,011,448	3,011,448	
Due to Other Funds	2,378	2,925	378	4,925
TOTAL LIABILITIES	\$ 11,156	\$ 5,048,178	\$ 5,046,894	\$ 12,440

LONG-TERM DEBT SCHEDULES

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

UNION TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS
JUNE 30, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/12	Issued	Retired	Balance 06/30/13	
			Date	Amount						
New Elementary School	07/01/02	\$ 11,962,000	07/15/13	\$ 330,000	4.75%					
			07/15/14	345,000						
			07/15/15	360,000						
			07/15/16	375,000						
			07/15/17	395,000						
			07/15/18	415,000						
			07/15/19	435,000						
					\$ 2,970,000		\$ 315,000	\$ 2,655,000		
New Elementary School	09/29/05	2,900,000	07/15/13	100,000	4.00%					
			07/15/14	105,000						
			07/15/15	110,000						
			07/15/16	115,000						
			07/15/17	120,000						
			07/15/18	125,000						
			07/15/19	130,000						
			07/15/20	135,000						
			07/15/21	140,000						
			07/15/22	145,000						4.25%
			07/15/23	150,000						
			07/15/24	155,000						
			07/15/25	160,000						
			07/15/26	165,000						
			07/15/27	170,000						
			07/15/28	170,000						4.30%
			07/15/29	175,000						
07/15/30	180,000	4.35%	2,650,000		100,000	2,550,000				

UNION TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF SERIAL BONDS
JUNE 30, 2013
(Continued)

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/12	Issued	Retired	Balance 06/30/13	
			Date	Amount						
Refunding Issue of 2002 Issue for New Elementary School	03/22/07	\$ 8,920,000	07/15/13-		4.00%					
			07/15/15	\$ 35,000						
			07/15/16-							
			07/15/18	40,000						
			07/15/19	45,000						
			07/15/20	500,000						
			07/15/21	520,000						
			07/15/22	540,000						
			07/15/23	565,000						
			07/15/24	585,000						
			07/15/25	615,000						
			07/15/26	640,000						
			07/15/27	665,000						
			07/15/28	695,000						4.125%
			07/15/29	725,000						
			07/15/30	755,000						4.15%
			07/15/31	790,000						
			07/15/32	820,000						
					\$ 8,715,000		\$ 30,000	\$ 8,685,000		
					\$ 14,335,000	\$ -	\$ 445,000	\$ 13,890,000		

UNION TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(NOT APPLICABLE TO THIS REPORT)

UNION TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 909,944		\$ 909,944	\$ 909,944	
Total Revenues	909,944	\$ -	909,944	909,944	\$ -
EXPENDITURES					
Regular Debt Service:					
Interest on Bonds	594,944		594,944	594,944	
Redemption of Principal	445,000		445,000	445,000	
Total Expenditures	1,039,944	-	1,039,944	1,039,944	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(130,000)	-	(130,000)	(130,000)	-
Fund Balance, July 1	130,000	-	130,000	130,000	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -
Recapitulation of Excess (Deficiency of Revenue Over (Under) Expenditures:					
Budgeted Fund Balance					
Withdrawal from Debt Service Reserve	\$ (130,000)		\$ (130,000)	\$ (130,000)	
Total	\$ (130,000)	\$ -	\$ (130,000)	\$ (130,000)	\$ -

STATISTICAL SECTION

UNION TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year. The District implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.

UNION TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GOVERNMENT ACTIVITIES										
Net Investment in Capital Assets	\$ 1,430,207	\$ 1,560,581	\$ 1,400,618	\$ 3,988,567	\$ 4,259,517	\$ 4,147,013	\$ 4,090,453	\$ 4,172,228	\$ 4,018,600	\$ 4,017,778
Restricted	48,940	1	376,360	85,152	247,773	441,050	841,123	1,958,627	2,992,139	3,431,663
Unrestricted	(150,812)	(189,179)	87,475	277,364	25,191	(26,937)	278,896	83,405	(39,529)	(17,216)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,328,335	\$ 1,371,403	\$ 1,864,453	\$ 4,351,083	\$ 4,532,481	\$ 4,561,126	\$ 5,210,472	\$ 6,214,260	\$ 6,971,210	\$ 7,432,225
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 19,214	\$ 19,620	\$ 21,702	\$ 18,605	\$ 15,507	\$ 12,410	\$ 9,312	\$ 8,387	\$ 6,661	\$ 5,180
Unrestricted	(3,211)	2,361	4,602	3,298	10,490	19,330	22,073	25,268	31,257	33,999
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 16,003	\$ 21,981	\$ 26,304	\$ 21,903	\$ 25,997	\$ 31,740	\$ 31,385	\$ 33,655	\$ 37,918	\$ 39,179
DISTRICT-WIDE										
Net Investment in Capital Assets	\$ 1,449,421	\$ 1,580,201	\$ 1,422,320	\$ 4,007,172	\$ 4,275,024	\$ 4,159,423	\$ 4,099,765	\$ 4,180,615	\$ 4,025,261	\$ 4,022,958
Restricted	48,940	1	376,360	85,152	247,773	441,050	841,123	1,958,627	2,992,139	3,431,663
Unrestricted	(154,023)	(186,818)	92,077	280,662	35,681	(7,607)	300,969	108,673	(8,272)	16,783
TOTAL DISTRICT-WIDE	\$ 1,344,338	\$ 1,393,384	\$ 1,890,757	\$ 4,372,986	\$ 4,558,478	\$ 4,592,866	\$ 5,241,857	\$ 6,247,915	\$ 7,009,128	\$ 7,471,404

UNION TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
EXPENSES										
Governmental Activities:										
Instruction:										
Regular	\$ 2,947,925	\$ 3,314,579	\$ 3,173,181	\$ 3,611,663	\$ 3,783,314	\$ 3,951,779	\$ 3,706,061	\$ 3,627,140	\$ 3,576,815	\$ 3,537,318
Special Education	1,080,636	1,134,125	1,148,769	1,226,602	1,270,636	1,229,817	1,339,516	1,245,094	1,228,166	1,314,341
Other Special Education	98,857	103,805	104,922	75,141	88,507	65,758	58,685	81,132	105,320	53,194
Other Instruction	79,833	81,119	76,964	74,186	82,490	94,194	232,929	235,532	233,877	239,822
Support Services:										
Tuition	166,846	139,632	192,895	282,592	441,033	499,416	448,670	449,813	438,775	330,590
Student & Instruction Related Services	1,092,747	1,151,391	1,147,165	1,202,482	1,073,163	1,205,147	1,203,134	1,078,483	1,350,952	1,438,279
General & Business Administrative Services	816,365	824,805	742,702	951,606	898,864	776,494	771,964	746,647	988,032	694,273
School Administration	191,464	197,696	208,005	257,793	212,449	221,538	309,074	281,698	261,970	260,203
Plant Operations & Maintenance	712,421	717,823	665,073	1,067,087	1,189,226	1,207,912	946,477	963,026	1,000,227	981,392
Pupil Transportation	401,137	414,349	522,095	613,952	640,986	667,414	653,496	531,342	544,943	584,371
Transfers to Charter Schools		8,385								
Interest on Long-Term Debt	664,846	652,693	732,911	667,764	683,149	668,490	647,346	658,800	625,779	613,821
Total Governmental Activities Expenses	<u>8,253,077</u>	<u>8,740,402</u>	<u>8,714,682</u>	<u>10,030,868</u>	<u>10,363,817</u>	<u>10,587,959</u>	<u>10,317,352</u>	<u>9,898,707</u>	<u>10,354,856</u>	<u>10,047,604</u>
Business-Type Activities:										
Child Care						120,038				
Food Services	140,512	142,389	143,958	145,378	159,073	158,841	148,157	138,119	143,232	125,898
Total Business-Type Activities	<u>140,512</u>	<u>142,389</u>	<u>143,958</u>	<u>145,378</u>	<u>159,073</u>	<u>278,879</u>	<u>148,157</u>	<u>138,119</u>	<u>143,232</u>	<u>125,898</u>
TOTAL DISTRICT EXPENSES	<u>\$ 8,393,589</u>	<u>\$ 8,882,791</u>	<u>\$ 8,858,640</u>	<u>\$ 10,176,246</u>	<u>\$ 10,522,890</u>	<u>\$ 10,866,838</u>	<u>\$ 10,465,509</u>	<u>\$ 10,036,826</u>	<u>\$ 10,498,088</u>	<u>\$ 10,173,502</u>

UNION TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
Regular Instruction	\$ 2,074	\$ 226				\$ 165		\$ 14,000	\$ 25,200	\$ 36,191
Other Instruction	3,910						\$ 146,267	\$ 164,609	\$ 169,985	\$ 155,587
Student & Instruction Related Services			\$ 3,150			85				
General & Business Administrative Services	126		880		\$ 41			350	400	
Plant Operations & Maintenance		3,163	5,233	\$ 14,611	10,675	5,822	2,303	3,597		
Pupil Transportation	3,060								4,805	11,042
Operating Grants & Contributions	137,785	140,424	119,993	127,122	169,258	185,569	262,508	182,601	207,347	170,829
Capital Grants & Contributions	16,800		15,766	3,060,136	77,248			79,534		
Total Governmental Activities Program Revenues	163,755	143,813	145,022	3,201,869	257,222	191,641	411,078	444,691	407,737	373,649
Business-Type Activities:										
Charges for Services:										
Child Care						205,120				
Food Service	117,006	124,126	119,030	112,954	129,933	132,466	120,979	110,423	110,199	102,822
Operating Grants & Contributions	20,604	18,410	20,474	20,998	24,147	25,316	26,758	29,932	37,296	24,208
Total Business-Type Activities Program Revenues	137,610	142,536	139,504	133,952	154,080	362,902	147,737	140,355	147,495	127,030
TOTAL DISTRICT-PROGRAM REVENUES	\$ 301,365	\$ 286,349	\$ 284,526	\$ 3,335,821	\$ 411,302	\$ 554,543	\$ 558,815	\$ 585,046	\$ 555,232	\$ 500,679
NET (EXPENSE) REVENUES										
Governmental Activities	\$ (8,089,322)	\$ (8,596,589)	\$ (8,569,660)	\$ (6,828,999)	\$ (10,106,595)	\$ (10,396,318)	\$ (9,906,274)	\$ (9,454,016)	\$ (9,947,119)	\$ (9,673,955)
Business-Type Activities	(2,902)	147	(4,454)	(11,426)	(4,993)	84,023	(420)	2,236	4,263	1,132
TOTAL DISTRICT-WIDE NET EXPENSES	\$ (8,092,224)	\$ (8,596,442)	\$ (8,574,114)	\$ (6,840,425)	\$ (10,111,588)	\$ (10,312,295)	\$ (9,906,694)	\$ (9,451,780)	\$ (9,942,856)	\$ (9,672,823)

UNION TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL REVENUES & OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 5,922,067	\$ 6,310,974	\$ 6,439,151	\$ 7,323,876	\$ 7,543,485	\$ 7,814,862	\$ 8,187,711	\$ 8,335,214	\$ 8,335,219	\$ 7,765,843
Taxes Levied for Debt Service	805,019	838,870	1,021,165	911,105	1,032,132	1,075,746	1,078,863	1,099,829	1,019,250	909,944
Unrestricted Grants & Contributions	1,130,085	1,218,480	1,314,489	1,583,060	1,633,909	1,428,547	1,348,153	1,010,625	1,287,322	1,402,489
Tuition Received	73,167	60,810	25,617	10,300	19,009					
Investment Earnings	68,322	193,038	256,500	92,020	37,962	5,791	5,284	4,138	26,847	17,073
Miscellaneous Income	9,120	17,485	14,108	38,019	30,035	21,723	39,066	33,067	35,431	41,985
Transfers In (Out)			(8,320)	(6,310)	(8,539)	78,294	(103,457)	(2,000)		
Special Item-Payment to Refunding Bond Agent				(636,441)						
Special Item-Loss on Sale of Capital Assets								(23,069)		(2,364)
Total Governmental Activities	8,007,780	8,639,657	9,062,710	9,315,629	10,287,993	10,424,963	10,555,620	10,457,804	10,704,069	10,134,970
Business-Type Activities:										
Investment Earnings	32	183	457	715	356	14	65	34		129
Miscellaneous Income		5,648			192					
Transfers In (Out)			8,320	6,310	8,539	(78,294)				
Total Business-Type Activities	32	5,831	8,777	7,025	9,087	(78,280)	65	34	-	129
TOTAL DISTRICT-WIDE	\$ 8,007,812	\$ 8,645,488	\$ 9,071,487	\$ 9,322,654	\$ 10,297,080	\$ 10,346,683	\$ 10,555,685	\$ 10,457,838	\$ 10,704,069	\$ 10,135,099
CHANGE IN NET POSITION										
Governmental Activities	\$ (81,542)	\$ 43,068	\$ 493,050	\$ 2,486,630	\$ 181,398	\$ 28,645	\$ 649,346	\$ 1,003,788	\$ 756,950	\$ 461,015
Business-Type Activities	(2,870)	5,978	4,323	(4,401)	4,094	5,743	(355)	2,270	4,263	1,261
TOTAL DISTRICT	\$ (84,412)	\$ 49,046	\$ 497,373	\$ 2,482,229	\$ 185,492	\$ 34,388	\$ 648,991	\$ 1,006,058	\$ 761,213	\$ 462,276

UNION TOWNSHIP SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Restricted	\$ 27,445	\$ 27,445	\$ 55,437							
Committed	5,062	1	1	\$ 1	\$ 237,125	\$ 437,656	\$ 838,661	\$ 1,788,258	\$ 2,821,770	\$ 3,396,996
Assigned	29,758	100,238	238,978	262,025	117,958	6,272	244,432	78,528	180,194	192,419
Unassigned	179,416	26,473	129,367	219,328	161,373	218,564	271,721	270,318	292,830	277,265
Total General Fund	\$ 241,681	\$ 154,157	\$ 423,783	\$ 481,354	\$ 516,456	\$ 662,492	\$ 1,354,814	\$ 2,137,104	\$ 3,294,794	\$ 3,866,680
All Other Governmental Funds:										
Restricted, Reported In:										
Capital Projects Fund	\$ 10,065,970	\$ 8,351,557	\$ 1,846,847	\$ 434,889	\$ 28,831	\$ 14,612	\$ 9,312	\$ 40,369	\$ 40,369	\$ 34,667
Assigned, Reported In:										
Debt Service Fund	48,939		97,114	8,693	5,579	825	825	130,000	130,000	
Total All Other Governmental Funds	\$ 10,114,909	\$ 8,351,557	\$ 1,943,961	\$ 443,582	\$ 34,410	\$ 15,437	\$ 10,137	\$ 170,369	\$ 170,369	\$ 34,667

UNION TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Tax Levy	\$ 6,727,086	\$ 7,149,844	\$ 7,460,316	\$ 8,234,981	\$ 8,575,617	\$ 8,890,608	\$ 9,266,574	\$ 9,435,043	\$ 9,354,469	\$ 8,675,787
Tuition Charges	73,167	60,810	25,617	10,300	19,009			14,000	25,200	33,600
Interest Earnings	68,322	193,038	256,500	92,020	37,962	5,791	5,284	4,138	26,847	17,073
Before/After School Child Care Service Fees							145,267	164,609	169,985	155,587
Miscellaneous	6,398	14,787	12,310	43,775	35,996	29,707	38,184	162,949	36,770	50,282
State Sources	1,133,461	1,222,424	1,318,617	1,584,096	1,634,619	1,428,547	1,307,979	1,010,625	1,259,057	1,402,489
State Sources-Capital Projects	16,800		15,766	3,060,136	77,248			79,534		
Federal Sources	149,071	136,480	114,865	126,086	168,548	176,070	300,887	182,118	235,398	170,735
Total Revenues	8,174,305	8,777,383	9,203,991	13,151,394	10,548,999	10,530,723	11,065,175	11,053,016	11,107,726	10,505,553
Expenditures:										
Instruction:										
Regular Instruction	2,175,920	2,460,835	2,273,556	2,324,944	2,568,771	2,700,717	2,559,376	2,422,697	2,278,533	2,231,357
Special Education Instruction	721,499	744,595	754,072	812,298	807,912	790,261	843,614	769,073	752,085	801,133
Other Special Instruction	68,720	75,402	74,143	59,654	58,437	51,519	46,388	62,946	80,395	39,903
School Sponsored/Other Instructional	56,427	59,700	55,583	62,157	67,634	73,214	173,140	168,660	167,730	177,829
Support Services:										
Tuition	166,846	139,632	192,895	176,906	331,396	386,067	338,319	343,428	332,493	223,510
Student & Inst Related Services	827,336	844,172	820,728	891,936	776,725	887,311	862,244	761,639	952,686	997,920
General Administration	419,993	494,516	480,206	622,138	588,785	433,631	423,783	386,198	360,650	344,975
School Administration Services	151,125	149,140	152,877	194,258	147,343	158,758	221,011	182,384	174,374	171,269
Central Services	239,015	173,248	124,590	141,174	153,297	169,788	179,628	176,745	174,870	187,411
Administrative Information Technology			10,000	16,083					207	
Plant Operations & Maintenance	615,509	638,940	590,086	962,169	1,069,212	1,071,189	838,824	827,624	835,840	816,587
Pupil Transportation	398,077	414,349	516,749	608,203	639,387	665,815	530,243	544,643	544,643	584,371
Employee Benefits	1,043,470	1,193,941	1,175,226	1,257,752	1,164,314	1,241,146	1,226,506	1,280,758	1,381,396	1,346,120
On-Behalf TPAF Pension & Social Security Contribution	354,480	409,113	497,247	758,497	782,934	527,825	535,034	518,948	632,365	762,874
Capital Outlay		37,058	51,658	141,171	51,814	25,600	9,349	140,231	35,186	139,518
Transfer of Funds to Charter Schools		8,385								
Special Revenue Funds	152,447	140,424	119,993	127,122	169,258	185,569	262,508	182,601	207,347	170,829
Capital Projects Fund	411,310	1,738,490	9,458,325	4,540,755	483,306	14,219	5,300	203,077		5,702
Debt Service:										
Principal	187,000	248,000	259,000	271,000	424,000	422,000	441,000	482,000	405,000	445,000
Interest & Other Charges	669,131	658,319	683,777	752,671	630,005	677,325	656,775	669,242	634,236	623,061
Total Expenditures	8,658,305	10,628,259	18,290,711	14,720,888	10,914,530	10,481,954	10,274,696	10,108,494	9,950,036	10,069,369
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(484,000)	(1,850,876)	(9,086,720)	(1,569,494)	(365,531)	48,769	790,479	944,522	1,157,690	436,184
Other Financing Sources (Uses):										
Bond Issue Proceeds			2,900,000							
Proceeds from Refunding Bond Issue				8,920,000						
Payment to Refunding Bond Escrow Agent				(8,778,441)						
Premium (Discount) on Bond Issue			33,597	(8,563)						
Capital Leases			23,473							
Deposit on Sale of Bonds										
Prior Year Receivable Canceled										
Transfers In (Out)			(8,320)	(6,310)	(8,539)	78,294	(103,457)	(2,000)		
Total Other Financing Sources (Uses)	-	-	2,948,750	126,686	(8,539)	78,294	(103,457)	(2,000)	-	-
Net Change in Fund Balances	\$ (484,000)	\$ (1,850,876)	\$ (6,137,970)	\$ (1,442,808)	\$ (374,070)	\$ 127,063	\$ 687,022	\$ 942,522	\$ 1,157,690	\$ 436,184
Debt Service as a Percentage of Non capital Expenditures	11.58%	11.41%	12.03%	11.35%	11.30%	11.77%	11.98%	13.36%	11.71%	12.06%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects fund and debt service.
Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005
Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

UNION TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Interest Income	\$ 6,020	\$ 18,611	\$ 31,936	\$ 57,391	\$ 35,920	\$ 5,466	\$ 5,014	\$ 4,126	\$ 26,847	\$ 17,073
Tuition	73,167	60,810	25,617	10,300	19,009			14,000	25,200	33,600
Prior Year Accounts Payable Canceled		2,985				2,225	1,356	302	522	2,420
Insurance Rebates						5,981		7,938		
In Lieu of Taxes	4,444	2,280	2,261							
Bid Spec Fees								350	400	
Prior Year Refunds	829	193	3,610	790	20,751		8,668			
Rentals		250		10,000	10,000	2,480	1,403	3,129	4,805	11,042
Miscellaneous Other	941	1,852	1,194		41	161	349	342	3,561	1,988
Sale of Surplus Assets	100									
Sale of Property										
Donations	55	6,941		32,900	5,074			130,000		
Textbook Sales							2,500	3,000	6,453	7,100
Miscellaneous Account Balances Canceled							495	271	245	42
E-Rate Telephone Reimbursements							193		49	2,155
Before/After School Child Care Service Fees						9,343	8,854	15,284	20,452	24,941
Copier Lease Buy Out							146,267	164,609	169,985	155,587
Miscellaneous Grants							9,321			
Outstanding Checks Voided							2,503			500
			4,245	85	130	18	747	1,850	69	
Annual Totals	\$ 85,556	\$ 93,922	\$ 68,863	\$ 111,466	\$ 90,925	\$ 25,674	\$ 187,670	\$ 345,201	\$ 258,588	\$ 256,448

Source: District Records

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vacant Land	\$ 21,043,753	\$ 18,052,753	\$ 17,106,353	\$ 21,461,753	\$ 17,071,053	\$ 17,789,004	\$ 14,951,504	\$ 14,685,104	\$ 14,061,208	\$ 13,500,308
Residential	481,886,000	490,224,800	495,155,800	501,947,100	519,230,400	531,265,200	534,714,400	529,159,100	528,658,100	526,448,800
Farm Regular	28,560,500	30,377,650	31,722,700	31,951,200	32,247,700	32,804,500	32,635,000	34,593,000	35,197,800	35,317,200
Q Farm	1,200,115	1,165,215	1,120,815	1,072,715	1,073,165	1,074,115	1,077,841	1,114,981	1,116,136	1,119,036
Commercial	100,622,600	100,639,700	102,662,000	102,662,000	93,292,800	93,143,200	92,890,900	88,414,100	89,743,200	89,705,600
Industrial	13,560,200	14,192,100	14,192,100	14,192,100	14,192,100	14,192,100	14,192,100	10,386,700	10,386,700	10,386,700
Apartment	230,900	230,900	230,900	230,900	230,900	230,900	230,900	230,900	230,900	230,900
Total Assessed Value	647,104,068	654,883,118	662,190,668	673,517,768	677,338,118	690,499,019	690,692,645	678,583,885	679,394,044	676,708,544
Public Utilities (a)	1,951,857	1,675,388	1,675,340	1,395,073	6,213,305	6,213,177	6,213,177	6,624,752	6,624,752	6,744,963
Net Valuation Taxable	\$ 649,055,925	\$ 656,558,506	\$ 663,866,008	\$ 674,912,841	\$ 683,551,423	\$ 696,712,196	\$ 696,905,822	\$ 685,208,637	\$ 686,018,796	\$ 683,453,507
Estimated Actual County Equalized Value	\$ 745,107,268	\$ 856,773,535	\$ 949,881,505	\$ 1,045,339,935	\$ 1,039,966,366	\$ 1,018,649,790	\$ 930,199,976	\$ 879,826,191	\$ 851,139,945	\$ 819,980,212
Percentage of Net Valuation to Estimated Actual County Equalized Value	87.11%	76.63%	69.89%	64.56%	65.73%	68.40%	74.92%	77.88%	80.60%	83.35%
Total Direct School Tax Rate (b)	\$ 1.11	\$ 1.14	\$ 1.24	\$ 1.27	\$ 1.30	\$ 1.33	\$ 1.35	\$ 1.37	\$ 1.26	\$ 1.27

Source: Municipal Tax Ass

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

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

* Revalued/Reassessed

UNION TOWNSHIP SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate						Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Regional School Rate	Municipality	County		
			Direct School Tax Rate	Total					
2004	\$ 0.98	\$ 0.13	\$ 1.11	\$ 0.58	\$ 0.04	\$ 0.47	\$ 2.20		
2005	0.98	0.16	1.14	0.64	0.07	0.49	2.34		
2006	1.10	0.14	1.24	0.66	0.08	0.51	2.49		
2007	1.12	0.15	1.27	0.67	0.16	0.51	2.61		
2008	1.14	0.16	1.30	0.69	0.18	0.51	2.68		
2009	1.18	0.15	1.33	0.74	0.20	0.50	2.77		
2010	1.19	0.16	1.35	0.75	0.21	0.46	2.77		
2011	1.22	0.15	1.37	0.74	0.22	0.44	2.77		
2012	1.13	0.13	1.26	0.74	0.23	0.44	2.67		
2013	1.12	0.15	1.27	0.75	0.22	0.44	2.68		

Sources: Municipal Tax Collector

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 by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

★ Revalued/Reassessed

UNION TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS,
 CURRENT YEAR AND NINE YEARS AGO

	2013			2004		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Energy LLC	\$ 31,240,250	1	4.57%			
Crown Perryville LLC	15,000,000	2	2.19%			
Kramer Electronic Holdings LLC	6,250,000	3	0.91%			
Transcontinental Gas Pipeline Company	4,909,700	4	0.72%	\$ 4,909,700	2	0.76%
County Arch Care Center	4,615,400	5	0.68%	4,615,400	3	0.72%
FW LLC/FW Realty	3,484,750	6	0.51%			
Evergreen Associates	3,455,800	7	0.51%	4,090,600	4	0.64%
Fallone at Union LLC	2,730,000	8	0.40%			
Pilot Travel Centers	2,502,200	9	0.37%			
FDRA LLC	2,513,000	10	0.37%			
Ino Therapeutics Inc				8,610,000	1	1.33%
Annandale Enterprises				2,813,500	5	0.43%
Red Hills Industrial Park				2,625,200	6	0.40%
Individual Property Owner #1				1,872,700	7	0.29%
Woodhurst Realty LLP				1,815,000	8	0.28%
Hilltop Fuel Co				1,802,500	9	0.28%
Segel & Morel Custom Builders LLC				1,780,800	10	0.27%
	<u>\$ 76,701,100</u>		<u>11.23%</u>	<u>\$ 34,935,400</u>		<u>5.40%</u>

Source: Municipal Tax Assessor

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

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2002	\$ 13,169,693	\$ 12,881,833	97.81%
2003	13,624,049	13,341,634	97.93%
2004	14,399,144	14,101,721	97.92%
2005	15,484,594	15,232,476	98.37%
2006	16,768,356	16,441,468	98.05%
2007	17,944,383	17,539,149	97.74%
2008	18,587,529	18,257,565	98.22%
2009	19,364,904	19,012,814	98.18%
2010	19,413,460	18,855,017	97.12%
2011	19,059,250	18,642,164	97.81%
2012	18,298,891	17,966,651	98.18%

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

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

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

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2004	\$ 13,609,000					\$ 13,609,000	3.66%	\$ 2,153
2005	13,361,000					13,361,000	3.55%	2,135
2006	16,002,000		\$ 18,682			16,020,682	4.26%	2,551
2007	16,509,000		18,682			16,527,682	4.08%	2,641
2008	16,085,000		14,271			16,099,271	3.77%	2,578
2009	15,663,000		9,692			15,672,692	3.62%	2,526
2010	15,222,000		4,937			15,226,937	3.92%	2,576
2011	14,740,000					14,740,000	3.73%	2,499
2012	14,335,000					14,335,000	3.69%	2,499
2013	13,890,000					13,890,000	N/A	2,421

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.

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation	Deductions	Net General Bonded Debt		
	Bonds		Outstanding		
2004	\$ 13,609,000		\$ 13,609,000	2.10%	\$ 2,153
2005	13,361,000		13,361,000	2.04%	2,135
2006	16,002,000		16,002,000	2.41%	2,548
2007	16,509,000		16,509,000	2.45%	2,638
2008	16,085,000		16,085,000	2.35%	2,576
2009	15,663,000		15,663,000	2.25%	2,525
2010	15,222,000		15,222,000	2.18%	2,576
2011	14,740,000		14,740,000	2.15%	2,499
2012	14,335,000		14,335,000	2.09%	2,499
2013	13,890,000		13,890,000	2.03%	2,421

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

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

UNION TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2012

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 6,219,122	100.00	\$ 6,219,122
Regional High School	3,440,000	9.93	341,452
County General Obligation Debt	69,903,571	3.82	<u>2,673,176</u>
Subtotal, Overlapping Debt			9,233,750
School District Direct Debt			<u>13,890,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 23,123,750</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized Valuation Basis

2012	\$ 815,109,831
2011	841,915,490
2010	<u>886,867,803</u>
	<u>\$ 2,543,893,124</u>

Average Equalized Valuation of Taxable Property \$ 847,964,375

Debt Limit (3.0% of Average Equalization Value) \$ 25,438,931 (a)

Total Net Debt Applicable to Limit 13,890,000

Legal Debt Margin \$ 11,548,931

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 18,725,708	\$ 20,608,933	\$ 22,736,522	\$ 25,022,454	\$ 27,127,201	\$ 28,594,843	\$ 28,625,717	\$ 27,897,391	\$ 26,504,317	\$ 25,438,931
Total Net Debt Applicable	<u>16,342,886</u>	<u>16,094,600</u>	<u>18,719,834</u>	<u>16,509,000</u>	<u>16,085,000</u>	<u>15,663,000</u>	<u>15,222,000</u>	<u>14,740,000</u>	<u>14,335,000</u>	<u>13,890,000</u>
Legal Debt Margin	<u>\$ 2,382,822</u>	<u>\$ 4,514,333</u>	<u>\$ 4,016,688</u>	<u>\$ 8,513,454</u>	<u>\$ 11,042,201</u>	<u>\$ 12,931,843</u>	<u>\$ 13,403,717</u>	<u>\$ 13,157,391</u>	<u>\$ 12,169,317</u>	<u>\$ 11,548,931</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	87.28%	78.10%	82.33%	65.98%	59.29%	54.78%	53.18%	52.84%	54.09%	54.60%

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

(a) Limit Set by NJSA 18A:24-19

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2004	6,322	\$ 380,325,198	\$ 60,159	2.4%
2005	6,259	374,788,920	59,880	3.0%
2006	6,281	406,292,766	64,686	3.4%
2007	6,259	428,040,492	68,388	2.9%
2008	6,245	435,694,915	69,767	3.8%
2009	6,204	408,006,060	65,765	7.0%
2010	5,910	396,283,230	67,053	7.2%
2011	5,898	399,353,580	67,710	7.0%
2012	5,737	N/A	N/A	7.2%
2013	5,737	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (c) Per capita personal income by county estimated based upon the 2000 census published by the US Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

Employer	2013			2004		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

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

FUNCTION/PROGRAM	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction:										
Regular	48.0	50.0	50.0	49.3	46.0	39.0	39.0	38.5	34.5	35.3
Special Education	10.0	12.0	13.0	10.0	10.0	9.0	7.0	16.5	16.0	15.5
Other Instruction							2.0	1.0	1.5	1.0
Support Services:										
Student and Instruction Related Services	5.0	7.0	5.0	4.0	4.0	6.0	12.5	8.5	8.4	10.4
General Administration	2.0	2.0	2.0	3.0	2.0	2.0	2.0	2.0	2.0	2.1
School Administration Services	2.0	2.0	2.0	3.6	4.0	2.0	2.0	2.0	2.0	1.0
Other Administrative Services	5.0	5.0	5.0	4.4	4.0	4.0	2.0	2.0	3.0	1.5
Central Services	3.0	2.0	3.0	1.8	1.8	2.0	2.5	2.5	2.5	2.0
Plant Operations and Maintenance	5.0	5.0	5.0	7.8	8.0	7.0	6.5	7.5	7.0	7.0
Pupil Transportation				0.2						
Before & After Care							7.0	4.0	3.0	2.1
Total	<u>80.0</u>	<u>85.0</u>	<u>85.0</u>	<u>84.1</u>	<u>79.8</u>	<u>71.0</u>	<u>82.5</u>	<u>84.5</u>	<u>79.9</u>	<u>77.9</u>

Sources: District Personnel Records

UNION TOWNSHIP SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2004	647	\$ 7,390,864	\$ 11,423	3.94%	67	1 to 9.66	644.9	619.3	1.22%	96.04%
2005	621	7,946,392	12,796	12.02%	65	1 to 9.55	613.0	586.5	-4.95%	95.68%
2006	607	7,837,951	12,913	0.91%	63	1 to 9.63	594.0	570.3	-3.10%	96.01%
2007	608	9,015,291	14,828	14.83%	59	1 to 10.25	603.3	578.0	1.57%	95.81%
2008	607	9,325,405	15,363	3.61%	54	1 to 11.22	606.7	581.7	0.56%	95.88%
2009	574	9,342,810	16,277	5.95%	48	1 to 11.95	554.4	531.0	-8.62%	95.78%
2010	535	9,162,272	17,126	5.22%	46	1 to 11.63	533.3	511.4	-3.81%	95.89%
2011	516	8,613,944	16,694	-2.52%	45.5	1 to 11.34	514.4	493.5	-3.54%	95.94%
2012	493	8,875,614	18,003	7.84%	43.2	1 to 11.41	526.5	506.7	2.35%	96.24%
2013	495	8,856,088	17,891	-0.62%	41	1 to 12.07	447.5	427.9	-15.00%	95.62%

Source: District Records

(a) Operating expenditures equal total expenditures less debt service and capital outlay.

(b) Teaching staff includes only full-time equivalents or certificated staff.

(c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary (SRS).

UNION TOWNSHIP SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Middle School (1954)</u>										
Square Feet	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Capacity (Students)	550	550	550	550	550	550	550	550	550	550
Enrollment	646	621	608	302	300	277	242	333	243	251
<u>Elementary School (2007)</u>										
Square Feet				60,000	60,000	60,000	60,000	60,000	60,000	60,000
Capacity (Students)				500	500	500	500	500	500	500
Enrollment				299	306	303	282	187	250	244
Number of Schools at June 30, 2013:										
Elementary	1									
Middle	1									

Source: District Facilities Office
 N/A=Not Available

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

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

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

*School Facilities	Union Township Elementary School	Union Township Middle School	Total
2004		\$ 46,139	\$ 46,139
2005		94,558	94,558
2006		51,055	51,055
2007	\$ 14,388	44,105	58,493
2008	60,587	61,884	122,471
2009	50,413	149,760	200,173
2010	39,175	58,709	97,884
2011	19,390	70,875	90,265
2012	92,881	159,680	252,561
2013	59,456	137,332	196,788
Total School Facilities	<u>\$ 336,290</u>	<u>\$ 874,097</u>	<u>\$ 1,210,387</u>

* School Facilities as Defined Under EFCFA.
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

UNION TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2013
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-NJ School Boards Association:		
Property-Blanket Building & Contents (Fund Limit)	\$ 400,000,000	\$ 2,500
General Liability	6,000,000	
Boiler and Machinery	100,000,000	2,500
Crime Public Employee Dishonesty	250,000	1,000
Auto	6,000,000	1,000
School Board Legal Liability-NJ School Boards Association:		
Directors and Officials Policy	6,000,000	5,000
Worker's Compensation-NJ School Boards Association:		
Per Accident Per Employee	2,000,000	
Per Disease Per Employee	2,000,000	
Disease Policy Limit	2,000,000	
Public Employees' Faithful Performance-Selective Insurance Company:		
Treasurer of School Monies	180,000	1,000
School Board Secretary	180,000	1,000
Student Accident Insurance-Markel Life Insurance Company:		
Policy Limit	1,000,000	
Pollution Liability - NJ School Board Association through ACE American Insurance Company:		
Claim Limit	2,000,000	2,500

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

October 2, 2013

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, 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 Union Township School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated October 2, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Education's 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 Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

October 2, 2013

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Union Township School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2013. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education'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; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 04-04 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 Board of Education'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 Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of The Board of Education 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 Board of Education'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 program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education'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 program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133
and Expenditures of State Financial Assistance Required by NJ OMB 04-04**

We have audited the financial statements of the District as of and for the year ended June 30, 2013, and have issued our report thereon dated October 2, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

UNION TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Grantor/Program Title	Federal CFDA Number	Grant or Project Number	Program or Award Amount	Grant Period From-To	Balance June 30, 2012	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2013		
											Accounts Receivable	Deferred Revenue	Due to Grantor
US Department of Education:													
General Revenue Fund:													
Education Jobs Fund	84.410A	ARRA-527011	\$ 28,265	08/10/2010-09/30/2012	\$ (22,784)	\$ -	\$ 22,784	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
US Department of Education Passed Through State Department of Education:													
Special Revenue Fund:													
NCLB Title IIA	84.367A	NCLB-527012	9,563	09/01/2011-08/31/2012	(195)		2,488	2,293					
NCLB Title IIA	84.367A	NCLB-527013	8,517	09/01/2012-08/31/2013			2,705	7,434			(5,812)	1,083	
Small, Rural School Achievement Program	84.358A	N/A	50,437	07/01/2012-09/30/2013			50,437	50,437					
IDEA Basic	84.027	IDEA-527013	107,080	09/01/2012-08/31/2013			107,080	107,080					
IDEA Preschool	84.173	IDEA-527012	3,517	09/01/2011-08/31/2012	(3,481)		3,481						
IDEA Preschool	84.173	IDEA-527013	3,491	09/01/2012-08/31/2013			3,491	3,491					
Total Special Revenue Fund					(3,676)	-	169,682	170,735	-	-	(5,812)	1,083	-
US Department of Agriculture Passed Through State Department of Agriculture:													
Enterprise Fund:													
Food Donation Program	10.550	N/A	23,863	07/01/2011-06/30/2012	100			100					
Food Donation Program	10.550	N/A	9,799	07/01/2012-06/30/2013			9,799	9,738				61	
National School Lunch Program	10.555	N/A	12,256	07/01/2011-06/30/2012	(757)		757						
National School Lunch Program	10.555	N/A	12,873	07/01/2012-06/30/2013			11,818	12,873			(1,055)		
Special Milk Program	10.556	N/A	54	07/01/2011-06/30/2012	(1)		1						
Special Milk Program	10.556	N/A	5	07/01/2012-06/30/2013			5	5					
Total Enterprise Fund					(658)	-	22,380	22,716	-	-	(1,055)	61	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (27,118)	\$ -	\$ 214,846	\$ 193,451	\$ -	\$ -	\$ (6,867)	\$ 1,144	\$ -

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

UNION TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From-To	Balance June 30, 2012	Cash Received	Budgetary Expenditure	Adjustment/ Repayment of Prior Year Balance	Balance June 30, 2013			MEMO	
								Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education												
General Fund:												
Categorical Transportation Aid	13-495-034 -5120-014	\$ 210,466	07/01/2012- 06/30/2013		\$ 210,466	\$ 210,466					\$ 18,284	\$ 210,466
Categorical Special Educational Aid	13-495-034 -5120-089	297,488	07/01/2012- 06/30/2013		297,488	297,488					25,844	297,488
Categorical Security Aid	13-495-034 -5120-084	36,644	07/01/2012- 06/30/2013		36,644	36,644					3,184	36,644
Adjustment Aid	13-495-034 -5120-085	14,726	07/01/2012- 06/30/2013		14,726	14,726					1,279	14,726
Non-Public Remote Transportation Aid	13-495-034 -5120-014	4,566	07/01/2012- 06/30/2013			4,566		\$ (4,566)				4,566
Non-Public Remote Transportation Aid	12-100-034 -5120-014	8,264	07/01/2011- 06/30/2012	\$ (8,264)	8,264							8,264
Extraordinary Special Education Costs Aid	13-100-034 -5120-473	71,324	07/01/2012- 06/30/2013			71,324		(71,324)				71,324
Extraordinary Special Education Costs Aid	12-100-034 -5120-473	88,447	07/01/2011- 06/30/2012	(88,447)	88,447							88,447
On-Behalf TPAF Pension Contribution- Post-Retirement Medical	13-495-034 -5095-001	262,235	07/01/2012- 06/30/2013		262,235	262,235						262,235
On-Behalf TPAF Pension Contribution- Non-Contributory Insurance	13-495-034 -5095-007	11,592	07/01/2012- 06/30/2013		11,592	11,592						11,592
On-Behalf TPAF Pension Contribution- Normal Costs and Accrued Liability	13-495-034 -5095-006	220,322	07/01/2012- 06/30/2013		220,322	220,322						220,322
Reimbursed TPAF Social Security Contribution	13-495-034 -5095-002	268,725	07/01/2012- 06/30/2013		256,518	268,725		(12,207)				268,725
Reimbursed TPAF Social Security Contribution	12-495-034 -5095-002	270,601	07/01/2011- 06/30/2012	(12,393)	12,393							270,601
Total General Fund				<u>(109,104)</u>	<u>1,419,095</u>	<u>1,398,088</u>	<u>\$ -</u>	<u>(88,097)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>48,591</u>	<u>1,765,400</u>
State Department of Agriculture												
Enterprise Fund:												
State School Lunch Program	13-100-010 -3350-023	1,492	07/01/2012- 06/30/2013		1,288	1,492		(204)				1,492
State School Lunch Program	12-100-010 -3350-023	1,484	07/01/2011- 06/30/2012	(104)	104							1,484
Total Enterprise Fund				<u>(104)</u>	<u>1,392</u>	<u>1,492</u>	<u>-</u>	<u>(204)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,976</u>
TOTAL STATE FINANCIAL ASSISTANCE				<u>\$ (109,208)</u>	<u>\$ 1,420,487</u>	<u>\$ 1,399,580</u>	<u>\$ -</u>	<u>\$ (88,301)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,591</u>	<u>\$ 1,768,376</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2013

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

NOTE 3. RELATIONSHIP OF FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2004, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$4,401 for the general fund, \$94 for the special revenue fund and \$-0- for the Capital Projects Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

	Local	Federal	State	Total
General Fund			\$ 1,402,489	\$ 1,402,489
Special Revenue Fund	\$ 94	\$ 170,735		170,829
Food Service Fund		22,716	1,492	24,208
	\$ 94	\$ 193,451	\$ 1,403,981	\$ 1,597,526

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

UNION TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2013
(Continued)

NOTE 5. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2013. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

UNION TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting:

1. Material weakness(es) identified? Yes X No

2. Reportable conditions identified that are not considered to be material weaknesses? Yes X No

Noncompliance Material to Financial Statements Noted? Yes X No

Federal Awards

NOT APPLICABLE

Internal Control Over Major Programs:

1. Material weakness(es) identified? Yes No

2. Reportable conditions identified that are not considered to be material weaknesses? Yes No

Type of Auditor's Report Issued on Compliance for Major Programs? _____

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section .510 (a) of Circular A-133 Yes No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
---------------------	---------------	--------------------------------

UNION TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd) NOT APPLICABLE

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: _____

Auditee qualified as a low-risk auditee Yes No

State Awards

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: \$300,000

Auditee Qualified as low-risk auditee X Yes No

Type of Auditor's Report Issued on Compliance
for Major Programs: Unqualified

Internal Control Over Major Programs:
1. Material weakness(es) identified? Yes X No
2. Reportable conditions identified
that are not considered to be material
weaknesses? Yes X No

Any Audit Findings Disclosed That are Required
to be Reported in Accordance with NJ OMB
Circular Letter 04-04? Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
13-495-034-5120-089	\$ 297,488	Categorical Special Education Aid
13-495-034-5095-002	268,725	Reimbursed TPAF Social Security Contrib
13-495-034-5120-014	210,466	Categorical Transportation Aid

UNION TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2013.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2013.

UNION TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

K-7

There were no prior year findings or questioned costs.