

**UNION SCHOOL DISTRICT**

**FINANCIAL REPORT WITH  
SUPPLEMENTAL INFORMATION**

**June 30, 2018**

**UNION SCHOOL DISTRICT**

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**June 30, 2018**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Union School District  
354 Baker Street, Suite 2  
Rimersburg, Pennsylvania

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Union School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the 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***

My responsibility is to express an opinion on financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Union School District as of June 30, 2018, and the respective changes in financial position and its cash flows, where applicable, thereof for the year then ended in conformity 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 the other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 Matters – other supplemental information***

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. *The Statement of Changes in Net Position - Fiduciary Fund, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Activity Fund, the Schedule of General Fund Revenues, and Schedule of Expenditures of Federal Awards*, are presented for purposes of additional analysis 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, I have also issued my report dated October 25, 2018, on my consideration of the Union School District's internal control over financial reporting and on my 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 Union School District's internal control over financial reporting and compliance.



Richard G. Hawk  
Certified Public Accountant  
October 25, 2018

**UNION SCHOOL DISTRICT  
354 Baker Street Suite 2  
Rimersburg, PA 16248**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)  
Required Supplementary Information (RSI)  
June 30, 2018**

The discussion and analysis of Union School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD & A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD & A.

**SCHOOL DISTRICT HIGHLIGHTS**

The Union School District is comprised of the municipalities of Rimersburg and Sligo, as well as, portions of Toby, Madison, and Piney Townships, Clarion County, Pennsylvania, and covers an area of approximately 76.8 square miles. The School District employs approximately 58 professional staff and 50 classified staff.

The Union School District consists of one Kindergarten through third grade elementary school, one fourth grade through sixth grade elementary school, and one seventh grade through twelfth grade junior-senior high school.

**ACADEMIC DESCRIPTION**

Union School District continues to place an emphasis on student learning and the continued improvement of its academic programs, as well as, creating new programs to enhance that learning. A few highlights supporting this emphasis are:

- 1:1 technology initiative for grades 8-11.
- Union International Outreach Program.

**FINANCIAL HIGHLIGHTS**

The School District's budget is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The budgeting system is designed to tightly control expenditures, but leave flexibility to enhance programs of the district.

Actual revenues in 2017-2018 were \$10,761,287. This exceeded budgeted revenues by \$258,743. General fund actual expenditures exceeded general fund actual revenues by \$21,133 for the year ended June 30, 2018. A transfer to the cafeteria fund of \$100,300 and payment of bond principal of \$298,540 and interest of \$40,724, resulted in revenues under expenditures of \$460,697.

Overall expenditures for the 2017-2018 fiscal year were \$10,782,420 which was \$714,617 less than 2017-2018 budgeted expenditures of \$11,497,037.

General fund balance on June 30, 2017 was \$7,518,077. With the net reduction in 2017-2018 of \$460,697, the District's general fund balance decreased to \$7,057,380. The 2017-2018 deficit of \$460,697 was \$1,033,162 under the budgeted deficit of \$1,493,909. Of the \$7,057,380 fund balance, \$32,000 is restricted, \$4,400,000 is assigned and the remaining unassigned fund balance at June 30, 2018 is \$2,625,380.

The District's entity wide fund balance, which includes the general fund and the capital reserve fund on June 30, 2017, was \$7,746,552. With the net deficit in 2017-2018 of \$466,686, the District's entity wide fund balance decreased to \$7,279,866.

Chart A-1 shows how the required parts of the Financial Section are arranged and relate to one another.

**Chart A-1  
Required components of  
Union School District's  
Financial Report**

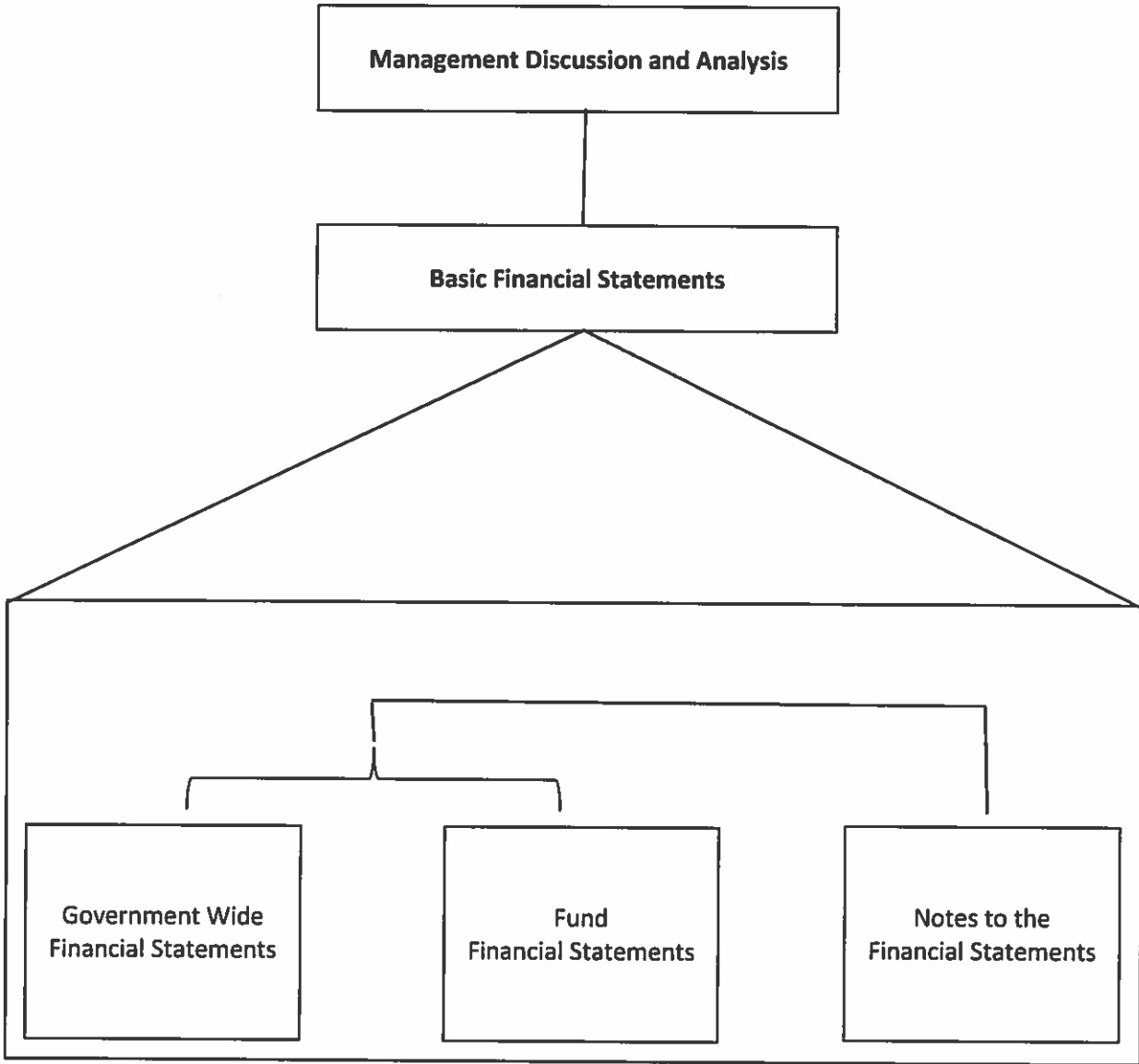




Chart A-2 summarizes the major features of the District’s financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

<b>Chart A-2 Major Features of Union School District’s Government-Wide and Fund Financial Statements</b>				
	<b>Government-Wide Statements</b>	<b>Fund Statements</b>		
	<b>Government-Wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire District (Except Fiduciary Funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business – Food Services	Instances in which the District is the trustee or agent to someone else’s resources – Scholarship Funds
<b>Required Financial Statements</b>	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Net Assets Statement of Revenues, Expenses and Changes in Net Assets Statement of Cash Flows	Statement of Fiduciary Net Assets Statement of Changes in Fiduciary Net Assets
<b>Accounting Basis And Measurement Focus</b>	Accrual Accounting and Economic Resources Focus	Modified Accrual Accounting and Current Financial Resources Focus	Accrual Accounting and Economic Resources Focus	Accrual Accounting and Economic Resources Focus
<b>Type of Asset/Liability Information</b>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long- term.
<b>Type of Inflow- Outflow Information</b>	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

## OVERVIEW OF FINANCIAL STATEMENTS

### Government-wide Statements

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

The two government-wide statements report the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indication of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base, and student enrollment.

The government-wide financial statements of the District are divided into two categories.

- **Governmental Activities** – All the District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business Type Activities** – The District operates a food service operation and charges fees to staff, students, and visitors to help it cover the costs of the food service operation.

### Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required by state law and by fund requirements.

Governmental funds – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary funds – These funds are used to account for the District activities that are similar to business operations in the private sector, or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides – whether to outside customers or to other units in the District – these services are generally reported in proprietary funds. The Food Service Fund is the District’s proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

Fiduciary funds – The District is the trustee, or fiduciary, for some scholarship and agency funds. All of the District’s fiduciary activities are reported in separate Statements of Fiduciary Net Assets. We exclude these activities from the District’s other financial statement because the District cannot use these assets to finance its operations.

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District’s total liabilities and net assets were \$13,084,133 at June 30, 2017 and \$12,478,437 at June 30, 2018.

**TABLE A-1 ASSETS  
FISCAL YEAR END JUNE 30, 2018**

	Governmental Activities		Business-Type Activities		Totals	
	2017	2018	2017	2018	2017	2018
<b>ASSETS</b>						
Current and Other Assets	\$9,092,743	\$8,541,018	\$268,041	236,530	\$9,360,785	\$8,777,548
Capital Assets	3,991,391	3,717,641	34,726	29,936	4,026,117	3,747,577
<b>TOTAL ASSETS</b>	<b>13,084,134</b>	<b>12,258,659</b>	<b>302,768</b>	<b>266,466</b>	<b>13,386,902</b>	<b>12,525,125</b>
<b>LIABILITIES</b>						
Current and other liabilities	1,295,148	1,375,718	78,138	78,138	1,373,286	1,453,856
Long-term liabilities	21,144,684	20,883,090	0	0	21,144,684	20,883,090
<b>TOTAL LIABILITIES</b>	<b>22,439,832</b>	<b>22,258,808</b>	<b>78,138</b>	<b>78,138</b>	<b>22,517,970</b>	<b>22,336,946</b>
<b>NET POSITION</b>						
Capital assets net of related debt	1,506,581	1,531,371	34,726	29,936	1,541,307	1,561,307
Capital projects	228,475	222,486	0	0	228,475	222,486
Other restrictions	4,400,000	4,400,000	56,248	150,554	4,456,248	4,550,554
Unrestricted	2,102,246	1,180,994	133,656	7,838	2,235,901	1,188,832
Reduction for Net Pension Liability	-17,593,000	-17,335,000	0	0	-17,593,000	-17,335,000
<b>TOTAL NET ASSETS</b>	<b>-9,355,313</b>	<b>-10,000,149</b>	<b>224,630</b>	<b>188,328</b>	<b>-9,130,683</b>	<b>-9,811,820</b>
<b>TOTAL NET POSITION</b>	<b><u>\$13,084,134</u></b>	<b><u>\$12,258,659</u></b>	<b><u>\$302,768</u></b>	<b><u>\$266,466</u></b>	<b><u>\$13,386,902</u></b>	<b><u>\$12,525,126</u></b>

Most of the District’s net assets are invested in capital assets (buildings, land, and equipment). The remaining unrestricted net assets are a combination of designated and undesignated amounts. The

designated balances are amounts set-aside to fund future purchases or capital projects as planned by the district.

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. This statement also shows the grants, revenues, and subsidies that directly relate to the expense categories as well as the net expense or revenue.

The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

The tables below represent the expenses of both the Governmental Activities and the Business-type Activities of the District.

Table A-2 shows the various expense functions within the District – instruction, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, and community services.

**TABLE A-2 GOVERNMENT ACTIVITIES  
FISCAL YEAR END JUNE 30, 2018**

<b>Functions</b>	<b>Programs</b>	<b>Budgeted</b>	<b>Actual</b>
1100	Regular Programs	\$5,277,733	\$5,011,873
1200	Special Programs	1,216,429	1,244,165
1300	Vocational Programs	373,289	294,239
1400	Other Instructional Programs	22,155	7,292
2100	Pupil Personnel Services	499,610	457,023
2200	Instructional Staff Services	95,657	94,049
2300	Administrative Services	1,011,323	1,002,631
2400	Pupil Health	152,806	146,509
2500	Business Services	225,334	204,529
2600	Operational & Maintenance	1,216,461	1,188,375
2700	Transportation	544,410	566,834
2800	Central Support	326,781	279,510
2900	Other Support	6,000	5,116
3200	Student Services	365,833	267,196
3300	Community Services	13,216	13,078
4000	Capital Outlay	150,000	0
5100	Debt Services	339,366	339,264
5200	Internal Transfers	160,000	100,300
5900	Budgetary Reserve	100,000	0
	<b>Total Expenditures</b>	<b>\$12,096,403</b>	<b>\$11,221,984</b>

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**TABLE A-2 GOVERNMENT ACTIVITIES  
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1100	Regular Programs	\$5,277,733	\$5,011,873
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1400	Other Instructional Programs	22,155	7,292
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2700	Transportation	544,410	566,834
2800	Central Support	326,781	279,510
2900	Other Support	6,000	5,116
3200	Student Services	365,833	267,196
3300	Community Services	13,216	13,078
4000	Capital Outlay	150,000	0
5100	Debt Services	339,366	339,264
5200	Internal Transfers	160,000	100,300
5900	Budgetary Reserve	100,000	0
	<b>Total Expenditures</b>	<b>\$12,096,403</b>	<b>\$11,221,984</b>

Board is using this method of budgeting to control tax increases while also protecting the integrity of the fund balance.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2018, the District had \$3,717,641 invested in a broad range of capital assets, including land, buildings, and furniture and equipment.

**TABLE A-4 GOVERNMENTAL ACTIVITIES  
CAPITAL ASSETS NET OF DEPRECIATION  
FISCAL YEAR END JUNE 30, 2018**

Site Improvements	\$317,682
Buildings	3,014,165
Furniture & Equipment	385,794
Construction	<u>0</u>
<b>TOTAL</b>	<b>\$3,717,641</b>

The District did have an updated appraisal completed on May 31, 2017.

### Debt Administration

The District had total outstanding debt principal of \$2,484,810 on a Note, Series of 2016. During the year, the District made payments against principal of \$298,540.

**TABLE A-5  
OUTSTANDING DEBT AS OF JUNE 30, 2018**

<b>General Obligation Notes/Bonds:</b>	
Note, Series of 2016	\$2,186,270

Other obligations include accrued vacation pay and sick leave for specific employees of the District. More detailed information about our long-term liabilities is included in Statement of Indebtness financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District does not expect significant growth in the near future given the residential nature of the community and the lack of economic opportunity within the region. However the community at large has begun to see some effects from the increased level of interest in the availability of Marcellus gas. Several sites within the District have been drilled or test drilled. The state of Pennsylvania is considering taxation or fee structures for the extraction of Marcellus gas. As part of the Marcellus "fairway" Union School District is hopeful that growth in the natural gas industry will result in economic growth within this community.

The revenue budget for the 2018-2019 year is \$336,155 more than the budgeted revenues for 2017-2018. This represents an approximate 3.2% increase. No significant increase in either Local or Federal revenue is expected. The expenditure budget for the 2018-2019 year is \$753,569 more than the budgeted expenditures for 2017-2018, a, increase of approximately 6.6%. The District did not increase any tax rates for the 2018-2019 year.

The comparison of revenue and expenditure categories by percentage is as follows:

**TABLE A-6  
COMPARISON OF REVENUE AND EXPENDITURES  
BY PERCENTAGE**

<b>Revenues</b>	<b>2016-2017</b>	<b>2017-2018</b>
Local	23%	21%
State	75%	77%
Federal	2%	2%
Other	0%	0%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

<b>Expenditures</b>	<b>2016-2017</b>	<b>2017-2018</b>
Instruction	57%	60%
Support Services	35%	34%
Non-Instruction/Community	2%	2%
Facilities & Construction	0%	0%
Fund Transfer/Debt	6%	4%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

**CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District’s finances and to show the Board’s accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Megan Hepler, Business Manager at Union School District, 354 Baker Street Suite 2, Rimersburg, PA 16248 and 814-473-6311 ext. 0.

**Union School District**  
**Statement of Net Assets: Entity Wide**  
**June 30, 2018**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$461,781	\$40,609	\$502,390
Investments	\$7,775,454	176,944	7,952,399
Taxes Receivable, net	\$195,052		195,052
Due From Other Governments (incl. 0141-0145)	\$76,729		76,729
Inventories	32,000	18,977	50,977
<b>Total Current Assets</b>	<u>8,541,018</u>	<u>236,530</u>	<u>8,777,548</u>
<b>Noncurrent Assets:</b>			
Land and Site Improvements (net)	317,682		317,682
Building & Improvements (net of Acc Depreciation)	3,014,165		3,014,165
Furniture & Equipment (net Acc Depreciation)	385,794	29,936	415,730
<b>Total Noncurrent Assets</b>	<u>3,717,641</u>	<u>29,936</u>	<u>3,747,577</u>
<b>TOTAL ASSETS</b>	<u>\$12,258,659</u>	<u>\$266,466</u>	<u>\$12,525,125</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Due to General Fund		\$78,138	\$78,138
Accounts Payable	4,450		4,450
ST Portion of Compensated Absences	7,298		7,298
Current Portion of LT Debt	302,320		302,320
Other Current Liabilities	1,061,650		1,061,650
<b>Total Current Liabilities</b>	<u>1,375,718</u>	<u>78,138</u>	<u>1,453,856</u>
<b>Noncurrent Liabilities:</b>			
Note Payable	1,883,950		1,883,950
LT Portion of Compensated Absences	65,677		65,677
Other Postemployment Benefits (OPEB)	1,598,463		1,598,463
Net Pension Liability - GASB 68	17,335,000		17,335,000
<b>Total Noncurrent Liabilities</b>	<u>20,883,090</u>	<u>0</u>	<u>20,883,090</u>
<b>TOTAL LIABILITIES</b>	<u>22,258,808</u>	<u>78,138</u>	<u>22,336,946</u>
<b>NET ASSETS</b>			
Invested in Capital Assets Net of Related Debt	1,531,371	29,936	1,561,307
Capital Projects	222,486		222,486
Unreserved - designated	4,400,000	150,554	4,550,554
Unrestricted (deficit)	1,180,994	7,838	1,188,832
Reduction for Net Pension Liability - GASB 68	-17,335,000		-17,335,000
<b>TOTAL NET ASSETS</b>	<u>-10,000,149</u>	<u>188,328</u>	<u>-9,811,820</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>12,258,659</u>	<u>266,466</u>	<u>12,525,126</u>

The accompanying notes are an integral part of these financial statements.



Union School District  
Statement of Activities  
For the Year Ended June 30, 2018

Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>					
Depreciation - unallocated	\$273,750		-\$273,750		-\$273,750
Instruction	6,557,569	5,338,919	-1,218,650		-1,218,650
Instructional Student Support	551,072	448,661	-102,410		-102,410
Administrative & Financial Support Services	1,638,295	1,333,837	-304,459		-304,459
Operation & Maintenance of Plant Services	1,188,375	967,529	-220,846		-220,846
Pupil Transportation	566,834	365,802	-201,232		-201,232
Food Service (Governmental Activity)					
Student Activities	267,196	14,001	-253,195		-253,195
Community Services	13,078	12,212	-866		-866
Scholarships and Awards					
Interest expense on Long-Term Debt	40,724		-40,724		-40,724
<b>Total Governmental Activities</b>	<b>11,096,894</b>	<b>14,001</b>	<b>-2,616,133</b>		<b>-2,616,133</b>
<b>Business-type activities:</b>					
Food Service	479,208	126,023		-133,770	-133,770
Other Enterprise Funds	6,556	0		-4,050	-4,050
<b>Total Business-Type Activities</b>	<b>485,764</b>	<b>126,023</b>		<b>-137,820</b>	<b>-137,820</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>11,582,658</b>	<b>140,024</b>	<b>-2,616,133</b>	<b>-137,820</b>	<b>-2,753,952</b>
<b>General revenues:</b>					
Property taxes levied for general purposes, net			\$2,195,378		\$2,195,378
Investment Earnings			86,995	5,988	92,983
Facilities acquisition - Capital project fund			-7,836	0	-7,836
Special item-Change in: Taxes Rec - Comp Abs - OPEB-GF debt			-460,940	-4,770	-465,710
Current Period Adjustment: Net Pension Liability - GASB 68			258,000		258,000
Transfers between Governmental, BT Activities			-100,300	100,300	0
<b>Total General Revenues, Special Items, and Transfers</b>			<b>1,971,297</b>	<b>101,518</b>	<b>2,072,815</b>
<b>CHANGES IN NET ASSETS</b>			<b>-644,835</b>	<b>-36,302</b>	<b>-681,136</b>
Net Assets, Beginning			<b>-9,355,313</b>	<b>224,630</b>	<b>-9,130,683</b>
<b>NET ASSETS - END OF FISCAL YEAR</b>			<b>-10,000,149</b>	<b>188,328</b>	<b>-9,811,819</b>

**UNION SCHOOL DISTRICT  
COMBINED BALANCE SHEET- GOVERNMENT FUNDS  
JUNE 30, 2018**

	GENERAL	CAPITAL PROJECTS	TOTAL GOVERNME FUNDS
<b>ASSETS</b>			
Cash	\$239,295	\$222,486	\$461,781
Investments (at cost)	7,775,454		7,775,454
Taxes receivable	195,052		195,052
Due from other gov't units	76,729		76,729
Inventory of materials and supplies	32,000		32,000
<b>TOTAL ASSETS</b>	<b><u>\$8,318,531</u></b>	<b><u>\$222,486</u></b>	<b><u>\$8,541,017</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$4,450		\$4,450
Other current liabilities	1,061,649		1,061,649
Deferred revenues	195,052		195,052
<b>TOTAL LIABILITIES</b>	<b><u>\$1,261,151</u></b>	<b><u>\$0</u></b>	<b><u>\$1,261,151</u></b>
<b>FUND BALANCES</b>			
Reserved	\$32,000	\$222,486	\$254,486
Unreserved-designated	4,400,000		4,400,000
Unreserved	2,625,380		2,625,380
<b>TOTAL FUND BALANCES</b>	<b><u>7,057,380</u></b>	<b><u>222,486</u></b>	<b><u>7,279,866</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$8,318,531</u></b>	<b><u>\$222,486</u></b>	<b><u>\$8,541,017</u></b>

The accompanying notes are an integral part of these financial statements.

**Union School District**  
**Reconciliation: Governmental Funds Balance Sheet To The Statement of Net Assets**  
**June 30, 2018**

**Total Fund Balances - Governmental Funds** **\$7,279,866**

Amounts reported for governmental activities in the statement of net assets are different because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Assets	\$11,482,170	
Accumulated Depreciation	<u>-7,764,529</u>	3,717,641

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 195,052

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Note payable	-2,186,270	
Compensated absences	-72,975	
Other Postemployment benefits	-1,598,463	
Net Pension Liability - GASB 68	-17,335,000	

**Total Net Assets - Governmental Activities** **-\$10,000,149**

The accompanying notes are an integral part of these financial statements,

**UNION SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
GOVERNMENT FUNDS  
YEAR ENDED JUNE 30, 2018**

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
<b>Revenues</b>			
Local Sources	\$ 2,229,313	\$ 1,847	\$2,231,160
State Sources	\$ 8,295,221		\$8,295,221
Federal Sources	\$ 236,753		\$236,753
	\$10,761,287	\$ 1,847	\$10,763,134
<b>Expenditures</b>			
Instruction	\$6,557,569		\$6,557,569
Support Services	3,944,577		3,944,577
Non-Instructional Services	280,274		280,273
Facilities Acquisition	0	7,836	7,836
	\$10,782,420	\$7,836	\$10,790,256
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(\$21,133)</b>	<b>(\$5,989)</b>	<b>(\$27,122)</b>
<b>Other Financing Sources (Uses)</b>			
Payment of bond principal	(\$298,540)		(\$298,540)
Interest Expense	(40,724)		(40,724)
<b>Operating Transfers</b>			
From General Fund to Cafeteria	(100,300)		(100,300)
From General Fund to Capital Projects Fu	0	0	-
	<b>(\$439,564)</b>	<b>\$0</b>	<b>(\$439,564)</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(\$460,697)</b>	<b>(\$5,989)</b>	<b>(\$466,686)</b>
<b>Fund Balance, Beginning of Year</b>	<b>\$7,518,077</b>	<b>\$228,475</b>	<b>\$7,746,552</b>
<b>Fund Balance, End of Year</b>	<b>\$7,057,380</b>	<b>\$222,486</b>	<b>\$7,279,866</b>

The accompanying notes are an integral part of these financial statements.

**Union School District  
Reconciliation: Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balance  
To the Statement of Activities  
For The Year Ended June 30, 2018**

Total net change in fund balances - governmental funds		-\$466,686
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.	(273,750)	
Net decrease in Taxes Receivable recorded as reserve against fund balance	(162,108)	
Net increase in Compensated Absences recorded as reserve against fund balance	(1,050)	
Net increase in Other Postemployment Benefits not due and payable in current period and therefore not reported as a liability in government funds	(297,782)	
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	298,540	
Current and prior period adjustment to net pension liability	258,000	
<b>Change in net assets of governmental activities</b>		<b><u><u>-\$644,835</u></u></b>

The accompanying notes are an integral part of these financial statements.

**Union School District  
Proprietary Fund (Food Service)  
Statement of Net Assets  
June 30, 2018**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$	-
Investments		26,390
Inventories		18,977
Other Current Assets		
<b>Total Current Assets</b>	<b>\$</b>	<b>45,367</b>

**Noncurrent Assets:**

Furniture & Equipment (net)	\$	29,936
<b>Total Noncurrent Assets</b>	<b>\$</b>	<b>29,936</b>

<b>TOTAL ASSETS</b>	<b>\$</b>	<b>75,303</b>
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**LIABILITIES**

**Current Liabilities:**

Bank Overdraft	\$	10,869
Accounts Payable		78,138
Other Current Liabilities		
<b>Total Current Liabilities</b>	<b>\$</b>	<b>89,007</b>

<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>89,007</b>
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**NET ASSETS**

Invested in Capital Assets Net of Related Debt	\$	29,936
Unrestricted		(43,640)

<b>TOTAL NET ASSETS</b>	<b>\$</b>	<b>(13,704)</b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>75,303</b>
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The accompanying notes are an integral part of these financial statements.

**Union School District  
Proprietary Fund (Food Service)  
Statement of Revenues, Expenses and Changes in Net Assets  
For The Year Ended June 30, 2018**

<b>Operating Revenue</b>	
Lunch and Milk Sales	\$126,023
State Subsidies	12,827
Federal Subsidies	<u>206,588</u>
<b>Total Operating Revenues</b>	<u><b>345,439</b></u>
<b>Operating Expense</b>	
Personal Services	304,849
Supplies	167,655
Depreciation	6,704
<b>Total Operating Expenses</b>	<u><b>479,208</b></u>
<b>Operating Income (Loss)</b>	<u><b>-133,770</b></u>
<b>Nonoperating Revenue</b>	
Interest	656
Operating Transfers In (Out)	<u>100,300</u>
<b>Net Income (loss)</b>	<u><b>-32,813</b></u>
<b>Net Assets, Beginning of Year</b>	<u><b>19,109</b></u>
<b>Net Assets, End of Year</b>	<u><u><b>-\$13,704</b></u></u>

The accompanying notes are an integral part of these financial statements.

**Union School District  
Proprietary Fund (Food Service)  
Statement of Cash Flows  
For The Year Ended June 30, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash Received From Food Sales	\$345,439
Cash Paid for Labor and Benefits	-304,849
Cash Paid for Purchases	-170,267
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>-129,678</b>

**CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES**

Operating Transfers In (Out)	100,300
<b>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</b>	<b>100,300</b>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition of capital assets	-1,914
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>-1,914</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Earnings on investments	656
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>656</b>

**ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES**

TOTAL ADJUSTMENTS	0
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NET INCREASE (DECREASE) IN CASH	-30,635
BEGINNING CASH BALANCE	46,156
ENDING CASH BALANCE	<b>\$15,521</b>

**Reconciliation of net income (loss) to net cash provided by (used for) operating activities**

Net Income (loss)	(\$32,813)
<b>Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:</b>	
Depreciation Expense	6,704
(Increase) Decrease in inventory	-2,612
Acquisition of capital assets	-1,914
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>-30,635</b>
<b>ADD: BEGINNING CASH BALANCE</b>	<b>46,156</b>
<b>ENDING CASH BALANCE</b>	<b>\$15,521</b>

The accompanying notes are an integral part of these financial statements.



**Union School District  
Fiduciary Funds  
Statement of Net Position  
June 30, 2018**

**ASSETS**

Cash and Cash Equivalents	\$51,478
Investments	<u>150,554</u>

**TOTAL ASSETS** **\$202,033**

**LIABILITIES**

Other Current Liabilities	<u>\$51,478</u>
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**TOTAL LIABILITIES** **\$51,478**

**NET POSITION**

Restricted	\$150,554
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Unrestricted	
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**TOTAL NET POSITION** **\$150,554**

**TOTAL LIABILITIES AND NET POSITION** **\$202,033**

The accompanying notes are an integral part of these financial statements.