

MORRIS - UNION JOINTURE COMMISSION

**Morris-Union Jointure Commission
New Providence, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011**

**Comprehensive Annual
Financial Report**

of the

Morris-Union Jointure Commission

New Providence, New Jersey

For the Fiscal Year Ended June 30, 2011

Prepared by

Morris-Union Jointure Commission

MORRIS-UNION JOINTURE COMMISSION
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2011

INTRODUCTORY SECTION

Letter of Transmittal	1
Organizational Chart.....	7
Roster of Officials.....	8
Consultants and Advisors	9

FINANCIAL SECTION 10

Independent Auditors' Report	11
------------------------------------	----

Required Supplementary Information	13
Management's Discussion and Analysis (Unaudited).....	14

Basic Financial Statements (Sections A. and B.).....	26
--	----

A. Commission-Wide Financial Statements	27
A-1 Statement of Net Assets.....	28
A-2 Statement of Activities	29

B. Fund Financial Statements	31
B-1 Balance Sheet – Governmental Funds.....	32
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds	33
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	34
B-4 Statement of Net Assets – Proprietary Funds.....	35
B-5 Statement of Revenue, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	36
B-6 Statement of Cash Flows – Proprietary Funds	39
B-7 Statement of Fiduciary Net Assets – Fiduciary Funds	40
B-8 Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	41

Notes to the Basic Financial Statements.....	42
--	----

Supplementary Schedules (Sections C. to I.)	63
---	----

C. Budgetary Comparison Schedules	64
C-1 Budgetary Comparison Schedule – General Fund	65
C-2 Budgetary Comparison Schedule – Special Revenue Fund	71
C-3 Budgetary Comparison Schedule – Note to Required Supplementary Information.....	72

D. School Level Schedules (Not Applicable)	74
--	----

MORRIS-UNION JOINTURE COMMISSION
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

FINANCIAL SECTION (Cont'd)

E. Special Revenue Fund.....	75
E-1 Combining Schedule of Revenue and Expenditures – Special Revenue Fund – Budgetary Basis	76
E-2 Preschool Education Aid Schedule of Expenditures – Special Revenue Fund – Budgetary Basis (Not Applicable)	
F. Capital Projects Fund.....	77
F-1 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	78
F-1a Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Construction of a New School – Warren DLC.....	79
G. Proprietary Funds	80
Enterprise Fund:	
G-1 Combining Statement of Net Assets.....	81
G-2 Combining Statement of Revenue, Expenses and Changes in Fund Net Assets.....	82
G-3 Combining Statement of Cash Flows	85
H. Fiduciary Funds.....	86
H-1 Combining Statement of Fiduciary Net Assets	87
H-2 Statement of Changes in Fiduciary Net Assets	88
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements (Not Applicable).....	89
H-4 Student Activity Agency Fund Statement of Activity (Not Applicable).....	90
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements.....	91
I. Long-Term Debt.....	92
I-1 Schedule of Obligations Under Lease Purchase Agreements.....	93
I-2 Schedule of Obligations Under Capital Leases	94
I-3 Debt Service Fund Budgetary Comparison Schedule (Not Applicable)	95
J. Statistical Section (Unaudited).....	96
J-1 Net Assets by Component	97
J-2 Changes in Net Assets.....	98
J-3 Fund Balances – Governmental Funds.....	101
J-4 Changes in Fund Balances – Governmental Funds	102
J-5 General Fund – Other Local Revenue by Source	104
J-6 Assessed Value and Actual Value of Taxable Property (Not Applicable)	
J-7 Direct and Overlapping Property Tax Rates (Not Applicable)	
J-8 Principal Property Tax Payers (Not Applicable)	
J-9 Property Tax Levies and Collections (Not Applicable)	
J-10 Ratios of Outstanding Debt by Type (Not Applicable)	
J-11 Ratios of Net General Bonded Debt Outstanding (Not Applicable)	
J-12 Ratios of Overlapping Governmental Activities (Not Applicable)	
J-13 Legal Debt Margin Information (Not Applicable)	
J-14 Demographic and Economic Statistics (Not Applicable)	
J-15 Principal Employers (Not Applicable)	

MORRIS-UNION JOINTURE COMMISSION
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

J. Statistical Section (Unaudited) (Cont'd)	
J-16 Full-Time Equivalent District Employees by Function/Program.....	105
J-17 Operating Statistics.....	106
J-18 School Building Information.....	107
J-19 Schedule of Required Maintenance for School Facilities (Not Applicable)	
J-20 Insurance Schedule.....	108
K. Single Audit Section	109
K-1 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	110
K-2 Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04	112
Schedule of Expenditures of Federal Awards	114
Schedule of Expenditures of State Awards	115
Notes to the Schedules of Expenditures of Federal and State Awards.....	116
Schedule of Findings and Questioned Costs	118
Summary Schedule of Prior Audit Findings	120

INTRODUCTORY SECTION



*Morris-Union
Jointure Commission
Board of Education*

Kim B. Coleman, Psy.D.
Superintendent

Janet L. Parmelee, Ed.D., J.D.
Assistant Superintendent

Susan Yaniro
School Business Administrator/Board Secretary

340 Central Avenue
New Providence, NJ 07974-2300
(908) 464-7625
Fax: (908) 464-1244
Business Office Fax: (908) 464-5240
Website Address: www.MUJC.org

November 1, 2011

The Honorable President and Members
of the Board of Education
Morris-Union Jointure Commission
County of Union, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Morris-Union Jointure Commission Board of Education (the "Commission") for the fiscal year ended June 30, 2011, 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 (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Commission's organizational chart, a roster of officials and a list of consultants and advisors. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the Commission's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the Commission, generally presented on a multi-year basis. The Commission is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The Honorable President and Members
of the Board of Education
Morris-Union Jointure Commission
Page 2
November 1, 2011

The Commission is a cooperative public school agency created to provide services and programs to meet the needs of its 29 member districts and non-member school districts alike. Primary purposes include assisting its member school districts in meeting their mandates to provide free public education to disabled students, and to identify areas of common concern which are not already addressed by its members individually because of programmatic expense, limited facilities or resources, and then to provide creative programs or services to address these needs.

The Commission currently concentrates on six major areas:

- Special Education Programs
- Related Services
- Instructional Services
- Professional Development
- Student Transportation
- Alternate Route Provisional/Teacher Program

The Commission completed the 2010-2011 fiscal year with an average daily enrollment of 375 students. The following details the changes in the student enrollment of the Commission over the past 10 years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2010-2011	375	2.46%
2009-2010	366	3.10%
2008-2009	355	3.80%
2007-2008	342	11.76%
2006-2007	306	2.68%
2005-2006	298	-5.10%
2004-2005	314	5.37%
2003-2004	298	-1.00%
2002-2003	301	-5.94%
2001-2002	320	7.38%

2) ECONOMIC CONDITION AND OUTLOOK: The Commission continues to increase revenues. The DLC – Union operated in a school building owned by the Union Board of Education. The 10-year lease with the Union Board of Education expired 8/31/11 and as Union required additional instructional space for its own program, the lease was not renewed. The building was vacated and returned to Union at the end of the extended year program in August of 2011, resulting in the closure of the DLC - Union.

During the spring of 2010, in anticipation of this possible non-renewal of the lease and with DLC – Warren projected to reach capacity, the decision was made to outfit approximately 18,000 square feet of the 2nd floor space at DLC – Warren into additional instruction space. It is expected that the 2nd Floor Infill project will be completed by January 2011.

The Honorable President and Members
of the Board of Education
Morris-Union Jointure Commission
Page 3
November 1, 2011

The 2010-2011 enrollments averaged 375 students at all three DLC's. It is anticipated that the enrollments will decline somewhat in 2011-2012 due to the closing of DLC - Union but will again increase in subsequent years upon completion of the additional space in Warren. The services that the MUJC provides both member and non-member districts continues to expand.

The Aquatic Center provides additional experiences for MUJC students, a "home" pool for four of our member district swim teams, and revenue from the rental of the facilities. In the spring of 2011, NJSwim began offering their unique swim instruction program at the MUJC's Tokash Aquatic Center. The MUJC continually entertains facility rental requests and this is becoming a reliable source of additional revenue for the Commission. As the State of New Jersey is strongly promoting shared services, the prospects for continued growth by the Commission remains strong. One example of innovative shared services, is a new program developed in the 2010-2011 school year that will be offered in 2011-2012 as a pilot program to provide in-district special education programs for member districts.

3) MAJOR INITIATIVES: The Morris-Union Jointure Commission growth in enrollments was 2.46%. DLC – Warren completed the fourth full year of operation at nearly full capacity. The DLC – Warren was originally designed with approximately 18,000 square feet of space above the pre-school primary wing with all the infrastructure necessary for future expansion. Plans began in the spring of 2010 to convert the second floor unused space at DLC – Warren into secondary classroom space in anticipation of further enrollment growth. During 2010-2011, working with the Commission's architects, the design was submitted and approved by the New Jersey Department of Education and the Department of Community Affairs. Bids were awarded at the MUJC's May 2011 Board of Education meeting and construction is scheduled for completion in January 2012.

The stability of programs such as OT, PT, Speech/Language, ABA, and Aide services continues to be strong. The Commission's vehicle maintenance/repair program continues to show growth. Four member district swim teams call the DLC – Warren competition pool their home pool which allows them to practice and hold swim meets at prime time. The Commission rents the recreation facilities at DLC - Warren to various groups during off-hours, including a long term lease with NJSwim.

During the 2010-2011 school year, the Commission presented approximately 112 in-service workshops. More than 600 participants from approximately 77 school districts and private schools attended these workshops. The Commission commenced the Alternate Route Provisional Teacher Program (ARTP) in September 2003. The purpose is to enable individuals who have not completed a formal teacher education program to enter into the teaching profession. The ARTP program provides hands-on training for novice and entry level teachers who have certificates of eligibility (CE) and have passed the Praxis exam in the area in which certification is sought. During the 2010-2011 school year, approximately 204 participants were enrolled and graduated from the Commission's ARTP program. Also, the Commission continued to offer the "24 Hour Pre-service Program," a new requirement for individuals to obtain their CE, the "45 Hour Program of Study in the Teaching of Elementary Language Arts/Literacy" and the "45 Hour Program of Study in the Teaching of Elementary Mathematics," which are for individuals who hold a CE in Elementary K-5 and were hired on or after October 31, 2009. The Commission has received many accolades for its creative and yet practical approach to solving everyday problems for novice teachers. The Commission will continue to offer all four ARTP programs for the 2011-2012 program year. In addition, the Commission continues to partner with Seton Hall University to offer interested students college credits for each ARTP phase of the 200-hour instructional program that is satisfactorily completed.

The Honorable President and Members
of the Board of Education
Morris-Union Jointure Commission
Page 4
November 1, 2011

The MUJC continues to provide quality transportation services through its Transportation Department to 23 of the 29 member districts. It has proved to be challenging to meet the needs of the districts while containing the rising costs associated with providing a quality transportation service, costs such as fuel, benefits, and the required PERS employer contribution. As the components of new state legislation regarding employee benefits is implemented, it is anticipated that these measures will help to decrease benefits expenses. Throughout the 2010-2011 school year, MUJC's 127 school buses and vans transported approximately 955 regular and special education students on 148 contracted routes. In addition, the Commission provided transportation for field, athletic and community trips for our own member districts' students.

During the 2010-2011 school year, approximately 64 related services therapists, adaptive physical education teachers, child study team members, occupational therapists, physical therapists, speech/language specialists, and behavior specialists provided therapy and related services to more than 420 students. These students were from approximately 100 districts.

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the Commission 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 and the special revenue fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2011.

The Honorable President and Members
of the Board of Education
Morris-Union Jointure Commission
Page 5
November 1, 2011

6) ACCOUNTING SYSTEM AND REPORTS: The Commission's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the Commission is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) DEBT ADMINISTRATION: As of June 30, 2011, the Commission's outstanding debt included \$45,930,000 in Obligations under Lease Purchase Agreements - Certificates of Participation. Additional information regarding the Commission's debt is explained in "Notes to the Basic Financial Statements", Note 7.

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

9) RISK MANAGEMENT: The Commission carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Commission's insurance broker, Jay Lawton of G.R. Murray Insurance, oversees risk management for the Commission. A schedule of insurance coverage is found on Exhibit J-20.

The Morris-Union Jointure Commission is a member of School Alliance Insurance Fund ("SAIF") and the New Jersey School Boards Association Insurance Group ("NJSBAIG"). SAIF provides the Commission with comprehensive general liability, automobile liability, property, boiler and machinery and school board legal liability insurance. NJSBAIG provides the Commission with workers' compensation insurance coverage.

10) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPAs, was selected by the Board of Education at its last organization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

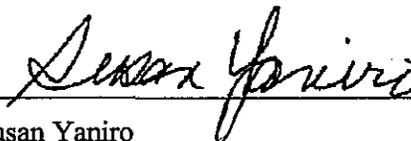
The Honorable President and Members
of the Board of Education
Morris-Union Jointure Commission
Page 6
November 1, 2011

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Morris-Union Jointure Commission Board of Education for their concern in providing fiscal accountability and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our staff.

Respectfully submitted,



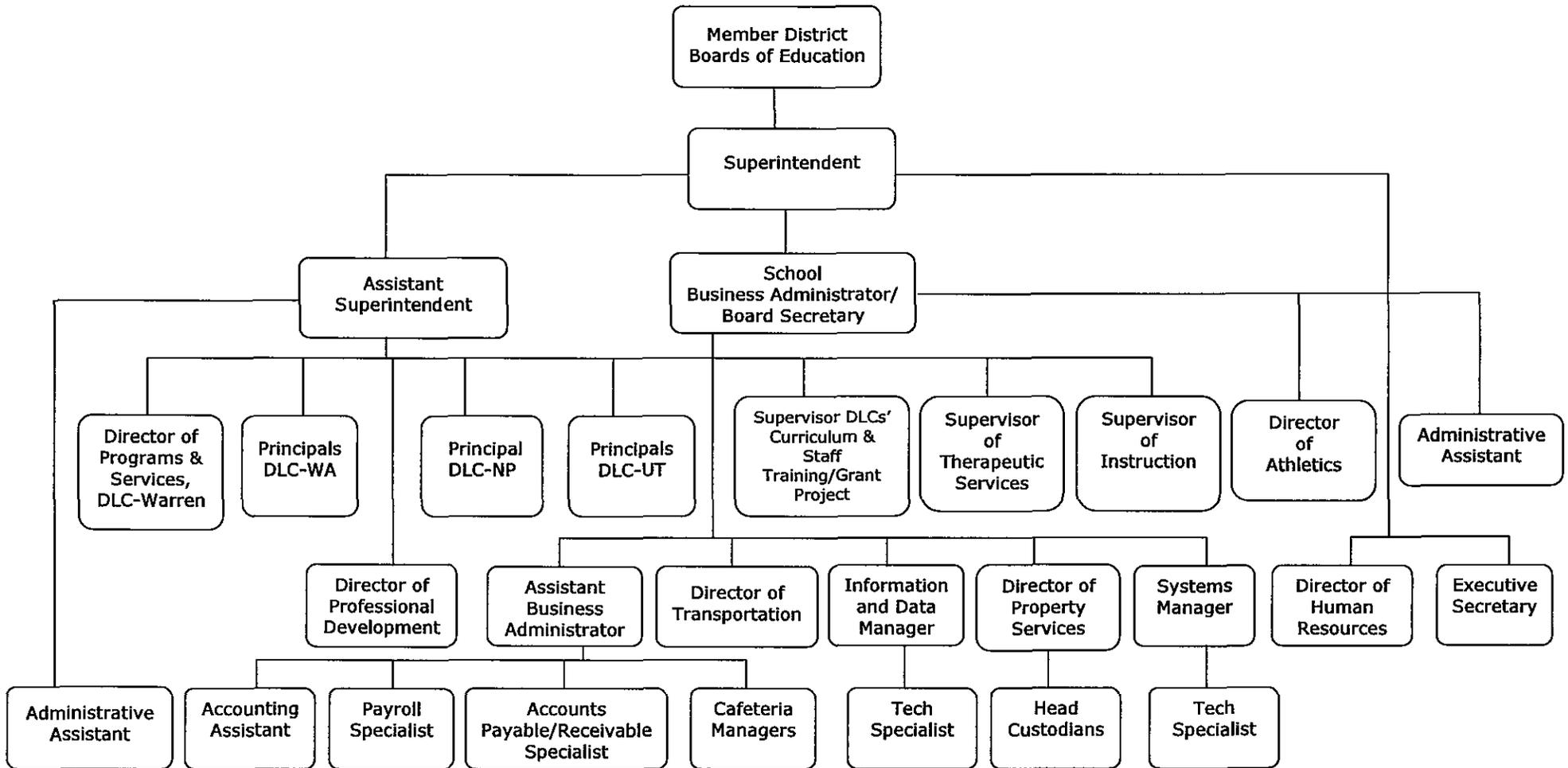
Dr. Kim B. Coleman
Superintendent



Susan Yaniro
Business Administrator/Board Secretary

ORGANIZATION OF THE MORRIS-UNION JOINTURE COMMISSION

June 30, 2011



**MORRIS-UNION JOINTURE COMMISSION
ROSTER OF OFFICIALS
JUNE 30, 2011**

Members of the Board of Education

Mrs. Judith Rattner
 Dr. Valerie Goger, President
 Dr. Christine Johnson
 Mr. James O'Neill, Vice President
 Mr. Kenneth Knops
 Mr. Kevin J. Carroll
 Dr. Gayle Carrick
 Dr. William Ronzitti
 Dr. Alex Anemone
 Mr. Sylvan C. Hershey
 Dr. Brad Draeger
 Dr. Rene Rovtar
 Dr. James Dwyer
 Dr. James A. Crisfield
 Dr. Paul Fried
 Dr. Jeanette Baubles
 Dr. David Miceli
 Mr. Patrick Spagnoletti
 Dr. Margaret W. Hayes
 Mr. Peter Miller
 Mr. Brian G. Osborne
 Mr. Michael A. Davino
 Dr. Nathan Parker
 Dr. Patrick Martin
 Dr. Tami Crader
 Dr. Mary Louise Malyska
 Dr. Frances C. Stromsland
 Dr. Margaret Dolan
 Dr. Anthony P. Cavanna

Superintendent/Board

Berkeley Heights
 Bernards Township
 Boonton
 School District of the Chathams
 Clark
 Clinton Township
 Cranford
 Florham Park
 Harding Township
 Kenilworth
 Livingston
 Long Hill Township
 Madison
 Millburn
 Montville Township
 Mountainside
 New Providence
 Roselle Park
 Scotch Plains/Fanwood
 Somerset Hills
 South Orange-Maplewood
 Springfield
 Summit
 Union Township
 Warren Township
 Watchung Borough
 Watchung Hills Regional
 Westfield
 West Orange

Other Officials

Dr. Kim B. Coleman
 Dr. Janet Parmelee
 Ms. Susan Yaniro
 Mr. Anthony Richel

Title

Superintendent
 Assistant Superintendent
 School Administrator/Board Secretary
 Treasurer

MORRIS-UNION JOINTURE COMMISSION
Consultants and Advisors

Architect

Foreman Program and Construction Managers
P.O. Box 189
Zelienople, PA 16063

Attorney

Robin McMahon, Esq., General Counsel
Matthew J. Giacobbe, Esq., Labor Counsel
Scarinci & Hollenbeck, LLC
11 Valley Brook Avenue
Lyndhurst, NJ 07071

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856

Construction Attorney

Louis Rainone, Esq.
Decotiis, Fitzpatrick, & Cole, LLP
Glenpoint Centre West
500 Frank W. Burr Boulevard
Teaneck, NJ 07666

Official Depository

TD Bank
27 Summit Avenue
Summit, NJ 07901

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Morris-Union Jointure Commission
 County of Union, New Jersey

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 Morris-Union Jointure Commission, in the County of Union, as of and for the fiscal year ended June 30, 2011 which collectively comprise the Commission's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Morris-Union Jointure Commission as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2011 on our consideration of the Board of Education of the Morris-Union Jointure Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable President and Members
of the Board of Education
Morris-Union Jointure Commission
Page 2

The Management's Discussion and Analysis and the Budgetary Comparison Information on Exhibits C-1 through C-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Morris-Union Jointure Commission's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state financial awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining and individual fund financial statements, supplementary schedules and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Nisivoccia, LLP

November 1, 2011
Mount Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**MORRIS-UNION JOINTURE COMMISSION
NEW PROVIDENCE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

This section of Morris-Union Jointure Commission's annual financial report presents its discussion and analysis of the Commission's financial performance during the fiscal year ending June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the Commission's financial statements, which immediately follow this section.

Financial Highlights

- The Commission's financial status is very positive.
- Overall Revenue was \$46,581,982.
- Overall Expenses were \$41,785,239.
- Net Assets from Governmental Activities increased by \$3,120,509 and Net Assets from Business-type Activities increased \$1,676,234 for a Commission-wide increase in net assets of \$4,796,743.
- Enrollments grew by 2.46% with DLC – Warren nearing capacity.
- Bids were received in May 2011 for the 2nd Floor Infill Project that will add 18,000 square feet of new instructional space to DLC - Warren
- The Commission expanded its bus fleet to 127 vehicles with the lease purchase of 6 vehicles.
- The Commission's transportation vehicle maintenance and repair service for member districts is currently is utilized by nine of those districts.
- The Commission participated in the Union County Improvement Authority's Renewable Energy Initiative. Solar panels are currently being installed at the transportation facility in Berkeley Heights and the DLC – New Providence.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the Commission:

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

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

**MORRIS-UNION JOINTURE COMMISSION
NEW PROVIDENCE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

**Figure A-1
Organization of Morris-Union Jointure Commission's Financial Report**

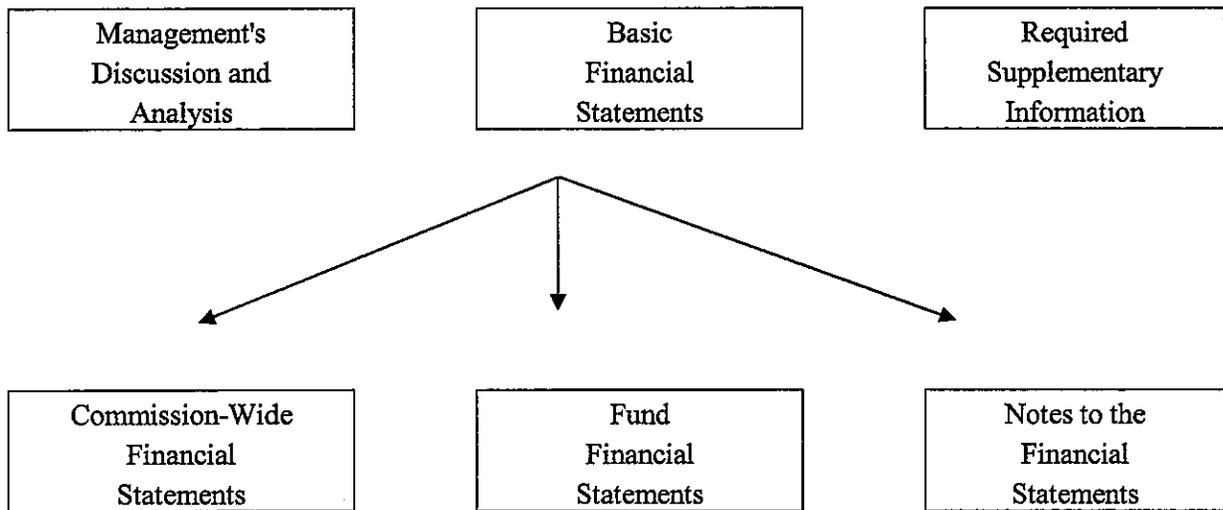


Figure A-2 summarizes the major features of the Commission's financial statements, including the portion of the Commission's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

**MORRIS-UNION JOINTURE COMMISSION
NEW PROVIDENCE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Figure A-2

Major Features of the Commission-Wide and Fund Financial Statements

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

**MORRIS-UNION JOINTURE COMMISSION
NEW PROVIDENCE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Commission-wide Statements

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

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

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

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

- *Governmental activities:* The Commission's basic services are included here, which are the autistic program and administration. Tuition fees finance these activities.
- *Business-type activities:* The Commission charges fees to cover the costs of certain services it provides to member and non-member districts. The Commission's food service, transportation, related services, professional development, alternate route, and other miscellaneous programs are included here.

Fund Financial Statements

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

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

The Commission has three kinds of funds:

- *Governmental funds:* Most of the Commission's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs. Because this information does not encompass the additional long-term focus of the Commission-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**MORRIS-UNION JOINTURE COMMISSION
NEW PROVIDENCE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Fund Financial Statements

- *Proprietary funds:* Services for which the Commission charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Commission-wide statements. The Commission's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The Commission uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The Commission currently does not maintain any internal service funds.
- *Fiduciary funds:* The Commission is the trustee, or *fiduciary*, for assets that belong to others, such as the unemployment compensation fund and the student activities funds. The Commission is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Commission excludes these activities from the Commission-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

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

Financial Analysis of the Commission as a Whole

The *Statement of Net Assets* provides the perspective of the Commission as a whole. Net assets may serve over time as a useful indicator of a Commission's financial position. The Commission's financial position is the product of financial transactions including the net results of activities, the acquisition of debt, and the acquisition, disposal and depreciation of capital assets.

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

	Governmental Activities		Business-Type Activities		Total School District		Percent Change 2010/11
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	
Current and							
Other Assets	\$ 22,726,801	\$ 22,295,396	\$ 10,296,800	\$ 8,618,084	\$ 33,023,601	\$ 30,913,480	6.83%
Capital Assets	77,491,139	76,785,118	18,449	16,182	77,509,588	76,801,300	0.92%
Total Assets	<u>100,217,940</u>	<u>99,080,514</u>	<u>10,315,249</u>	<u>8,634,266</u>	<u>110,533,189</u>	<u>107,714,780</u>	2.62%
Long-Term Debt							
Outstanding	47,491,305	49,384,036	62,746	50,175	47,554,051	49,434,211	-3.80%
Other Liabilities	1,188,704	1,279,056	228,462	236,284	1,417,166	1,515,340	-6.48%
Total Liabilities	<u>48,680,009</u>	<u>50,663,092</u>	<u>291,208</u>	<u>286,459</u>	<u>48,971,217</u>	<u>50,949,551</u>	-3.88%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	30,453,317	27,810,651	18,449	16,182	30,471,766	27,826,833	9.50%
Restricted	7,555,878	4,340,110			7,555,878	4,340,110	74.09%
Unrestricted	<u>13,528,736</u>	<u>16,266,661</u>	<u>10,005,592</u>	<u>8,331,625</u>	<u>23,534,328</u>	<u>24,598,286</u>	-4.33%
Total Net Assets	<u>\$ 51,537,931</u>	<u>\$ 48,417,422</u>	<u>\$ 10,024,041</u>	<u>\$ 8,347,807</u>	<u>\$ 61,561,972</u>	<u>\$ 56,765,229</u>	8.45%

**MORRIS-UNION JOINTURE COMMISSION
NEW PROVIDENCE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Financial Analysis of the Commission as a Whole

Net Assets. The Commission's *combined* net assets were \$61,561,972 on June 30, 2011 which is \$4,796,743 or 8.45% higher than they were the year before. Net assets invested in capital assets increased \$2,644,933 or 9.50%, restricted net assets increased \$3,215,768 or 74.09%, and unrestricted net assets decreased \$1,063,958 or 4.33%. (See Figure A-3).

Figure A-4

Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percent Change 2010/11
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	
Revenue:							
Program Revenue:							
Charges for Services	\$ 33,332,156	\$ 32,472,659	\$ 10,716,489	\$ 9,445,237	\$ 44,048,645	\$ 41,917,896	5.08%
Operating Grants and Contributions	1,560,604	1,497,000	69,707	74,391	1,630,311	1,571,391	3.75%
General Revenue:							
Other	902,972	357,311	54	100	903,026	357,411	152.66%
Total Revenue	<u>35,795,732</u>	<u>34,326,970</u>	<u>10,786,250</u>	<u>9,519,728</u>	<u>46,581,982</u>	<u>43,846,698</u>	6.24%
Expenses:							
Instruction	27,423,707	25,974,397			27,423,707	25,974,397	5.58%
Pupil/Instruction Services	308,185	409,080			308,185	409,080	-24.66%
Administrative/Business	4,332,393	4,399,972			4,332,393	4,399,972	-1.54%
Maintenance/Operations	407,101	238,333			407,101	238,333	70.81%
Transportation	427,891	420,502			427,891	420,502	1.76%
Other	366,202	346,998	8,519,760	8,570,446	8,885,962	8,917,444	-0.35%
Total Expenses	<u>33,265,479</u>	<u>31,789,282</u>	<u>8,519,760</u>	<u>8,570,446</u>	<u>41,785,239</u>	<u>40,359,728</u>	3.53%
Transfers	590,256	1,001,919	(590,256)	(1,001,919)			
Extraordinary Item		(475,000)				(475,000)	-100%
Increase in Net Assets	<u>\$ 3,120,509</u>	<u>\$ 3,064,607</u>	<u>\$ 1,676,234</u>	<u>\$ (52,637)</u>	<u>\$ 4,796,743</u>	<u>\$ 3,011,970</u>	59.26%

Changes in Net Assets. The Commission's Net Assets from Governmental Activities increased \$3,120,509 and its Net Assets from Business-type Activities increased \$1,676,234 (See Figure A-4). The increase in Net Assets from Governmental Activities consists of a \$2,642,666 increase in Net Assets Invested in Capital Assets due to \$706,021 in capital additions (net of disposals and depreciation) and a \$1,936,645 net reduction in capital related debt. Restricted Net Assets increased \$3,215,768 primarily due to funds restricted in the General Fund for encumbrances at year end. Unrestricted Net Assets decreased \$1,066,376 primarily due to the accrual on interest on the Commission's long-term debt, the Commission's compensated absences payable and the restriction of funds in the General Fund for encumbrances at year end. The \$1,676,234 decrease in Net Assets from Business-type Activities is attributable to a \$2,267 increase in Net Assets Invested in Capital Assets and a \$1,673,967 increase in Unrestricted Net Assets due to increased enrollment in the Commission's special programs.

**MORRIS-UNION JOINTURE COMMISSION
NEW PROVIDENCE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Financial Analysis of the Commission as a Whole

Revenue Sources. The Commission's total revenue for the 2010-2011 school year was \$46,581,982 (See Figure A-5). Tuition and program fees (charges for services) accounted for most of the Commission's revenue (94.56%), with tuition alone representing \$33,332,156 or 71.56% of total revenue. Another 3.50% came from operating grants and contributions and the remaining 1.94% came from other miscellaneous sources. It is important to note that the \$1,630,311 in Categorical Grants includes \$29,793 TPAF Noncontributory Insurance and \$632,814 of TPAF Post Retirement Medical Contributions that the State of New Jersey is paying on behalf of the Commission and \$856,297 is TPAF Social Security contributions reimbursed by the State.

**Figure A-5
Sources of Revenue for Fiscal Years 2011 and 2010**

	2011 Amount	Percent of Total	2010 Amount	Percent of Total
Sources of Revenue:				
Operating Grants and Contributions	\$ 1,630,311	3.50%	\$ 1,571,391	3.58%
Charges for Services	44,048,645	94.56%	41,917,896	95.60%
Other	903,026	1.94%	357,411	0.82%
Total	\$ 46,581,982	100.00%	\$ 43,846,698	100.00%

The total cost of all programs and services was \$41,785,239. The Commission's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (67.39%) (See Figure A-6). The Commission's administrative and business activities accounted for 10.37% of total costs. The Commission's other expenses (22.24%) were primarily from its Special Programs Enterprise Funds in the amount of \$8,519,760. It is important to note that other expenditures include \$824,401 for depreciation of capital assets - \$821,324 from Governmental Activities and \$3,077 from Business-type Activities.

**Figure A-6
Expenses for Fiscal Years 2011 and 2010**

	2011 Amount	Percent of Total	2010 Amount	Percent of Total
Expense Category:				
Instruction	\$ 27,423,707	65.63%	\$ 25,974,397	64.36%
Pupil and Instruction Services	308,185	0.74%	409,080	1.01%
Administrative and Business	4,332,393	10.37%	4,399,972	10.90%
Maintenance and Operations	407,101	0.97%	238,333	0.59%
Transportation	427,891	1.02%	420,502	1.04%
Other	8,885,962	21.27%	8,917,444	22.10%
Total	\$ 41,785,239	100.00%	\$ 40,359,728	100.00%

**MORRIS-UNION JOINTURE COMMISSION
NEW PROVIDENCE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Governmental Activities

The financial position of the Commission remains stable. The Developmental Learning Center (DLC) – Warren's growth in enrollment is on track with expectations. In 2010-2011, as the DLC – Warren neared full capacity, the Commission began the process to outfit the approximately 18,000 square feet of additional space that was part of the original construction into additional instructional space. The space, which will provide space for 50 – 60 additional autistic students at DLC – Warren, will be completed in January 2012. A ten-year lease between the MUJC and the Union Board of Education that was up for renewal in August 2011 was not renewed as Union required the building for its own increasing population. Consequently, DLC – Union closed its doors after the extended year program in August 2011.

The Commission has developed a comprehensive swimming program for our entire student population. Students from the New Providence and Union DLC's are bused to DLC – Warren for their swim program. Additional recreational services to member districts and the community at large have also been realized. Four of the Commission's member districts' swim teams use the pool for their home meets and practices. NJSwim is providing a swim program for community members and several other entities rent recreational space in both New Providence and Warren.

The DLC – New Providence and the transportation facility in Berkeley Heights received new roofs in 2009-2010. By installing the new roofs, the Commission was able to take advantage of the Union County Improvement Authority's Renewable Energy Program that, at no cost to the Commission, is providing for the installation of solar panels at both facilities during 2011-2012.

Careful management of expenses remains essential for the Commission to sustain its financial health. The Commission is diligent in trying to contain workers' compensation claims that can prove expensive and are difficult to manage due to the nature of the student population. However, the Commission has been commended for its proactive efforts to decrease claims, thereby decreasing costs, through the efforts of its Safety Committee, extensive staff training, and student behavior management. The Commission expanded and improved its training in 2010-2011 with the creation of a Professional Learning department. The Commission received another Safety Grant Award from the New Jersey School Boards Association in 2010-2011 that provided for the installation of additional security cameras and software upgrades. The MUJC also received a safety award from the School Alliance Insurance Fund that was accompanied by a reduction in premium as a reward for implementing the safety initiatives required to be eligible for the award.

Figure A-7 presents the cost of six major Commission activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation and other which represents unallocated depreciation. The table also shows each activity's net revenue generated/(net cost) (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

**MORRIS-UNION JOINTURE COMMISSION
NEW PROVIDENCE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Governmental Activities

Figure A-7

Net Cost of Governmental Activities

	Total Cost of Services	Total Cost of Services	Net Revenue/ (Cost) of Services	Net Revenue/ (Cost) of Services
	2010/11	2009/10	2010/11	2009/10
Instruction	\$ 27,423,707	\$ 25,974,397	\$ 1,262,143	\$ 1,822,372
Pupil and Instruction Services	308,185	409,080	18,609	38,089
Administrative and Business	4,332,393	4,399,972	1,056,772	1,019,876
Maintenance and Operations	407,101	238,333	83,850	67,540
Transportation	427,891	420,502	(427,891)	(420,502)
Other	366,202	346,998	(366,202)	(346,998)
Total	\$ 33,265,479	\$ 31,789,282	\$ 1,627,281	\$ 2,180,377

The cost of all Governmental Activities this year was \$33,265,479.

- The federal and state governments subsidized certain programs with grants and contributions for Governmental Activities (\$1,560,604).
- The Commission's costs, however, were primarily financed by tuition and special program fees for Governmental Activities (\$33,332,156).
- The remainder of the funding came from miscellaneous revenue and investment earnings for Governmental Activities.

Business-Type Activities

Net assets from the Commission's business-type activity increased by \$1,676,234. (Refer to Figure A-4). Factors contributing to these results included:

- Revenue from charges for services increased \$1,271,252 due to increased enrollment and the equity transfer to the Governmental Funds decreased \$411,663 in the Special Programs Enterprise Funds during the fiscal year.
- The transportation program is challenged in balancing the need to provide member districts with quality services with the costs of providing those services. Several factors (including unpredictable fuel costs and high labor costs) impacted the program. Cost containment measures, including expanded in-house vehicle maintenance for the Commission and member districts and revised benefits for new employees, have helped to increase revenue and decrease the cost of business. The implementation of various components of new state legislation regarding employee benefits will also help the Commission decrease labor costs.
- The success of the Alternate Route Provisional Teacher program, implemented in 2003-2004, has continued in its eighth year. During the 2010-2011 school year, approximately 204 participants were enrolled and graduated from the Commission's ARTP program. In addition, the Commission continued to offer the "24 Hour Pre-service Program," a new requirement for individuals to obtain their CE, and the "45 Hour Program of Study in the Teaching of Elementary Language Arts/Literacy" and the "45 Hour Program of Study in the Teaching of Elementary Mathematics," which are for individuals who hold a CE in Elementary K-5 and were hired on or after October 31, 2009.

**MORRIS-UNION JOINTURE COMMISSION
NEW PROVIDENCE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Business-Type Activities

- Related services, including Speech/Language, Occupational Therapy, Physical Therapy and Aide services continue to run well. Requests for the ABA Home Program continue to be strong, adding revenue in business-type enterprise fund activities.

Financial Analysis of the Commission's Funds

The Commission's financial position remains positive. The Developmental Learning Center (DLC) – Warren, completed the fourth year of operation in June 2011, with a record 213 students. The state-of-the-art facility, specifically designed for children with autism, is a significant undertaking as most facilities for autistic students are a retrofit of an existing building and not designed for their special needs and curriculum. The building was designed to provide real-life experiences for students with developmental disorders. The Commission is noted for its exception program for children with autism and often requested placement by parents for their children. As it became apparent that the 2010-2011 enrollment would near the building's capacity of 219 students, plans were made to convert the approximately 18,000 square feet of unused space into instructional space. It is anticipated that this project will be completed by January 2012, adding instructional space for an additional 50 – 60 students. The cost for construction will come from the Commission's surplus.

The Commission's state-of-the-art transportation facility offers the ability to provide maintenance and repair work not only for Commission vehicles, but also for buses owned by our various member districts at a cost savings. The expanded facility provides mini storage space that is available to member districts for their overflow storage needs.

The Commission continues to meet the needs of its member districts with existing and new programs. All of these factors are likely to continue for the next several years. The Commission is one of only a few State sanctioned locations offering the Alternate Route Training Program. For the 2010-2011 school year, the Commission continues to offer the Outreach Services program that provides consultant services to member and nonmember district in the areas of program design, evaluation and implementation for students with autism. In order to maintain a strong financial position, the Commission must continue to practice sound fiscal management.

Capital Asset and Debt Administration

Capital Assets

**Figure A-8
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percent Change 2010/11
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	
Land	\$ 10,248,300	\$ 10,248,300			\$ 10,248,300	\$ 10,248,300	0.00%
Construction in Progress	55,699,469	55,699,469			55,699,469	55,699,469	0.00%
Buildings and Building Improvements	8,970,587	8,254,817			8,970,587	8,254,817	8.67%
Vehicles, Machinery and Equipment	2,572,783	2,582,532	\$ 18,449	\$ 16,182	2,591,232	2,598,714	-0.29%
Total Capital Assets (Net of Depreciation)	\$ 77,491,139	\$ 76,785,118	\$ 18,449	\$ 16,182	\$ 77,509,588	\$ 76,801,300	0.92%

**MORRIS-UNION JOINTURE COMMISSION
NEW PROVIDENCE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Capital Asset and Debt Administration

Capital Assets

The District's total Capital Assets at June 30, 2011 are \$77,509,588, which represents an increase of \$708,288 or 0.92%. Total capital acquisitions were \$1,935,176 which consisted of \$1,433,143 in building improvements and \$502,033 for the purchase of vehicles, machinery and equipment. These acquisitions were offset by \$824,401 of depreciation - \$821,324 from Governmental Activities and \$3,077 from Business-type Activities. The District also disposed of various vehicles, machinery and equipment with a net carrying value of \$402,487.

Long-term Debt

At year-end, the Commission had \$45,930,000 in lease purchase agreements payable (COP's) – a reduction of \$1,680,000 on the 2004 series – as shown in Figure A-9. During the year, the Commission retired \$256,645 of existing leases, and has a balance of \$1,107,822 in capital leases payable at year end. (More detailed information about the Commission's long-term liabilities is presented in Note 7 to the basic financial statements.)

Figure A-9

Outstanding Long-Term Debt

	Total School District		Percentage Change
	2010/11	2009/10	
Obligations under Lease Purchase Agreements - Certificates of Participation	\$ 45,930,000	\$ 47,610,000	-3.53%
Obligations under Capital Leases	1,107,822	1,364,467	-18.81%
Compensated Absences Payable	516,229	459,744	12.29%
	<u>\$ 47,554,051</u>	<u>\$ 49,434,211</u>	-3.80%

- The Commission continued to pay down its existing debt, retiring \$1,680,000 of COP's, and \$256,645 of capital leases payable.
- Compensated absences payable increased \$56,485 – \$43,914 in the Governmental Activities and \$12,571 in the Business-type Activities.

**MORRIS-UNION JOINTURE COMMISSION
NEW PROVIDENCE, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Factors Bearing on the Commission's Future

At the time these financial statements were prepared and audited, the Commission was aware of five existing circumstances that could significantly affect its financial health in the future:

- As anticipated, the operation of the Developmental Learning Center – Warren, which was financed through the sale of certificates of participation, is significant. However, as the enrollments increase, the financial impact is reduced. The cost to convert 18,000 square feet of unused space in DLC – Warren into classrooms will come from the Commission's unreserved surplus. That being said, there will still be a healthy remaining surplus.
- Due to the economic downturn in the State of New Jersey, school districts have been financially squeezed and look at every area where they can to contain costs. Education of disabled students is federally mandated for ages 3 through 21. While many districts are successfully able to provide appropriate programs for younger, less severely disabled children, the Commission has seen a decline in the enrollments of this younger population. However, for the older, more severely affected students, the MUJC has seen an increase in enrollments. It is expected that this trend will continue. In anticipation of an older population, the 2nd Floor Infill project at DLC – Warren is planned for secondary students.
- New programs are continually evaluated. During 2010-2011, it became apparent that member districts would benefit from Commission operated programs within their own schools. After months of developing the In-district Special Education Program, Warren Township Public Schools are hosting the pilot program in the 2011-2012 school year. Additional districts have expressed interest in hosting programs in their districts for the 2012-2013 school year.
- The final payment to the contractor for the DLC – Warren project, which represents outstanding approved payment applications, change orders, and the retainage for the project, has been finalized and will be paid in the 2011-2012 school year. This money will come from the project account and the Commission's unreserved surplus.

Contacting the Commission's Financial Management

This financial report is designed to provide the Commission's members, customers, and investors and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 340 Central Avenue, New Providence, New Jersey 07974.

BASIC FINANCIAL STATEMENTS

COMMISSION-WIDE FINANCIAL STATEMENTS

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 18,022,898	\$ 8,476,391	\$ 26,499,289
Investments	1,463,285		1,463,285
Receivables from Federal Government	3,050	4,261	7,311
Receivables from State Government	41,411	138	41,549
Receivables from Other Governments	3,196,157	1,797,892	4,994,049
Interfund Receivable		4,116	4,116
Other Receivables		1,354	1,354
Inventories		12,648	12,648
Capital Assets:			
Sites (Land) and Construction in Progress	65,947,769		65,947,769
Depreciable Buildings and Building Improvements and Vehicles, Machinery and Equipment	11,543,370	18,449	11,561,819
Total Assets	<u>100,217,940</u>	<u>10,315,249</u>	<u>110,533,189</u>
<u>LIABILITIES</u>			
Accounts Payable - Vendors	5,685	22,870	28,555
Accrued Interest Payable	443,731		443,731
Interfund Payable	5,539		5,539
Loss Reserves for Health Benefits	635,276	205,592	840,868
Deferred Revenue	98,473		98,473
Noncurrent Liabilities:			
Due Within One Year	2,130,725		2,130,725
Due Beyond One Year	45,360,580	62,746	45,423,326
Total Liabilities	<u>48,680,009</u>	<u>291,208</u>	<u>48,971,217</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	30,453,317	18,449	30,471,766
Restricted for:			
Capital Projects	3,522,061		3,522,061
Other Purposes	4,033,817		4,033,817
Unrestricted	13,528,736	10,005,592	23,534,328
Total Net Assets	<u>\$ 51,537,931</u>	<u>\$ 10,024,041</u>	<u>\$ 61,561,972</u>

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

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Special Education	\$ 27,423,707	\$ 27,144,095	\$ 1,541,755	\$ 1,262,143		\$ 1,262,143
Support Services:						
Student and Instruction Related Services	308,185	307,945	18,849	18,609		18,609
General Administration Services	1,126,766	1,289,768		163,002		163,002
Central Services	3,147,771	4,020,405		872,634		872,634
Administrative Information Technology	57,856	78,992		21,136		21,136
Plant Operations and Maintenance	407,101	490,951		83,850		83,850
Pupil Transportation	427,891			(427,891)		(427,891)
Unallocated Depreciation	366,202			(366,202)		(366,202)
Total Governmental Activities	33,265,479	33,332,156	1,560,604	1,627,281		1,627,281
Business-Type Activities:						
Special Programs	8,204,936	10,549,254			\$ 2,344,318	2,344,318
Food Service	314,824	167,235	69,707		(77,882)	(77,882)
Total Business-Type Activities	8,519,760	10,716,489	69,707		2,266,436	2,266,436
Total Primary Government	\$ 41,785,239	\$ 44,048,645	\$ 1,630,311	1,627,281	2,266,436	3,893,717

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Program Revenue		Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
General Revenue:						
Interest Earnings				\$ 6,201	\$ 54	\$ 6,255
Miscellaneous Income				896,771		896,771
Transfers				590,256	(590,256)	
Total General Revenues				1,493,228	(590,202)	903,026
Change in Net Assets				3,120,509	1,676,234	4,796,743
Net Assets - Beginning				48,417,422	8,347,807	56,765,229
Net Assets - Ending				\$ 51,537,931	\$ 10,024,041	\$ 61,561,972

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

MORRIS-UNION JOINTURE COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 14,485,503	\$ 15,334	\$ 3,522,061	\$ 18,022,898
Investments	1,463,285			1,463,285
Receivables from Federal Government	3,050			3,050
Receivables from State Government	41,411			41,411
Receivables from Other Governments	3,196,157			3,196,157
Total Assets	\$ 19,189,406	\$ 15,334	\$ 3,522,061	\$ 22,726,801
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable - Vendors	\$ 5,685			\$ 5,685
Loss Reserves for Health Benefits	635,276			635,276
Interfund Payable	5,539			5,539
Deferred Revenue	83,139	\$ 15,334		98,473
Total Liabilities	729,639	15,334		744,973
Fund Balances:				
Restricted:				
Capital Projects Fund			\$ 3,522,061	3,522,061
Assigned:				
Year-End Encumbrances	4,033,817			4,033,817
Unassigned	14,425,950			14,425,950
Total Fund Balances	18,459,767		3,522,061	21,981,828
Total Liabilities and Fund Balances	\$ 19,189,406	\$ 15,334	\$ 3,522,061	\$ 22,726,801

Amounts reported for Governmental Activities in the Statement of Net Assets (A-1) are different because:

Fund Balances - Governmental Funds (Above)	\$ 21,981,828
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$82,907,216 and the accumulated depreciation is \$5,416,077.	77,491,139
Long-term liabilities, including obligations under lease purchase agreements and not due and payable in the current period and therefore are not reported as liabilities in the funds.	(47,491,305)
Interest on long-term debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(443,731)
Net Assets - Governmental Activities	\$ 51,537,931

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

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenue:				
Local Sources:				
Tuition Charges	\$ 33,332,156			\$ 33,332,156
Miscellaneous	896,771	\$ 29,117	\$ 6,201	932,089
Total - Local Sources	34,228,927	29,117	6,201	34,264,245
State Sources	1,531,487			1,531,487
Total Revenue	35,760,414	29,117	6,201	35,795,732
Expenditures:				
Current:				
Special Education Instruction	19,881,134	29,117		19,910,251
Support Services and Undistributed Costs:				
Student & Instruction Related Services	225,548			225,548
General Administration Services	944,664			944,664
Central Services	2,944,663			2,944,663
Administrative Information Technology	57,856			57,856
Plant Operations and Maintenance	359,587			359,587
Allocated Benefits - Special Education	5,986,360			5,986,360
Unallocated Benefits	1,924,088			1,924,088
Capital Outlay	3,522,589			3,522,589
Total Expenditures	35,846,489	29,117		35,875,606
Excess (Deficit) of Revenue Over (Under) Expenditures	(86,075)		6,201	(79,874)
Other Financing Sources/(Uses):				
Transfers In	664,100			664,100
Transfers Out	(73,844)			(73,844)
Total Other Financing Sources/(Uses)	590,256			590,256
Net Change in Fund Balances	504,181		6,201	510,382
Fund Balance—July 1	17,955,586		3,515,860	21,471,446
Fund Balance—June 30	\$ 18,459,767	\$ -0-	\$ 3,522,061	\$ 21,981,828

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

MORRIS-UNION JOINTURE COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 510,382

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

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation and disposal of assets with carrying value in the period.

Depreciation Expense	\$ (821,324)	
Disposal of Assets with Carrying Value	(402,487)	
Capital Outlays	<u>1,929,832</u>	706,021

In the Statement of Activities, certain operating expenses, e.g., compensated absences (sick time and vacations) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (43,914)

Repayment of obligations under lease purchase agreements and capital leases are an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities. 1,936,645

In the Statement of Activities, interest on long-term debt in the Statement of Activities is accrued, regardless of when due, In the Governmental Funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+) 11,375

Change in Net Assets of Governmental Activities (from Exhibit A-2) \$ 3,120,509

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF JUNE 30, 2011

	Special Programs	Food Service	Total Enterprise Funds
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 8,464,994	\$ 11,397	\$ 8,476,391
Receivables from Federal Government		4,261	4,261
Receivables from State Government		138	138
Receivables from Other Governments	1,797,892		1,797,892
Other Accounts Receivable	1,354		1,354
Interfund Receivable - General Fund		3,500	3,500
Interfund Receivable - Fiduciary Funds	616		616
Inventories		12,648	12,648
Total Current Assets	<u>10,264,856</u>	<u>31,944</u>	<u>10,296,800</u>
Capital Assets:			
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment		68,355 (49,906)	68,355 (49,906)
Total Capital Assets		<u>18,449</u>	<u>18,449</u>
Total Assets	<u>10,264,856</u>	<u>50,393</u>	<u>10,315,249</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	3,621	19,249	22,870
Total Current Liabilities	<u>3,621</u>	<u>19,249</u>	<u>22,870</u>
Long-term Liabilities:			
Accrued Compensated Absences	62,746		62,746
Loss Reserve for Health Benefits	205,592		205,592
Total Long-term Liabilities	<u>268,338</u>		<u>268,338</u>
Total Liabilities	<u>271,959</u>	<u>19,249</u>	<u>291,208</u>
<u>NET ASSETS:</u>			
Investment in Capital Assets Net of Related Debt		18,449	18,449
Unrestricted	9,992,897	12,695	10,005,592
Total Net Assets	<u>\$ 9,992,897</u>	<u>\$ 31,144</u>	<u>\$ 10,024,041</u>

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

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Programs	Food Service	Total Enterprise Funds
Operating Revenue:			
Local Sources:			
Daily Sales - School Breakfast/Lunch Program		\$ 151,080	\$ 151,080
Special Events		14,019	14,019
Vending Rebates		2,136	2,136
Transportation Fees	\$ 6,517,027		6,517,027
Program Fees	4,032,227		4,032,227
Total Operating Revenue	<u>10,549,254</u>	<u>167,235</u>	<u>10,716,489</u>
Operating Expenses:			
Vocational Programs:			
Supplies and Materials	2,190		2,190
Total Vocational Programs	<u>2,190</u>		<u>2,190</u>
School-Sponsored Cocurricular Activities - Instruction:			
Salaries	199,286		199,286
Employee Benefits	16,674		16,674
Purchased Professional/Technical Services	23,232		23,232
Supplies and Materials	18,682		18,682
Other Objects	10,253		10,253
Total School-Sponsored Cocurricular Activities - Instruction	<u>268,127</u>		<u>268,127</u>
Speech, OT, PT and Related Services:			
Salaries	741,521		741,521
Employee Benefits	337,152		337,152
Purchased Professional/Technical Services	3,088		3,088
Supplies and Materials	160		160
Total Speech, OT, PT and Related Services	<u>1,081,921</u>		<u>1,081,921</u>
Staff Training:			
Salaries	32,434		32,434
Employee Benefits	3,247		3,247
Purchased Professional/Technical Services	46,710		46,710
Other Purchased Services	15,642		15,642
Supplies and Materials	7,517		7,517
Total Staff Training	<u>105,550</u>		<u>105,550</u>

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Special Programs</u>	<u>Food Service</u>	<u>Total Enterprise Funds</u>
Operating Expenses:			
Child Study Teams:			
Salaries	\$ 160,199		\$ 160,199
Employee Benefits	12,909		12,909
Other Purchased Services	172		172
Supplies and Materials	624		624
Total Child Study Teams	<u>173,904</u>		<u>173,904</u>
Transportation:			
Salaries	4,025,704		4,025,704
Employee Benefits	1,635,079		1,635,079
Purchased Professional and Technical Services	138,897		138,897
Purchased Property Services	511,440		511,440
Supplies and Materials	229,913		229,913
Other Objects	32,211		32,211
Total Transportation	<u>6,573,244</u>		<u>6,573,244</u>
Other Enterprise Activities:			
Salaries		\$ 112,415	112,415
Employee Benefits		24,639	24,639
Purchased Property Services		24,513	24,513
Supplies and Materials		17,838	17,838
Depreciation		3,077	3,077
Cost of Sales		132,342	132,342
Total Other Enterprise Activities		<u>314,824</u>	<u>314,824</u>
Total Operating Expenses	<u>8,204,936</u>	<u>314,824</u>	<u>8,519,760</u>
Operating Income/(Loss)	<u>2,344,318</u>	<u>(147,589)</u>	<u>2,196,729</u>

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Special Programs</u>	<u>Food Service</u>	<u>Total Enterprise Funds</u>
Non-Operating Revenue:			
Federal Sources:			
National School Lunch and Breakfast Program		\$ 62,065	\$ 62,065
Food Distribution Program		5,791	5,791
State Sources:			
State School Lunch Program		1,851	1,851
Local Sources:			
Interest on Investments		54	54
Total Non-operating Revenue		69,761	69,761
Net Income (Loss) before Transfers	\$ 2,344,318	(77,828)	2,266,490
Operating Transfers In - General Fund		73,844	73,844
Equity Transfer to General Fund	(664,100)		(664,100)
Change in Net Assets	1,680,218	(3,984)	1,676,234
Net Assets - Beginning of Year	8,312,679	35,128	8,347,807
Net Assets - End of Year	<u>\$ 9,992,897</u>	<u>\$ 31,144</u>	<u>\$ 10,024,041</u>

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

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Programs	Food Service	Total Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 10,625,795	\$ 168,047	\$ 10,793,842
Payments to Employees	(5,159,144)		(5,159,144)
Payments for Employee Benefits	(1,971,137)		(1,971,137)
Payments to Suppliers	(1,041,161)		(1,041,161)
Payments to Food Service Vendor		(336,168)	(336,168)
Net Cash Provided by/(Used for) Operating Activities	2,454,353	(168,121)	2,286,232
Cash Flows from Investing Activities:			
Interest Income		54	54
Net Cash Provided by Investing Activities		54	54
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements		64,762	64,762
Equity Transfer to General Fund	(664,100)		(664,100)
Board Contribution		65,000	65,000
Net Cash Provided by/(Used for) Noncapital Financing Activities	(664,100)	129,762	(534,338)
Net Increase/(Decrease) in Cash and Cash Equivalents	1,790,253	(38,305)	1,751,948
Cash and Cash Equivalents, July 1	6,674,741	49,702	6,724,443
Cash and Cash Equivalents, June 30	<u>\$ 8,464,994</u>	<u>\$ 11,397</u>	<u>\$ 8,476,391</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ 2,341,900	\$ (147,589)	\$ 2,194,311
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:			
Depreciation		3,077	3,077
Federal Food Distribution Program		5,791	5,791
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable, Net	76,541	812	77,353
(Increase) in Inventory		(1,467)	(1,467)
(Decrease) in Accounts Payable	(430)	(28,745)	(29,175)
Increase in Accrued Compensated Absences	12,571		12,571
Increase in Loss Reserves for Health Benefits	23,771		23,771
Net Cash Provided by/(Used for) Operating Activities	\$ 2,454,353	\$ (168,121)	\$ 2,286,232

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at \$5,791 during the fiscal year ended June 30, 2011.

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	Payroll	Unemployment Compensation Trust
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 170,150	\$ 35,721
Interfund Receivable - General Fund	2,039	
Accounts Receivable - Employees	1,915	
Total Assets	174,104	35,721
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	173,488	
Interfund Payable:		
Enterprise Fund	616	
Total Liabilities	174,104	
<u>NET ASSETS:</u>		
Held in Trust for Unemployment Claims		35,721
Total Net Assets	\$ - 0 -	\$ 35,721

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

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Members	\$ 57,610
Total Contributions	<u>57,610</u>
Investment Earnings:	
Interest	<u>35</u>
Net Investment Earnings	<u>35</u>
Total Additions	<u>57,645</u>
DEDUCTIONS:	
Unemployment Claims	60,312
Transfer Out - General Fund	<u>35</u>
Total Deductions	<u>60,347</u>
Change in Net Assets	(2,702)
Net Assets—Beginning of the Year	<u>38,423</u>
Net Assets—End of the Year	<u><u>\$ 35,721</u></u>

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the Commission over which the Board exercises operating control. The operations of the Commission include three Developmental Learning Centers located within Union County. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Commission is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

Commission-Wide Financial Statements:

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The Commission reports the following governmental funds:

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

As required by the NJDOE, the Commission includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, Commission fees and charges for services and appropriated fund balance. These resources can be transferred from and to current expense by Board resolution. 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 Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from lease-purchase agreements that are specifically authorized by the Board, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

B. Basis of Presentation: (Cont'd)

The Commission reports the following proprietary funds:

Food Service Enterprise Fund: The Food Service Fund accounts for the activities of the Commission's food service, generally the school hot breakfast and lunch program.

Special Programs Enterprise Fund: The Special Programs Enterprise Fund accounts for the activities of the Commission's sixteen special programs: Speech/Language, Occupational Therapy, Child Study Team Services, Adaptive Physical Education, Physical Therapy, Behavior Management, Aide Services, ABA Home Programs, Vocational Assessment, Professional Development, Music, In-Service Workshops, Transportation, Technical Assessment, Provisional Teacher Program, and Recreation Program.

The funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprise. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students and to educational professionals on a continuing basis are financed or recovered primarily through user charges.

Additionally, the Commission reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

C. Measurement Focus and Basis of Accounting (Cont'd)

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

Reports for the Commission's Proprietary Funds are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budgets are submitted to the County Office and are adopted by the Board. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:	<u> </u>	<u> </u>
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 35,760,414	\$ 28,726
Differences - Budget to GAAP:		
Grant accounting Budgetary Basis differs from GAAP in that Budgetary Basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not	<u> </u>	<u>391</u>
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 35,760,414</u>	<u>\$ 29,117</u>

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:	<u> </u>	<u> </u>
Actual amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 35,846,489	\$ 28,726
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		391
	<u> </u>	<u> </u>
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 35,846,489</u>	<u>\$ 29,117</u>

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

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

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

F. Interfund Transactions:

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

Open encumbrances in the special revenue fund for which the Commission has received advances are reflected in the balance sheet as deferred revenue 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.

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

K. Capital Assets:

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

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

K. Capital Assets: (Cont'd)

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

In the Commission-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in 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 issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages:

The Commission does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2011.

N. Compensated Absences:

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

Commission employees are granted varying amounts of vacation and sick leave in accordance with the personnel policy. Upon termination or retirement, employees are paid for accrued vacation. The Commission's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. After eight years of service and upon termination or retirement, employees shall be paid for their unused sick leave in accordance with the Commission's personnel policy.

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

O. Deferred Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$18,459,767 General Fund balance at June 30, 2011, \$4,033,817 is assigned for year-end encumbrances and \$14,425,950 is unassigned.

Capital Projects Fund: The \$3,522,061 Capital Projects Fund balance is restricted at June 30, 2011.

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

Q. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Commission's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Fund Balance Restrictions, Commitments and Assignments:

The Commission implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the current fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

R. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

Fund balance restrictions have been established for the Capital Projects Fund balances.

The Commission has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The Commission has no committed resources at June 30, 2011.

The assignment of resources is generally made by the Commission Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the Commission to assign resources through policies adopted by the Board of Education. The Commission has assigned \$4,033,817 of resources for year-end encumbrances in the General Fund at June 30, 2011.

S. Revenue - Exchange and Nonexchange Transactions:

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

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

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

T. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Funds. These revenues are sales for food service and fees charged for services in the various special programs run by the Commission. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

U. Management Estimates:

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

V. Unpaid Health Benefit Claims Liabilities:

The Commission establishes claims liabilities based on estimates of the ultimate cost of claims that have been incurred but not reported. Because actual claims costs depend on such complex factors as inflation and changes in doctrines of legal liability, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect claim frequency and other economic and social factors. A provision for inflation is implicit in the calculation of estimated future claims costs because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures* requires disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

Deposits:

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

Deposits: (Cont'd)

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - b) the custody of collateral is transferred to a third party;
 - c) the maturity of the agreement is not more than 30 days;
 - d) the underlying securities are purchased through a public depository as defined in statute; and
 - e) a master repurchase agreement providing for the custody and security of collateral is executed.

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

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

As of June 30, 2011, cash and cash equivalents and investments of the Commission consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Investments (C.D.'s)</u>	<u>Total</u>
Checking and Savings Accounts	\$ 23,146,224		\$ 23,146,224
New Jersey Cash Management Fund	1,000		1,000
Certificates of Deposit	<u>3,557,936</u>	<u>\$ 1,463,285</u>	<u>5,021,221</u>
	<u>\$ 26,705,160</u>	<u>\$ 1,463,285</u>	<u>\$ 28,168,445</u>

During the period ended June 30, 2011, the Commission did not hold any investments other than certificates of deposit. The carrying amount of the Commission's cash and cash equivalents and investments at June 30, 2011 was \$28,168,445 and the bank balance was \$29,731,076. The \$1,000 in the New Jersey Cash management Fund is uninsured and unregistered.

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2011 were as follows:

	<u>Balance 6/30/2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2011</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 10,248,300			\$ 10,248,300
Construction in Progress	<u>55,699,469</u>			<u>55,699,469</u>
Total Capital Assets Not Being Depreciated	<u>65,947,769</u>			<u>65,947,769</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	10,023,212	\$ 1,433,143	\$ (455,880)	11,000,475
Machinery and Equipment	<u>5,500,964</u>	<u>496,689</u>	<u>(38,681)</u>	<u>5,958,972</u>
Total Capital Assets Being Depreciated	<u>15,524,176</u>	<u>1,929,832</u>	<u>(494,561)</u>	<u>16,959,447</u>
Governmental Activities Capital Assets	<u>81,471,945</u>	<u>1,929,832</u>	<u>(494,561)</u>	<u>82,907,216</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(1,768,395)	(317,350)	55,857	(2,029,888)
Vehicles, Machinery and Equipment	<u>(2,918,432)</u>	<u>(503,974)</u>	<u>36,217</u>	<u>(3,386,189)</u>
	<u>(4,686,827)</u>	<u>(821,324)</u>	<u>92,074</u>	<u>(5,416,077)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 76,785,118</u>	<u>\$ 1,108,508</u>	<u>\$ (402,487)</u>	<u>\$ 77,491,139</u>

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

	<u>Balance</u> <u>6/30/2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2011</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 63,011	\$ 5,344		\$ 68,355
Less Accumulated Depreciation	<u>(46,829)</u>	<u>(3,077)</u>		<u>(49,906)</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 16,182</u>	<u>\$ 2,267</u>	<u>\$ -0-</u>	<u>\$ 18,449</u>
Total Governmental & Business-Type Capital Assets, Net of Accumulated Depreciation	<u>\$ 76,801,300</u>	<u>\$ 1,110,775</u>	<u>\$ (402,487)</u>	<u>\$ 77,509,588</u>

The Commission capitalized \$1,433,143 of expenditures for various building improvements and \$502,033 of expenditures for the purchase of various vehicles, machinery and equipment during the fiscal year.

The Commission disposed of various vehicles and equipment with a net carrying value of \$402,487.

The Commission had construction in progress totaling \$59,699,469 which is nearing completion and had no outstanding construction commitments as of June 30, 2011.

Depreciation expense was charged to governmental functions as follows:

Special Education Instruction	\$ 23,150
Central Services	56,590
Pupil Transportation	418,144
Plant Operations and Maintenance	6,090
Unallocated	<u>317,350</u>
	<u>\$ 821,324</u>

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2011, the District transferred \$4,505,625 to the capital outlay accounts - \$97,612 for equipment and \$4,408,013 for facilities acquisition and construction services. The Commission is not required to obtain County Superintendent approval for transfers to capital outlay.

NOTE 6. OPERATING LEASES

The Commission has commitments to lease copying equipment and vehicles under operating leases which expire in 2015. Total operating lease payments made during the year ended June 30, 2011 were \$52,482. Future minimum lease payments are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Total</u>
2012	\$ 49,932
2013	22,517
2014	5,820
2015	<u>3,609</u>
	<u>\$ 81,878</u>

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the Commission-wide financial statements:

	Balance 6/30/2010	Accrued	Retired	Balance 6/30/2011
Compensated Absences Payable	\$ 459,744	\$ 56,977	\$ 492	\$ 516,229
Capital Leases Payable	1,364,467		256,645	1,107,822
Lease Purchase Agreements - Certificates of Participation	47,610,000		1,680,000	45,930,000
Total	\$ 49,434,211	\$ 56,977	\$ 1,937,137	\$ 47,554,051
Governmental Activities	\$ 49,384,036	\$ 44,406	\$ 1,937,137	\$ 47,491,305
Business-Type Activities	50,175	12,571		62,746
Total All Activities	\$ 49,434,211	\$ 56,977	\$ 1,937,137	\$ 47,554,051

A. Capital Leases Payable:

The Commission is currently leasing several buses under capital leases valued at \$1,898,832 of which \$791,010 has been amortized. All capital leases are for terms of three to five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2011.

<u>Year</u>	<u>Amount</u>
2012	\$ 431,701
2013	300,000
2014	245,096
2015	210,491
	<u>1,187,288</u>
Less: Amount Representing Interest	<u>(79,466)</u>
Present Value of Net Minimum Lease Payments	\$ 1,107,822

The current portion of Capital Leases payable at June 30, 2011 is \$395,725 and the long-term portion is \$712,097 and will be liquidated by General Fund.

B. Lease Purchase Agreements – Certificates of Participation (COP's):

On November 15, 2004, pursuant to N.J.S.A. 18A:20-1.2(f), the Morris-Union Jointure Commission (the "Lessee") entered into a school building lease purchase agreement with AGH Leasing, Inc. (the "Lessor") to finance the construction of a new school, including all incidental facilities and site work to be constructed on the Warren Real Estate. The site is located on land owned by the Board of Education that has been leased to AGH Leasing, Inc. pursuant to a ground lease agreement dated November 15, 2004. Certificates of Participation (the "Certificates") in the par amount of \$52,310,000 were issued and the proceeds together with a Board equity contribution of \$3,000,000, Bond Premium of \$66,608, Accrued Interest of \$104,811, and grants of \$215,000 were budgeted as follows:

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

B. Lease Purchase Agreements – Certificates of Participation (COP's): (Cont'd)

Project Construction Fund	\$ 44,091,348
Interest Account	6,753,970
Reserve Fund	1,933,144
Cost of Certificate Insurance	<u>2,917,957</u>
	<u>\$ 55,696,419</u>

Under the lease, the Commission is required to pay basic rent due on each April 15 and October 15, commencing April 15, 2005. Basic rent is composed of an interest component and a principal component. The certificates carry variable interest rates ranging from 3.13% to 5.00% and the certificates mature on April 15, 2029. Payment of the principal and interest on the certificates is insured by Commerce Bank which has been appointed to serve as a trustee in the agreement.

Future minimum lease payments under the lease purchase agreement along with the present value of the minimum lease payments as of June 30, 2011 are:

<u>Year</u>	<u>Amount</u>
2012	\$ 3,864,909
2013	3,861,353
2014	3,864,228
2015	3,861,688
2016	3,865,362
2017-2021	19,319,449
2022-2026	19,319,625
2027-2029	<u>11,592,975</u>
Total Minimum Lease Payments	69,549,589
Less: Amount Representing Interest	<u>(23,619,589)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 45,930,000</u>

The 2004 Certificates maturing before May 1, 2015 shall not be subject to optional prepayment prior to their respective maturity dates. The 2004 Certificates maturing on or after May 1, 2015 are subject to prepayment at the option of the Lessee on or after May 1, 2014 in part or in whole on any date and in any order, at the prepayment prices set forth below as a percentage of the par amount of 2004 Certificates to be prepaid, plus the unpaid Interest Portion thereon accrued to the date of prepayment.

<u>Prepayment Dates</u>	<u>Prepayment Price</u>
May 1, 2014 to April 30, 2015	101%
May 1, 2015 and thereafter	100%

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

B. Lease Purchase Agreements – Certificates of Participation (COP's): (Cont'd)

The 2004 Certificates are subject to Extraordinary Prepayment in whole or in part, at par prior to their respective maturities from Net Proceeds received from any insurance settlement or condemnation award received from a third party, together with other Available Revenues, if Net Proceeds equal or exceed \$50,000, and if the Lessee determines not to repair, to restore or to replace the Real Estate or portion thereof. This redemption is not intended to be applicable if the Lessee itself should attempt to exercise eminent domain over all or a portion of the Real Estate.

The current portion of the liability for lease purchase agreements - certificates of participation (COP's) is \$1,735,000 and the long-term liability is \$44,195,000 and will be liquidated by the General Fund.

C. Compensated Absences Payable

The liability for compensated absences of the governmental fund types is segregated into current and long-term liabilities. The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. The total compensated absence long-term liability for both the Governmental and Proprietary Funds is \$516,229. None of the compensated absences balance in the governmental funds or the proprietary funds represents a current liability. The long-term portion of compensated absences as of June 30, 2011 in the Governmental Funds is \$453,483 and will be liquidated by the General Fund and in the Proprietary Funds is \$62,746 and will be liquidated by the Special Programs Enterprise Fund.

NOTE 8. PENSION PLANS

Substantially all of the Commission's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF 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 non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. 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.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the Commission is a noncontributing employer of the TPAF.

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Commission contributions to PERS amounted to \$1,206,068, \$874,155 and \$706,274 for the fiscal years ended June 30, 2011, 2010 and 2009, respectively.

During the fiscal years ended June 30, 2011, 2010 and 2009 the State of New Jersey made no contributions to the TPAF for normal pension benefits on-behalf of the Commission.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 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. Chapter 103 of Public Laws 2007 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, of Public Laws 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126 of Public Laws 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

The State's on-behalf Post-Retirement Medical Contributions to TPAF for the Commission amounted to \$632,814, \$679,477 and \$523,779 for 2011, 2010, and 2009, respectively.

NOTE 10. RISK MANAGEMENT

The Commission 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. The Commission's insurance broker, Jay Lawton of G. R. Murray Insurance oversees risk management for the Commission.

The Commission maintains commercial coverage for property, liability, student accident, workers' compensation and surety bonds. A complete schedule of insurance coverage can be found on Exhibit J-20 in the Statistical Section of this Comprehensive Annual Financial Report.

Property and Liability Insurance

The Morris-Union Jointure Commission is a member of School Alliance Insurance Fund ("SAIF") and the New Jersey School Boards Association Insurance Group ("NJSBAIG"). The SAIF provides the Commission with comprehensive general liability, automobile liability, property, and boiler and machinery insurance. The NJSBAIG provides the Commission with workers' compensation and school board legal liability insurance.

A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The SAIF and NJSBAIG are risk-sharing public entity risk pools that are insured and self-administered groups of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the SAIF and NJSBAIG are elected.

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

As a member of the SAIF and NJSBAIG, the Commission could be subject to supplemental assessments in the event of deficiencies. If the assets of the SAIF and NJSBAIG were to be exhausted, members would become responsible for their respective shares of the SAIF and NJSBAIG's liabilities. The SAIF and NJSBAIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The financial statements for the SAIF and NJSBAIG for the fiscal year ended June 30, 2011 were not available as of the date of this report.

Selected financial information for the SAIF and NJSBAIG as of June 30 is as follows:

	<u>School Alliance Insurance Fund</u>	<u>New Jersey School Boards Association Insurance Group</u>
Total Assets	\$ 34,204,943	\$ 241,084,120
Net Assets	\$ 12,737,759	\$ 57,984,070
Total Revenue	\$ 29,467,938	\$ 85,455,060
Total Expenses	\$ 29,997,505	\$ 76,536,630
Change in Net Assets	\$ (529,567)	\$ 8,918,430
Net Assets Distribution to Participating Members	\$ 1,150,000	\$ -0-

Financial Statements for SAIF are available at SAIF's Executive Director's Office:

Public Entity Group Administrative Services
51 Everett Drive Suite B-40
West Windsor, NJ 08550
(609) 275-1155

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

New Jersey School Boards' Association Insurance Group
450 Veterans Drive
Burlington, NJ 08016
(609) 386-6060

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ - 0 -	\$ 57,610	\$ 60,312	\$ 35,721
2009-2010	- 0 -	44,086	32,227	38,423
2008-2009	- 0 -	43,761	36,008	26,564

NOTE 11. ACCRUED LIABILITY FOR HEALTH BENEFITS CLAIMS

The Commission maintains medical and dental insurance with Horizon Blue Cross/Blue Shield ("Horizon"). The insurance plan is a traditionally funded, minimum premium, fully participating plan whereby the Commission participates in any margins or losses generated by claims experience and holds reserves for its estimated liability for incurred but not reported claims which are calculated by Horizon's actuary.

The accrued liability for health benefits claims represents an estimate of the ultimate net cost of all losses and loss adjustment expenses incurred but not yet paid as of June 30, 2011. This estimate is based on the estimated ultimate cost of settling the claims considering the historical experience of the Commission, various other industry statistics, including the effects of inflation and other societal or economic factors, and the Commission's self-insured retention level. Management believes that the liability for unpaid losses is adequate to cover the ultimate cost of unreported claims incurred but not yet paid. However, the ultimate cost may be more or less than the estimated liability. The unpaid losses are stated net of any recoveries from excess-loss insurance or reinsurance. The Commission has created a loss reserve for any potential unreported losses which have taken place but in which the Commission has not received notices or reports of losses. Loss reserves, which have been estimated by the claims administrator, are as follows:

	<u>2011</u>	<u>2010</u>
Loss Reserves for Health Benefits Claims, July 1	\$ 753,533	\$ 670,705
Incurred Claims and Claims Adjustments Expenses	3,541,242	3,324,449
Paid Claims and Claims Adjustments Expenses	<u>(3,453,907)</u>	<u>(3,241,621)</u>
Loss Reserves for Health Benefits Claims, June 30	<u>\$ 840,868</u>	<u>\$ 753,533</u>
Governmental Funds	\$ 635,276	
Proprietary Funds	<u>205,592</u>	
	<u>\$ 840,868</u>	

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were remaining on the balance sheet at June 30, 2011:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund		\$ 5,539
Enterprise Funds	\$ 4,116	
Fiduciary Funds	2,039	616
	<u>\$ 6,155</u>	<u>\$ 6,155</u>

The interfund receivable balances at June 30, 2011 represent the excess transfers of the prior year interest to the General Fund account to be returned to the Payroll account and an excess transfer of funds due from the Payroll account to the Special Programs Enterprise Fund.

During the fiscal year, the General Fund transferred \$73,844 to the Food Service Enterprise Fund - \$5,344 for equipment purchases and \$68,500 to support its operations. The Special Programs Enterprise Fund transferred \$664,100 of its equity to the General Fund.

NOTE 13. ECONOMIC DEPENDENCY

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

NOTE 14. DEFERRED COMPENSATION

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

MetLife	VALIC
Lincoln Investments	Equitable

Metropolitan Life and Equitable are plan administrators for the Commission's Internal Revenue Section 457 plans.

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (Continued)

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2011, there were encumbrances as detailed below in the Governmental Funds. All of the Governmental Funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>\$ 4,033,817</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,033,817</u>

SUPPLEMENTARY SCHEDULES

BUDGETARY COMPARISON SCHEDULES

MORRIS - UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Tuition	\$ 34,514,532		\$ 34,514,532	\$ 33,332,156	\$ (1,182,376)
Miscellaneous	664,100		664,100	896,771	232,671
Total - Local Sources	<u>35,178,632</u>		<u>35,178,632</u>	<u>34,228,927</u>	<u>(949,705)</u>
State Sources:					
TPAF Wage Freeze Grant				12,583	12,583
TPAF Noncontributory Insurance (On-Behalf - Non-Budgeted)				29,793	29,793
TPAF Post Retirement Medical Contributions (On-Behalf - Non-Budgeted)				632,814	632,814
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				856,297	856,297
Total State Sources				<u>1,531,487</u>	<u>1,531,487</u>
TOTAL REVENUES	<u>35,178,632</u>		<u>35,178,632</u>	<u>35,760,414</u>	<u>581,782</u>
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction:					
Autism:					
Salaries of Teachers	8,246,587	\$ 406,612	8,653,199	8,255,756	397,443
Other Salaries for Instruction	11,082,250	(271,456)	10,810,794	9,645,608	1,165,186
Purchased Professional - Educational Services	17,851	(1,100)	16,751	8,873	7,878
Purchased Technical Services	79,592	(79,592)			
Other Purchased Services (400-500 series)	999,747	157,907	1,157,654	972,939	184,715
General Supplies	1,554,715	(40,148)	1,514,567	996,344	518,223
Textbooks	28,351	(19,337)	9,014	275	8,739
Other Objects	4,667	(1,400)	3,267	1,339	1,928
Total Autism	<u>22,013,760</u>	<u>151,486</u>	<u>22,165,246</u>	<u>19,881,134</u>	<u>2,284,112</u>
Total Special Education - Instruction	<u>22,013,760</u>	<u>151,486</u>	<u>22,165,246</u>	<u>19,881,134</u>	<u>2,284,112</u>
Total Instruction	<u>22,013,760</u>	<u>151,486</u>	<u>22,165,246</u>	<u>19,881,134</u>	<u>2,284,112</u>

MORRIS - UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Health Services:					
Purchased Professional and Technical Services	\$ 100	\$ 250	\$ 350	\$ 165	\$ 185
Total Health Services	<u>100</u>	<u>250</u>	<u>350</u>	<u>165</u>	<u>185</u>
Improvement of Instructional Services :					
Salaries of Supervisor of Instruction	321,923	(12,320)	309,603	224,937	84,666
Supplies and Materials	1,000	(25)	975	330	645
Total Improvement of Instructional Services	<u>322,923</u>	<u>(12,345)</u>	<u>310,578</u>	<u>225,267</u>	<u>85,311</u>
Instructional Staff Training Services					
Purchased Professional - Educational Services	100	25	125	116	9
Total Instructional Staff Training Services	<u>100</u>	<u>25</u>	<u>125</u>	<u>116</u>	<u>9</u>
General Administration:					
Salaries	702,713	8,041	710,754	709,763	991
Legal Services	50,000		50,000	18,602	31,398
Audit Services	31,824	(250)	31,574	30,600	974
Other Purchased Professional Services	34,628	(3,400)	31,228	18,694	12,534
Communications/Telephone	57,092	100	57,192	47,513	9,679
Miscellaneous Purchased Services (400-500 series)	78,894	1,950	80,844	58,005	22,839
General Supplies	45,000	(15,465)	29,535	23,510	6,025
Miscellaneous Expenditures	65,432	(20,100)	45,332	37,977	7,355
Total General Administration	<u>1,065,583</u>	<u>(29,124)</u>	<u>1,036,459</u>	<u>944,664</u>	<u>91,795</u>

MORRIS - UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 631,437	\$ 59,139	\$ 690,576	\$ 687,320	\$ 3,256
Purchased Professional Services	48,547	(6,886)	41,661	34,516	7,145
Interest on Lease Purchase Agreements	2,267,350		2,267,350	2,222,827	44,523
Total Central Services	<u>2,947,334</u>	<u>52,253</u>	<u>2,999,587</u>	<u>2,944,663</u>	<u>54,924</u>
Administrative Information Technology:					
Purchased Technical Services	81,705	(19,868)	61,837	32,626	29,211
Supplies and Materials	6,500	71,900	78,400	25,230	53,170
Total Administrative Information Technology	<u>88,205</u>	<u>52,032</u>	<u>140,237</u>	<u>57,856</u>	<u>82,381</u>
Required Maintenance for School Facilities:					
Salaries	21,186	450	21,636	20,462	1,174
Cleaning, Repair and Maintenance Services	14,268		14,268	6,712	7,556
General Supplies	3,250		3,250	1,050	2,200
Total Required Maintenance for School Facilities	<u>38,704</u>	<u>450</u>	<u>39,154</u>	<u>28,224</u>	<u>10,930</u>
Custodial Services:					
Salaries	40,308	(3,834)	36,474	36,425	49
Other Purchased Property Services	700		700	561	139
Insurance	121,433		121,433	114,839	6,594
General Supplies	4,000	(400)	3,600	2,120	1,480
Energy (Electricity)	11,753		11,753	8,052	3,701
Energy (Natural Gas)	7,114	(169)	6,945	6,760	185
Total Custodial Services	<u>185,308</u>	<u>(4,403)</u>	<u>180,905</u>	<u>168,757</u>	<u>12,148</u>

MORRIS - UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE					
Undistributed Expenditures:					
Care and Upkeep of Grounds:					
Salaries	\$ 21,186	\$ 163,992	\$ 185,178	\$ 130,272	\$ 54,906
Cleaning, Repair and Maintenance Services	41,150	(9,750)	31,400	19,633	11,767
General Supplies	22,592	300	22,892	12,701	10,191
Total Care and Upkeep of Grounds	84,928	154,542	239,470	162,606	76,864
Personal Services - Employee Benefits:					
Allocated Benefits:					
Autism:					
Social Security Contributions	697,562		697,562	591,901	105,661
Other Retirement Benefits - PERS	839,577	36,601	876,178	876,140	38
Unemployment Compensation	40,835	47,300	88,135	82,052	6,083
Workmen's Compensation	432,218	(33,701)	398,517	339,663	58,854
Health Benefits	4,952,761	(399,554)	4,553,207	4,075,604	477,603
Tuition Reimbursement	25,667	3,290	28,957	21,000	7,957
Total Autism	6,988,620	(346,064)	6,642,556	5,986,360	656,196
Total Allocated Benefits	6,988,620	(346,064)	6,642,556	5,986,360	656,196
Unallocated Benefits:					
Social Security Contributions	60,676	970	61,646	61,642	4
Other Retirement Benefits - PERS	93,032	12,300	105,332	105,277	55
Unemployment Compensation	15,000	(10,500)	4,500	4,473	27
Workmen's Compensation	14,819	300	15,119	15,116	3
Health Benefits	177,696	(940)	176,756	173,396	3,360
Other Employee Benefits	66,535	(21,232)	45,303	45,280	23
TPAF Noncontributory Insurance (On-Behalf - Non-Budgeted)				29,793	29,793
TPAF Post Retirement Medical Contributions (On-Behalf - Non-Budgetec				632,814	632,814
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				856,297	856,297

MORRIS - UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Total Unallocated Benefits	\$ 427,758	\$ (19,102)	\$ 408,656	\$ 1,924,088	\$ 1,522,376
Total Personal Services - Employee Benefits	7,416,378	(365,166)	7,051,212	7,910,448	(859,236)
Total Undistributed Expenditures	12,149,563	(151,486)	11,998,077	12,442,766	(444,689)
Total Current Expense	34,163,323		34,163,323	32,323,900	1,839,423
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures:					
Instruction	29,868		29,868	7,615	
School Administration	7,000	16,950	23,950	20,029	3,921
Administrative Information Technology	103,100	(6,500)	96,600	53,160	43,440
Custodial Services	37,158	307,370	344,528	118,623	225,905
Required Maintenance for School Facilities	344,210	(344,210)			
School Buses - Special		124,002	124,002		124,002
Total Equipment	521,336	97,612	618,948	199,427	419,521
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	202,737	841,199	1,043,936	826,658	217,278
Construction Services	596,358	3,746,450	4,342,808	558,261	3,784,547
Supplies and Materials		1,865	1,865	1,598	267
Lease Purchase Agreements - Principal	2,590,587	(181,501)	2,409,086	1,936,645	472,441
Total Facilities Acquisition and Construction Services	3,389,682	4,408,013	7,797,695	3,323,162	4,474,533
Total Capital Outlay	3,911,018	4,505,625	8,416,643	3,522,589	4,894,054

MORRIS - UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
TOTAL EXPENDITURES	\$ 38,074,341	\$ 4,505,625	\$ 42,579,966	\$ 35,846,489	\$ 6,733,477
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,895,709)	(4,505,625)	(7,401,334)	(86,075)	7,315,259
Other Financing Sources/(Uses):					
Operating Transfer Out - Enterprise Fund - Food Service	(113,053)		(113,053)	(73,844)	39,209
Residual Equity Transfer - Enterprise Funds - Special Programs				664,100	664,100
Total Other Financing Sources/(Uses)	(113,053)		(113,053)	590,256	703,309
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	(3,008,762)	(4,505,625)	(7,514,387)	504,181	8,018,568
Fund Balance, July 1	17,955,586		17,955,586	17,955,586	
Fund Balance, June 30	<u>\$ 14,946,824</u>	<u>\$ (4,505,625)</u>	<u>\$ 10,441,199</u>	<u>\$ 18,459,767</u>	<u>\$ 8,018,568</u>
Recapitulation:					
Assigned Fund Balance:					
Year-End Encumbrances				\$ 4,033,817	
Unassigned Fund Balance				<u>14,425,950</u>	
Fund Balance, June 30				<u>\$ 18,459,767</u>	

MORRIS-UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources		\$ 44,060	\$ 44,060	\$ 28,726	\$ (15,334)
Total Revenues		44,060	44,060	28,726	(15,334)
EXPENDITURES:					
Instruction:					
General Supplies		12,544	12,544	7,849	4,695
Total Instruction		12,544	12,544	7,849	4,695
Support Services:					
Purchased Professional and Technical Services		1,600	1,600		1,600
Supplies & Materials		25,416	25,416	20,877	4,539
Total Support Services		27,016	27,016	20,877	6,139
Facilities Acquisition and Construction Services:					
Noninstructional Equipment		4,500	4,500		4,500
Total Facilities Acquisition and Construction Services		4,500	4,500		4,500
Total Expenditures		44,060	44,060	28,726	15,334
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

MORRIS-UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 35,760,414	\$ 28,726
Differences - Budget to GAAP:		
Grant accounting Budgetary Basis differs from GAAP in that the Budgetary Basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not.		391
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 35,760,414	\$ 29,117
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$35,846,489	\$ 28,726
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		391
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 35,846,489	\$ 29,117

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budgets are submitted to the County Office and are adopted by the Board. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. All budget amendments and transfers must be made by Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

MORRIS-UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

MORRIS-UNION JOINTURE COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Various Local Grants</u>	<u>Totals June 30, 2011</u>
REVENUES:		
Local Sources	\$ 28,726	\$ 28,726
Total Revenues	<u>28,726</u>	<u>28,726</u>
EXPENDITURES:		
Instruction:		
General Supplies	<u>7,849</u>	<u>7,849</u>
Total Instruction	<u>7,849</u>	<u>7,849</u>
Support Services:		
Supplies & Materials	<u>20,877</u>	<u>20,877</u>
Total Support Services	<u>20,877</u>	<u>20,877</u>
Total Expenditures	<u>28,726</u>	<u>28,726</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

CAPITAL PROJECTS FUND

Exhibit F-1

MORRIS-UNION JOINTURE COMMISSION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Revenue and Other Financing Sources:	
Interest Income	<u>\$ 6,201</u>
Total Revenue and Other Financing Sources	<u> 6,201</u>
Excess/(Deficit) of Revenue and Other Financing Sources	
Over/(Under) Expenditures	6,201
Fund Balance - Beginning of Year	<u> 3,515,860</u>
Fund Balance - End of Year	<u><u> \$ 3,522,061</u></u>
Recapitulation:	
Restricted Fund Balance - Reserve for Final Lease Payment	\$ 1,933,144
Restricted Fund Balance	<u> 1,588,917</u>
	<u><u> \$ 3,522,061</u></u>

MORRIS-UNION JOINTURE COMMISSION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF A NEW SCHOOL - WARREN DLC
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
Proceeds for Certificates of Participation	\$ 52,310,000		\$ 52,310,000	\$ 52,310,000
Original Issue Premium	66,608		66,608	66,608
Accrued Interest	104,811		104,811	104,811
Grants	215,000		215,000	215,000
Equity Contribution From General Fund	3,000,000		3,000,000	3,000,000
Interest Income	3,518,910	\$ 6,201	3,525,111	3,525,111
Total Revenue and Other Financing Sources	59,215,329	6,201	59,221,530	59,221,530
Expenditures:				
Capital Outlay:				
Legal Services	80,284		80,284	521,530
Purchased Professional and Technical Services	356,303		356,303	400,000
Facilities Acquisition and Construction Services	47,463,790		47,463,790	49,300,000
Other Objects	7,799,092		7,799,092	9,000,000
Total Expenditures	55,699,469		55,699,469	59,221,530
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 3,515,860	\$ 6,201	\$ 3,522,061	- 0 -
Additional Project Information:				
COPs Authorized	\$ 52,310,000			
COPs Issued	52,310,000			
Original Authorized Cost	55,696,419			
Revised Authorized Cost (Including Interest Earnings)	59,221,530			
Percentage Increase Over Original Authorized Cost	6.33%			
Percentage Completion	94.05%			
Original Target Completion Date	September 2006			
Revised Target Completion Date	June 2010			

PROPRIETARY FUNDS

MORRIS-UNION JOINTURE COMMISSION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

	Special Programs	Food Service	Total Enterprise Funds
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 8,464,994	\$ 11,397	\$ 8,476,391
Receivables from Federal Government		4,261	4,261
Receivables from State Government		138	138
Receivables from Other Governments	1,797,892		1,797,892
Other Accounts Receivable	1,354		1,354
Interfund Receivable - General Fund		3,500	3,500
Interfund Receivable - Fiduciary Funds	616		616
Inventories		12,648	12,648
Total Current Assets	10,264,856	31,944	10,296,800
Capital Assets:			
Furniture and Equipment		68,355	68,355
Less: Accumulated Depreciation		(49,906)	(49,906)
Total Capital Assets		18,449	18,449
Total Assets	10,264,856	50,393	10,315,249
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	3,621	19,249	22,870
Total Current Liabilities	3,621	19,249	22,870
Long-term Liabilities:			
Accrued Compensated Absences	62,746		62,746
Loss Reserves for Health Benefits	205,592		205,592
Total Long-term Liabilities	268,338		268,338
Total Liabilities	271,959	19,249	291,208
<u>NET ASSETS:</u>			
Investment in Capital Assets Net of Related Debt		18,449	18,449
Unrestricted	9,992,897	12,695	10,005,592
Total Net Assets	\$ 9,992,897	\$ 31,144	\$ 10,024,041

MORRIS-UNION JOINTURE COMMISSION
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Programs	Food Service	Total Enterprise Funds
Operating Revenue:			
Local Sources:			
Daily Sales - School Breakfast/Lunch Program		\$ 151,080	\$ 151,080
Special Events		14,019	14,019
Vending Rebates		2,136	2,136
Transportation Fees	\$ 6,517,027		6,517,027
Program Fees	4,032,227		4,032,227
Total Operating Revenue	10,549,254	167,235	10,716,489
Operating Expenses:			
Vocational Programs:			
Supplies and Materials	2,190		2,190
Total Vocational Programs	2,190		2,190
School-Sponsored Cocurricular Activities - Instruction:			
Salaries	199,286		199,286
Employee Benefits	16,674		16,674
Purchased Professional/Technical Services	23,232		23,232
Supplies and Materials	18,682		18,682
Other Objects	10,253		10,253
Total School-Sponsored Cocurricular Activities - Instruction	268,127		268,127
Speech, OT, PT and Related Services:			
Salaries	741,521		741,521
Employee Benefits	337,152		337,152
Purchased Professional/Technical Services	3,088		3,088
Supplies and Materials	160		160
Total Speech, OT, PT and Related Services	1,081,921		1,081,921
Staff Training:			
Salaries	32,434		32,434
Employee Benefits	3,247		3,247
Purchased Professional/Technical Services	46,710		46,710
Other Purchased Services	15,642		15,642
Supplies and Materials	7,517		7,517
Total Staff Training	105,550		105,550

MORRIS-UNION JOINTURE COMMISSION
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Programs	Food Service	Total Enterprise Funds
Child Study Teams:			
Salaries of Other Professional Staff	\$ 160,199		\$ 160,199
Employee Benefits	12,909		12,909
Other Purchased Services	172		172
Supplies and Materials	624		624
Total Child Study Teams	173,904		173,904
Transportation:			
Salaries	4,025,704		4,025,704
Employee Benefits	1,635,079		1,635,079
Purchased Professional and Technical Services	138,897		138,897
Purchased Property Services	511,440		511,440
Supplies and Materials	229,913		229,913
Other Objects	32,211		32,211
Total Transportation	6,573,244		6,573,244
Other Enterprise Activities:			
Salaries		\$ 112,415	112,415
Employee Benefits		24,639	24,639
Purchased Property Services		24,513	24,513
Supplies and Materials		17,838	17,838
Depreciation		3,077	3,077
Cost of Sales		132,342	132,342
Total Other Enterprise Activities		314,824	314,824
Total Operating Expenses	8,204,936	314,824	8,519,760
Operating Income/(Loss)	2,344,318	(147,589)	2,196,729

MORRIS-UNION JOINTURE COMMISSION
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Special Programs</u>	<u>Food Service</u>	<u>Total Enterprise Funds</u>
Non-operating Revenue:			
Federal Sources:			
National School Lunch and Breakfast Program		\$ 62,065	\$ 62,065
Food Distribution Program		5,791	5,791
State Sources:			
State School Lunch Program		1,851	1,851
Local Sources:			
Interest on Investments		54	54
Total Non-operating Revenue		69,761	69,761
Net Income/(Loss) before Transfers	\$ 2,344,318	(77,828)	2,266,490
Operating Transfers In:			
General Fund - Board Contribution		68,500	68,500
General Fund - Capital Asset Purchase		5,344	5,344
Residual Equity Transfer to General Fund	(664,100)		(664,100)
Change in Net Assets	1,680,218	(3,984)	1,676,234
Net Assets - Beginning of Year	8,312,679	35,128	8,347,807
Net Assets - End of Year	<u>\$ 9,992,897</u>	<u>\$ 31,144</u>	<u>\$10,024,041</u>

MORRIS-UNION JOINTURE COMMISSION
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Programs	Food Service	Total Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 10,625,795	\$ 168,047	\$ 10,793,842
Payments to Employees	(5,159,144)		(5,159,144)
Payments for Employee Benefits	(1,971,137)		(1,971,137)
Payments to Suppliers	(1,041,161)		(1,041,161)
Payments to Food Service Vendor		(336,168)	(336,168)
Net Cash Provided by/(Used for) Operating Activities	<u>2,454,353</u>	<u>(168,121)</u>	<u>2,286,232</u>
Cash Flows from Investing Activities:			
Interest Income		54	54
Net Cash Provided by Investing Activities		<u>54</u>	<u>54</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements		64,762	64,762
Equity Transfer to General Fund	(664,100)		(664,100)
Board Contribution		65,000	65,000
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>(664,100)</u>	<u>129,762</u>	<u>(534,338)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,790,253	(38,305)	1,751,948
Cash and Cash Equivalents, July 1	<u>6,674,741</u>	<u>49,702</u>	<u>6,724,443</u>
Cash and Cash Equivalents, June 30	<u>\$ 8,464,994</u>	<u>\$ 11,397</u>	<u>\$ 8,476,391</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ 2,341,900	\$ (147,589)	\$ 2,194,311
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:			
Depreciation		3,077	3,077
Federal Food Distribution Program		5,791	5,791
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable, Net	76,541	812	77,353
(Increase) in Inventory		(1,467)	(1,467)
(Decrease) in Accounts Payable	(430)	(28,745)	(29,175)
Increase in Accrued Compensated Absences	12,571		12,571
Increase in Loss Reserves for Health Benefits	23,771		23,771
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 2,454,353</u>	<u>\$ (168,121)</u>	<u>\$ 2,286,232</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at \$5,791 during the fiscal year ended June 30, 2011.

FIDUCIARY FUNDS

MORRIS-UNION JOINTURE COMMISSION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	Payroll	Unemployment Compensation Trust
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 170,150	\$ 35,721
Interfund Receivable - General Fund	2,039	
Accounts Receivable - Employees	1,915	
Total Assets	174,104	35,721
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	173,488	
Interfund Payable:		
Enterprise Fund	616	
Total Liabilities	174,104	
<u>NET ASSETS:</u>		
Held in Trust for Unemployment Claims		35,721
Total Net Assets	\$ - 0 -	\$ 35,721

MORRIS-UNION JOINTURE COMMISSION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Members	\$ 57,610
Total Contributions	<u>57,610</u>
Investment Earnings:	
Interest	<u>35</u>
Net Investment Earnings	<u>35</u>
Total Additions	<u>57,645</u>
DEDUCTIONS:	
Unemployment Claims	60,312
Transfer Out - General Fund	<u>35</u>
Total Deductions	<u>60,347</u>
Change in Net Assets	(2,702)
Net Assets—Beginning of the Year	<u>38,423</u>
Net Assets—End of the Year	<u><u>\$ 35,721</u></u>

MORRIS-UNION JOINTURE COMMISSION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOT APPLICABLE

MORRIS-UNION JOINTURE COMMISSION
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOT APPLICABLE

MORRIS-UNION JOINTURE COMMISSION
PAYROLL FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 178,974	\$ 26,879,830	\$ 26,888,654	\$ 170,150
Interfund Receivable:				
General Fund	1,579	1,187	727	2,039
Accounts Receivable:				
Employees	1,915			1,915
Total Assets	<u>\$ 182,468</u>	<u>\$ 26,881,017</u>	<u>\$ 26,889,381</u>	<u>\$ 174,104</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 181,852	\$ 26,881,017	\$ 26,889,381	\$ 173,488
Interfund Payable:				
Enterprise Fund	616			616
Total Liabilities	<u>\$ 182,468</u>	<u>\$ 26,881,017</u>	<u>\$ 26,889,381</u>	<u>\$ 174,104</u>

LONG-TERM DEBT

MORRIS-UNION JOINTURE COMMISSION
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
(CERTIFICATES OF PARTICIPATION)
FOR THE FISCAL YEAR ENDED JUNE 30 2011

Purpose	Date of Issue	Original Issue	Maturities of Certificates		Interest Rate	Balance June 30, 2010	Retired or Matured	Balance June 30, 2011
			Date	Amount				
Series 2004	11/15/2004	\$ 52,310,000	4/15/2012	\$ 1,735,000	3.38%			
			4/15/2013	1,790,000	3.75%			
			4/15/2014	1,860,000	3.90%			
			4/15/2015	1,930,000	5.25%			
			4/15/2016	2,035,000	4.00%			
			4/15/2017	2,115,000	4.00%			
			4/15/2018	2,200,000	4.13%			
			4/15/2019	2,290,000	4.25%			
			4/15/2020	2,390,000	4.814%			
			4/15/2021	2,500,000	5.00%			
			4/15/2022	2,630,000	5.00%			
			4/15/2023	2,760,000	5.00%			
			4/15/2024	2,895,000	5.00%			
			4/15/2025	3,040,000	5.00%			
			4/15/2026	3,195,000	5.00%			
			4/15/2027	3,355,000	4.75%			
			4/15/2028	3,520,000	4.75%			
4/15/2029	3,690,000	4.75%	\$ 47,610,000	\$ 1,680,000	\$ 45,930,000			
						\$ 47,610,000	\$ 1,680,000	\$ 45,930,000

MORRIS-UNION JOINTURE COMMISSION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2010</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2011</u>
Multi-Bus Lease	3.910%	\$ 385,000	\$ 162,910	\$ 79,893	\$ 83,017
Multi-Bus Lease	3.390%	646,082	333,807	164,122	169,685
Multi-Bus Lease	3.290%	459,250	459,250	4,844	454,406
Multi-Bus Lease	2.990%	408,500	408,500	7,786	400,714
			<u>\$ 1,364,467</u>	<u>\$ 256,645</u>	<u>\$ 1,107,822</u>

MORRIS-UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOT APPLICABLE

STATISTICAL SECTION

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The Commission implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

MORRIS-UNION JOINTURE COMMISSION
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:							
Invested in Capital Assets, Net of Related Debt	\$ 10,335,046	\$ 12,865,094	\$ 22,056,236	\$ 21,945,912	\$ 24,210,221	\$ 27,810,651	\$ 30,453,317
Restricted	4,554,383	5,450,315	5,346,558	3,777,336	3,763,927	4,340,110	7,555,878
Unrestricted	8,959,273	10,036,644	10,321,474	15,995,387	17,378,667	16,266,661	13,528,736
Total Governmental Activities Net Assets	\$ 23,848,702	\$ 28,352,053	\$ 37,724,268	\$ 41,718,635	\$ 45,352,815	\$ 48,417,422	\$ 51,537,931
Business-Type Activities:							
Invested in Capital Assets, Net of Related Debt	\$ 6,862	\$ 7,909	\$ 6,547	\$ 4,900	\$ 13,190	\$ 16,182	\$ 18,449
Unrestricted	4,035,878	5,638,595	7,124,750	8,542,284	8,387,254	8,331,625	10,005,592
Total Business-Type Activities Net Assets	\$ 4,042,740	\$ 5,646,504	\$ 7,131,297	\$ 8,547,184	\$ 8,400,444	\$ 8,347,807	\$ 10,024,041
Commission-Wide:							
Invested in Capital Assets, Net of Related Debt	\$ 10,341,908	\$ 12,873,003	\$ 22,062,783	\$ 21,950,812	\$ 24,223,411	\$ 27,826,833	\$ 30,471,766
Restricted	4,554,383	5,450,315	5,346,558	3,777,336	3,763,927	4,340,110	7,555,878
Unrestricted	12,995,151	15,675,239	17,446,224	24,537,671	25,765,921	24,598,286	23,534,328
Total Commission-Wide Net Assets	\$ 27,891,442	\$ 33,998,557	\$ 44,855,565	\$ 50,265,819	\$ 53,753,259	\$ 56,765,229	\$ 61,561,972

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Morris-Union Jointure Commission Financial Reports.

MORRIS-UNION JOINTURE COMMISSION
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Expenses:							
Governmental Activities							
Instruction:							
Special Education	\$ 18,044,116	\$ 18,862,948	\$ 19,817,370	\$ 22,897,992	\$ 24,532,101	\$ 25,974,397	\$ 27,423,707
Support Services:							
Student & Instruction Related Services	492,757	207,489	73,707	1,138	369,640	409,080	308,185
General Administration Services	715,585	809,540	911,480	1,083,049	986,660	1,263,699	1,126,766
Central Services	614,599	562,650	591,809	1,606,666	3,019,557	3,064,672	3,147,771
Administrative Information Technology		35,574	25,966	49,453	41,536	71,601	57,856
Plant Operations and Maintenance	96,004	111,242	141,060	203,783	275,322	238,333	407,101
Pupil Transportation	320,390	332,551	377,248	397,576	447,864	420,502	427,891
Capital Outlay	553,600	11,446	24,969	58,571	331,380	117,633	
Unallocated Depreciation	291,455	161,175	170,558	185,492	213,454	229,365	366,202
Total Governmental Activities Expenses	<u>21,128,506</u>	<u>21,094,615</u>	<u>22,134,167</u>	<u>26,483,720</u>	<u>30,217,514</u>	<u>31,789,282</u>	<u>33,265,479</u>
Business-Type Activities:							
Special Programs	5,501,249	6,325,995	6,672,978	7,985,677	8,964,670	8,267,321	8,204,936
Food Service	257,717	259,768	257,195	308,240	321,382	303,125	314,824
Total Business-Type Activities Expenses	<u>5,758,966</u>	<u>6,585,763</u>	<u>6,930,173</u>	<u>8,293,917</u>	<u>9,286,052</u>	<u>8,570,446</u>	<u>8,519,760</u>
Total Commission-Wide Expenses	<u>26,887,472</u>	<u>27,680,378</u>	<u>29,064,340</u>	<u>34,777,637</u>	<u>39,503,566</u>	<u>40,359,728</u>	<u>41,785,239</u>

MORRIS-UNION JOINTURE COMMISSION
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Program Revenues:							
Governmental Activities:							
Charges for Services	\$ 21,611,438	\$ 22,100,202	\$ 23,541,286	\$ 26,920,545	\$ 30,051,230	\$ 32,472,659	\$ 33,332,156
Operating Grants and Contributions	927,288	1,963,872	1,350,718	1,513,694	1,654,030	1,497,000	1,560,604
Total Governmental Activities Program Revenues	<u>22,538,726</u>	<u>24,064,074</u>	<u>24,892,004</u>	<u>28,434,239</u>	<u>31,705,260</u>	<u>33,969,659</u>	<u>34,892,760</u>
Business-Type Activities:							
Special Programs:							
Charges for Services	6,994,507	7,928,712	8,159,133	9,403,211	10,540,020	9,295,555	10,549,254
Food Service:							
Charges for Services	70,658	73,475	89,224	144,644	184,840	149,682	167,235
Operating Grants and Contributions	49,066	55,771	53,468	61,949	65,788	74,391	69,707
Total Business Type Activities Program Revenues	<u>7,114,231</u>	<u>8,057,958</u>	<u>8,301,825</u>	<u>9,609,804</u>	<u>10,790,648</u>	<u>9,519,628</u>	<u>10,786,196</u>
Total Commission-Wide Program Revenues	<u>29,652,957</u>	<u>32,122,032</u>	<u>33,193,829</u>	<u>38,044,043</u>	<u>42,495,908</u>	<u>43,489,287</u>	<u>45,678,956</u>
Net (Expense)/Revenue:							
Governmental Activities	1,410,220	2,969,459	2,757,837	1,950,519	1,487,746	2,180,377	1,627,281
Business-Type Activities	<u>1,355,265</u>	<u>1,472,195</u>	<u>1,371,652</u>	<u>1,315,887</u>	<u>1,504,596</u>	<u>949,182</u>	<u>2,266,436</u>
Total Commission-Wide Net (Expense)/Revenue	<u>2,765,485</u>	<u>4,441,654</u>	<u>4,129,489</u>	<u>3,266,406</u>	<u>2,992,342</u>	<u>3,129,559</u>	<u>3,893,717</u>

MORRIS-UNION JOINTURE COMMISSION
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets:							
Governmental Activities:							
Interest Earnings	\$ 1,060,534	\$ 1,146,953	\$ 1,103,349	\$ 1,192,361	\$ 2,262,166	\$ 41,606	\$ 6,201
Miscellaneous Income	109,605	515,306	1,324,170	951,487	729,434	315,705	896,771
Transfers	(135,434)	(128,367)	(113,141)	(100,000)	1,693,655	1,001,919	590,256
Extraordinary Item						(475,000)	
Total Governmental Activities General Revenues and Other Charges	<u>1,034,705</u>	<u>1,533,892</u>	<u>2,314,378</u>	<u>2,043,848</u>	<u>4,685,255</u>	<u>884,230</u>	<u>1,493,228</u>
Business-Type Activities:							
Interest Earnings					165	100	54
Transfers	136,575	131,569	113,141	100,000	(1,693,655)	(1,001,919)	(590,256)
Cancellation of Interfund and Accounts Payable (Net)					42,154		
Total Business-Type Activities	<u>136,575</u>	<u>131,569</u>	<u>113,141</u>	<u>100,000</u>	<u>(1,651,336)</u>	<u>(1,001,819)</u>	<u>(590,202)</u>
Total Commission-Wide General Revenues and Other Changes in Net Assets	<u>1,171,280</u>	<u>1,665,461</u>	<u>2,427,519</u>	<u>2,143,848</u>	<u>3,033,919</u>	<u>(117,589)</u>	<u>903,026</u>
Change in Net Assets:							
Governmental Activities	2,444,925	4,503,351	5,072,215	3,994,367	6,173,001	3,064,607	3,120,509
Business-Type Activities	1,491,840	1,603,764	1,484,793	1,415,887	(146,740)	(52,637)	1,676,234
Total Commission-Wide Change in Net Assets	<u>\$ 3,936,765</u>	<u>\$ 6,107,115</u>	<u>\$ 6,557,008</u>	<u>\$ 5,410,254</u>	<u>\$ 6,026,261</u>	<u>\$ 3,011,970</u>	<u>\$ 4,796,743</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Morris-Union Jointure Commission Financial Reports.

MORRIS-UNION JOINTURE COMMISSION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Fund:							
Reserved/Restricted	\$ 243,157		\$ 30,104	\$ 59,364	\$ 83,813	\$ 824,250	
Assigned							\$ 4,033,817
Unassigned							14,425,950
Unreserved	<u>9,659,765</u>	<u>\$ 10,736,392</u>	<u>15,339,178</u>	<u>15,995,387</u>	<u>18,118,795</u>	<u>17,131,336</u>	
Total General Fund	<u>\$ 9,902,922</u>	<u>\$ 10,736,392</u>	<u>\$ 15,369,282</u>	<u>\$ 16,054,751</u>	<u>\$ 18,202,608</u>	<u>\$ 17,955,586</u>	<u>\$ 18,459,767</u>
Other Governmental Funds:							
Capital Projects Fund:							
Reserved/Restricted	\$ 41,253,010	\$ 14,992,966	\$ 4,343,399	\$ 2,232,504	\$ 2,232,504	\$ 2,053,216	\$ 3,522,061
Unreserved	<u>7,992,700</u>	<u>6,450,102</u>	<u>973,055</u>	<u>1,485,468</u>	<u>1,447,610</u>	<u>1,462,644</u>	
Total Other Governmental Funds	<u>\$ 49,245,710</u>	<u>\$ 21,443,068</u>	<u>\$ 5,316,454</u>	<u>\$ 3,717,972</u>	<u>\$ 3,680,114</u>	<u>\$ 3,515,860</u>	<u>\$ 3,522,061</u>
Total All Governmental Funds	<u>\$ 59,148,632</u>	<u>\$ 32,179,460</u>	<u>\$ 20,685,736</u>	<u>\$ 19,772,723</u>	<u>\$ 21,882,722</u>	<u>\$ 21,471,446</u>	<u>\$ 21,981,828</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Morris-Union Jointure Commission Financial Reports.

MORRIS-UNION JOINTURE COMMISSION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Revenues:							
Tuition Charges	\$ 21,611,438	\$ 22,100,202	\$ 23,541,286	\$ 26,920,546	\$ 30,051,230	\$ 32,472,659	\$ 33,332,156
Miscellaneous	1,386,905	2,662,528	2,435,797	2,155,425	3,001,317	383,446	932,089
State Sources	438,491	643,893	1,298,359	1,502,117	1,644,313	1,470,865	1,531,487
Federal Sources	272,031	319,710	44,080				
Total Revenues	23,708,865	25,726,333	27,319,522	30,578,088	34,696,860	34,326,970	35,795,732
Expenditures:							
Instruction							
Special Education Instruction	17,604,086	18,027,159	18,357,851	21,418,065	23,327,830	24,542,994	19,910,251
Support Services:							
Student and Instruction Related Services	442,035	441,211	2,053	1,005	246,009	304,978	225,548
General Administration Services	638,638	596,339	920,062	965,256	939,628	944,201	944,664
Central Services	519,878	513,352	550,369	1,520,248	2,883,069	2,897,489	2,944,663
Administrative Information Technology	20,445	35,574	25,966	49,453	41,536	71,601	57,856
Plant Operations and Maintenance	91,062	109,627	136,536	199,422	240,128	220,849	359,587
Allocated Benefits - Special Education							5,986,360
Unallocated Benefits	610,348	852,691	1,564,586	1,550,002	1,548,079	1,847,351	1,924,088
Capital Outlay	12,093,149	31,991,185	17,692,682	6,333,731	5,513,487	4,844,202	3,522,589
Total Expenditures	32,019,641	52,567,138	39,250,105	32,037,182	34,739,766	35,673,665	35,875,606
Excess (Deficiency) of Revenues							
Over/(Under) Expenditures	(8,310,776)	(26,840,805)	(11,930,583)	(1,459,094)	(42,906)	(1,346,695)	(79,874)

MORRIS-UNION JOINTURE COMMISSION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Other Financing Sources/(Uses):							
Proceeds of Certificates of Participation	\$ 52,310,000						
Capital Leases			\$ 550,000	\$ 646,082	\$ 459,250	\$ 408,500	
Transfers In	3,106	\$ 7,864	5,890		3,544,655	1,308,669	\$ 664,100
Transfers Out	(138,540)	(136,231)	(119,031)	(100,000)	(1,851,000)	(306,750)	(73,844)
Total Other Financing Sources/(Uses)	<u>52,174,566</u>	<u>(128,367)</u>	<u>436,859</u>	<u>546,082</u>	<u>2,152,905</u>	<u>1,410,419</u>	<u>590,256</u>
Extraordinary Item						(475,000)	
Net Change In Fund Balances	<u>\$ 43,863,790</u>	<u>\$ (26,969,172)</u>	<u>\$ (11,493,724)</u>	<u>\$ (913,012)</u>	<u>\$ 2,109,999</u>	<u>\$ (411,276)</u>	<u>\$ 510,382</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Morris-Union Jointure Commission Financial Reports.

MORRIS-UNION JOINTURE COMMISSION
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

Fiscal Year Ending June 30,	Program Fees	Interest on Investments	Rentals	Member Fees	Tuition	Prior Year Refunds	Miscellaneous	Total
2002	\$ 4,406,137	\$ 308,176	\$ 33,005	\$ 45,959	\$ 19,412,073		\$ 29,404	\$ 24,234,754
2003	*	184,830	200	44,583	19,466,636		11,015	19,707,264
2004	*	316,220		23,989	20,032,943		5,094	20,378,246
2005	*	259,952	4,150	9,520	21,611,438		95,935	21,980,995
2006	*	411,902		58,041	22,100,202		45,363	22,615,508
2007	*	633,693	23,495	7,913	23,541,286		92,763	24,299,150
2008	*	660,862	4,725	13,067	26,920,546	\$ 271,775	1,058	27,872,033
2009	*	378,637	13,580	30,696	30,051,230	103,529	202,992	30,780,664
2010	*	268,484	3,475	18,716	32,472,659		25,030	32,788,364
2011	*	119,876	32,151	13,258	33,332,156	700,233	31,254	34,228,927

* - These programs were recorded in the Enterprise Funds beginning in the fiscal year ended June 30, 2003.

Source: Morris-Union Jointure Commission Financial Reports.

MORRIS-UNION JOINTURE COMMISSION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction							
Special Education	167	194	214	263	271	254	248
Support Services:							
Student & Instruction Related Services	67	72	75	70	71	94	96
School Administrative Services	12	14	10	18	19	18	15
General and Business Administrative Services	13	13	14	14	14	14	15
Plant Operations and Maintenance	8	9	12	15	15	16	16
Pupil Transportation	73	100	113	127	136	130	113
Food Service	3	3	3	1	1	1	1
Total	<u>342</u>	<u>404</u>	<u>441</u>	<u>508</u>	<u>527</u>	<u>527</u>	<u>504</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Morris-Union Jointure Commission Personnel Records.

MORRIS-UNION JOINTURE COMMISSION
OPERATING STATISTICS
LAST SEVEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil^b</u>	<u>Percentage Change</u>	<u>Teaching Staff^c</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)^d</u>	<u>Average Daily Attendance (ADA)^d</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2005	314	\$ 19,926,492	\$ 66,867	7.00%	110.55	2.84:1	314	282	5.37%	94.63%
2006	298	20,575,953	65,529	-2.00%	101.85	2.93:1	298	296	-5.10%	94.27%
2007	302	21,557,423	71,382	8.93%	116.00	2.60:1	306	289	2.68%	94.44%
2008	336	25,703,451	76,498	7.17%	152.00	2.53:1	342	323	11.76%	94.44%
2009	357	29,226,279	81,866	7.02%	153.00	2.33:1	355	335	3.80%	94.37%
2010	366	30,829,463	84,234	2.89%	156.42	2.34:1	366	344	3.10%	93.99%
2011	375	32,353,017	86,275	2.42%	151.00	2.48:1	375	349	2.46%	93.07%

Note: Enrollment based on annual October District count.

- ^a Operating expenditures equal total expenditures less debt service and capital outlay.
- ^b Cost per pupil is calculated based upon enrollment and operating expenditures presented and may not be the same as other (State) cost per pupil calculations.
- ^c Teaching staff includes only full-time equivalents of certificated staff.
- ^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Morris-Union Jointure Commission Records.

MORRIS-UNION JOINTURE COMMISSION
SCHOOL BUILDING INFORMATION
LAST SEVEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>District Building</u>							
Developmental Learning Center 1 (1953)							
Square Feet	62,363	62,363	62,363	62,363	62,363	62,363	62,363
Capacity (Students)	183	183	183	183	183	183	183
Enrollment	158	151	173	112	107	99	99
Developmental Learning Center 2 (Leased)							
Capacity (Students)	126	126	126	126	126	126	126
Enrollment	116	111	105	91	79	75	63
Developmental Learning Center 3 (Leased) (Closed June 30, 2007)							
Capacity (Students)	48	48	48				
Enrollment	40	36	24				
Developmental Learning Center 3 (Leased) (Opened During June 30, 2007 Fiscal Year)							
Square Feet				167,000	167,000	167,000	167,000
Capacity (Students)				219	219	219	219
Enrollment				133	171	192	213
<u>Number of Schools at June 30, 2011:</u>							
Other = 3							

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

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ended June 30, 2006.

Source: Morris-Union Jointure Commission Facilities Office.

MORRIS-UNION JOINTURE COMMISSION
INSURANCE SCHEDULE
JUNE 30, 2011

	<u>Coverage</u>	<u>Deductible</u>
<u>School Alliance Insurance Fund</u>		
Property & Damage (Buildings, Contents, Boiler & Machinery) (Fund Limit)	\$ 121,317,444	\$ 1,000
General and Automotive Liability	5,000,000	1,000
EDP Hardware and Software	183,505	250
Business Income	500,000	
Extra Expense	1,000,000	
Environmental Impairments Insurance	1,000,000	5,000
	Each Incident	
	Aggregate	
Excess Umbrella	25,000,000	
	5,000,000	
<u>Selective Insurance Company</u>		
Public Official Bonds:		
Treasurer	255,000	
Business Administrator/Board Secretary	255,000	
Employee Dishonesty	400,000	
<u>N.J. School Board Association Insurance Group</u>		
Workers' Compensation - Section "B" Employer's Liability	2,000,000	
Section "A" Workers' Compensation Benefits	Statutory	
School Board Legal Liability	10,000,000	5,000
<u>Chubb Insurance Company</u>		
Supplemental Workers' Compensation	Title 18A	Statutory
<u>Fireman's Fund Insurance Company</u>		
Catastrophic Excess	Aggregate	50,000,000
	Group Limit of Liability	
<u>Monumental Life Insurance Company</u>		
Student Accident		5,000,000

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax
 Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

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

The Honorable President and Members
 of the Board of Education
 Morris-Union Jointure Commission
 County of Union, New Jersey

We have audited 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 Morris-Union Jointure Commission, in the County of Union (the "Commission") as of, and for the fiscal year ended June 30, 2011, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated November 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department").

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of providing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis.

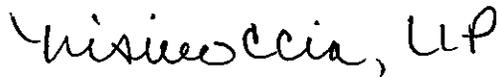
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

The Honorable President and Members
of the Board of Education
Morris-Union Jointure Commission
Page 2

Compliance and Other Matters

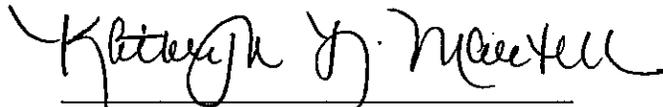
As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

This report is intended solely for the information and use of management, the members of the Commission, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



NISIVOCZIA, LLP

November 1, 2011
Mount Arlington, New Jersey



Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report on Compliance with Requirements
 That Could Have a Direct and Material Effect on Each Major Program and on
 Internal Control Over Compliance in Accordance with OMB Circular A-133 and
 New Jersey OMB Circular NJOMB 04-04

The Honorable President and Members
 of the Board of Education
 Morris-Union Jointure Commission
 County of Union, New Jersey

We have audited the compliance of the Board of Education of the Morris-Union Jointure Commission in the County of Union (the "Commission") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of its major state program for the fiscal year ended June 30, 2011. The Commission's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state program is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133, and New Jersey OMB Circular NJOMB 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 state program occurred. An audit includes examining, on a test basis, evidence about the Commission'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. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2011.

The Honorable President and Members
of the Board of Education
Morris-Union Jointure Commission
Page 2

Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Commission, and to meet the requirements for filing with the New Jersey State Department of Education, and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

November 1, 2011
Mount Arlington, New Jersey

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2010		Cash Received	Budgetary Expenditures	Adjustment	Balance June 30, 2011	
					(Accounts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor
U.S. Department of Labor:											
American Recovery and Reinvestment Act:											
COBRA Premium Assistance	17.151	N/A	7/1/10-6/30/11	\$ 16,506			\$ 13,456	\$ (16,506)		\$ (3,050)	
COBRA Premium Assistance	17.151	N/A	7/1/09-6/30/10	26,114	\$ (6,770)		6,770				
Total U.S. Department of Labor					(6,770)		20,226	(16,506)		(3,050)	
U.S. Department of Agriculture:											
Passed-through State Department of Education:											
Child Nutrition Cluster:											
Federal Food Distribution Program	10.555	N/A	7/1/10-6/30/11	5,791			5,791	(5,791)			
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	42,075			39,212	(42,075)		(2,863)	
National School Breakfast Program	10.553	N/A	7/1/10-6/30/11	19,990			18,592	(19,990)		(1,398)	
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	40,787	(3,405)		3,405				
National School Breakfast Program	10.553	N/A	7/1/09-6/30/10	18,739	(1,475)		1,475				
Total Child Nutrition Cluster					(4,880)		68,475	(67,856)		(4,261)	
Total U.S. Department of Agriculture					(4,880)		68,475	(67,856)		(4,261)	
U.S. Department of Education:											
Passed-through State Department of Education:											
GOALS 2000	84.276	N/A	5/1/00-9/30/02	179,995		\$ 815			\$ (815)		
Total U.S. Department of Education						815			(815)		
Total Federal Awards					\$ (11,650)	\$ 815	\$ 88,701	\$ (84,362)	\$ (815)	\$ (7,311)	\$ -0-

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

MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2010				Adjustment	Balance June 30, 2011		Memo	
				Accounts Receivable	Due to Grantor	Cash Received	Budgetary Expenditures		GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
General Fund:												
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	\$ 856,297			\$ 821,178	\$ (856,297)		\$ (35,119)		\$ (35,119)	\$ (856,297)
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09-6/30/10	755,210	\$ (33,309)		33,309						
TPAF Wage Freeze Grant	11-495-034-5095-002	7/1/10-6/30/11	12,583			6,291	(12,583)		(6,292)		(6,292)	(12,583)
Subtotal - General Fund				(33,309)		860,778	(868,880)		(41,411)		(41,411)	(868,880)
Special Revenue Fund:												
Governor's Initiative Grant	9000045	7/1/08-6/30/09	250,000	(737)				\$ 737				
Governor's Initiative Grant	7000286	7/1/07-6/30/08	250,000		\$ 856			(856)				
Subtotal - Special Revenue Fund				(737)	856			(119)				
Enterprise Fund:												
School Lunch Program	11-100-010-3360-067	7/1/10-6/30/11	1,851			1,713	(1,851)		(138)		(138)	(1,851)
School Lunch Program	10-100-010-3360-067	7/1/09-6/30/10	2,432	(196)		196						
School Breakfast Program	10-100-010-3360-096	7/1/09-6/30/10	2,161	(169)		169						
Subtotal - Enterprise Fund				(365)		2,078	(1,851)		(138)		(138)	(1,851)
Total State Awards				\$ (34,411)	\$ 856	\$ 862,856	\$ (870,731)	\$ (119)	\$ (41,549)	\$ -0-	\$ (41,549)	\$ (870,731)

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards include federal and state grant activity of the Morris-Union Jointure Commission Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2011. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Because these schedules present only a selected portion of the operations of the Commission, they are not intended to and do not present the financial position, changes in net assets or cash flows of the Commission.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the accompanying Schedules of Expenditures of Federal and State Awards are reported on the budgetary basis of accounting, with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Commission's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following cost principles contained in Federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The Schedule of Expenditures of State Awards does not include the On-Behalf TPAF Noncontributory Insurance and Post-Retirement Contributions revenue of \$29,793 and \$632,814, respectively. The Schedule of Expenditures of Federal Awards includes COBRA Premium Assistance revenue of \$16,506 which the Commission recorded as an expenditure refund for health benefits. Awards and financial assistance revenue are reported on the Commission's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,531,487	\$ 1,531,487
Enterprise Fund	\$ 67,856	1,851	69,707
Total Awards	<u>\$ 67,856</u>	<u>\$ 1,533,338</u>	<u>\$ 1,601,194</u>

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

The Morris-Union Jointure Commission had no loan balances outstanding at June 30, 2011.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2011. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively.

MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Summary of Auditors' Results:

- An unqualified report was issued on the Commission's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the Commission.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the Commission.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the Commission's major State program.
- An unqualified report was issued on the District's compliance for its major state program.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and New Jersey OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The Commission was not subject to the single audit provisions of Federal OMB Circular A-133 (the "Circular") as federal grant expenditures were less than the single audit threshold identified in the circular.
- The Commission's major state program for the current fiscal year consisted of the following:

	Grant Number	Grant Period	Award Amount	Budgetary Expenditures
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	\$ 856,297	\$ 856,297

- The threshold for distinguishing Type A and Type B programs was \$300,000 for federal awards and state awards.
- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey OMB Circular NJOMB 04-04 was \$500,000.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the federal Circular.

MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

Findings and Questioned Costs for Federal Awards:

- Not applicable as total federal award expenditures did not exceed the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey OMB Circular NJOMB 04-04.

MORRIS-UNION JOINTURE COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Status of Prior Year Findings:

The Commission had no prior year audit findings.