

**MORRIS-UNION JOINTURE COMMISSION**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2016**

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

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Morris-Union Jointure Commission**

**Union County, New Jersey**

**For The Fiscal Year Ended June 30, 2016**

**Prepared by**

**Morris-Union Jointure Commission  
Business Department**

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## **INTRODUCTORY SECTION**



*Morris-Union  
Jointure Commission  
Board of Education*

*Janet L. Fike, Ed.D., J.D.  
Superintendent*

*Denise A. Smallacomb  
Assistant Superintendent*

*Michael Davison  
School Business Administrator/Board Secretary*

*340 Central Avenue  
New Providence, NJ 07974*

*Telephone: (908) 464-7625*

*Fax: (908) 464-1244*

*Business Office Fax: (908) 464-5240*

*Website Address: www.mujs.org*

October 24, 2016

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, 2016, 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 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* and *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on 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

*Berkeley Heights • Bernards Township • 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 •  
Randolph Township • Roselle Park • Scotch Plains-Fanwood • Somerset Hills • South Orange-Maplewood • Springfield • Summit •  
Union Township • Warren Township • Watchung Borough • Watchung Hills Regional • West Orange • Westfield*



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 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 students with disabilities, 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 seven major areas:

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

The Commission completed the 2015-2016 fiscal year with an average daily enrollment of 226 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>
2015-2016	226	-11.22%
2014-2015	275	-2.48%
2013-2014	282	-11.04%
2012-2013	317	-6.21%
2011-2012	338	-9.87%
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%

2) ECONOMIC CONDITION AND OUTLOOK: The Morris-Union Jointure Commission experienced a 11.22% decrease in enrollment, which is consistent with annual fluctuations in student population. The success of the Developmental Learning Center (DLC) – Warren is a major accomplishment of the MUJC. The services that the MUJC provides both member and non-member districts continue to grow. The recreation program 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. As the State of New Jersey continues to promote shared services, the prospects for continued growth by the Commission remains strong.

3) MAJOR INITIATIVES: The enrollment at the DLC – Warren was 225 and the DLC – New Providence was 51 as of the October 15, 2015 cutoff.

The stability of programs such as OT, PT, Speech/Language, ABA, and Aide services continues to be strong. The Commission continues to operate a vehicle maintenance/repair program which services nine member districts. The Commission rents the recreation facilities at DLC – Warren and DLC – New Providence to various groups during off-hours, including a long term lease with NJ Swim.

During the 2015-2016 school year, the Commission presented approximately 127 inservice workshops. Approximately 1,008 participants from approximately 119 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 2015-2016 school year, approximately 136 participants were enrolled and graduated from the Commission's ARTP program. Also, the Commission continued to offer the "24 Hour Pre-service Program," a newer 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 the ARTP program for the 2016-2017 program year. In addition, the Commission partners 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 MUJC continues to provide quality transportation services through its Transportation Department to 20 of 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 benefits and the required PERS employer contribution. Throughout the 2015-2016 school year, MUJC's 130 school buses transported approximately 900 general and special education students on 100 contracted routes. In addition, the Commission provided transportation for field, athletic and community trips for our own member districts' students.

During the 2015-2016 school year, approximately 45 related services therapists, adaptive physical education teachers, occupational therapists, physical therapists, speech/language specialists, and behavior specialists provided therapy and related services to more than 299 students. These students were from approximately 80 districts.

The transition services the MUJC provides are designed to assist the district in preparing students for home, work and community life after school. Services include transition assessments, assistance with establishing community based instruction opportunities and acquiring job sampling sites. During this school year, the MUJC is looking into ways to further expand transition services.

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 is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state awards, the 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, commitments and assignments at June 30, 2016.

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 Financial Statements", Note 1.

7) DEBT ADMINISTRATION: As of June 30, 2016, the Commission's outstanding debt included \$36,975,000 in Obligations under Lease Purchase Agreements - Certificates of Participation. Additional information regarding the Commission's debt is explained in "Notes to the Financial Statements", Note 3.

8) CASH MANAGEMENT: The investment policy of the Commission is guided in large part by state statute as detailed in "Notes to the 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.

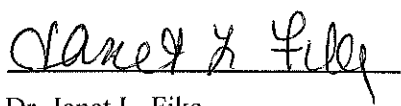
9) RISK MANAGEMENT: The Commission carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Commission's insurance broker, Jay Lawton of Arthur J. Gallagher Risk Management Services, Inc. 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 Insurance Group ("NJSIG"). SAIF provides the Commission with comprehensive general liability, automobile liability, property, boiler and machinery and school board legal liability insurance. NJSIG 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 Lerch, Vinci & Higgins, LLP, was selected by the Board of Education at its May 5, 2016 Board of Education 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* and *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and the New Jersey OMB Circular NJOMB 15-08, *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.

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,



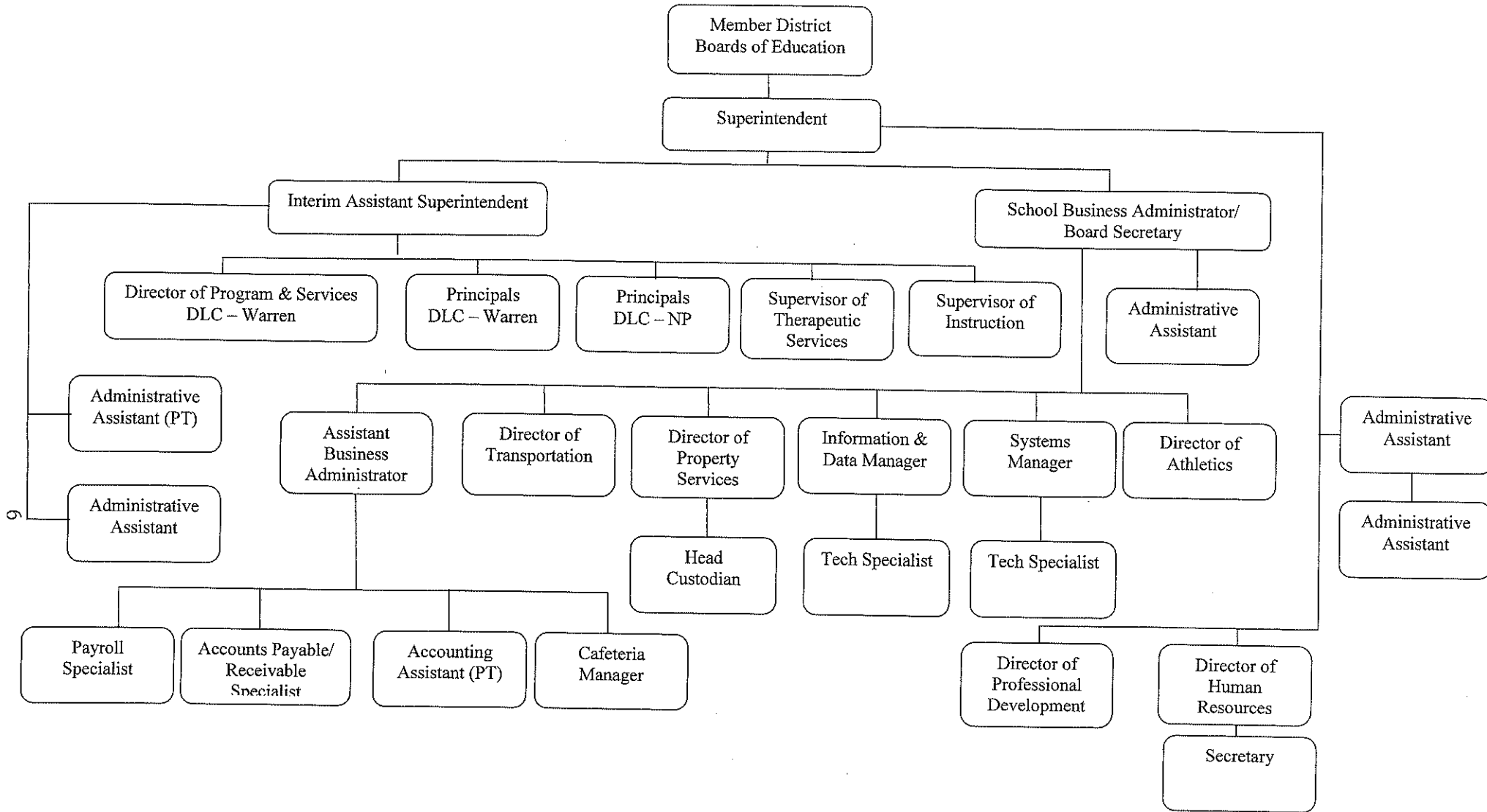
Dr. Janet L. Fike  
Superintendent



Michael Davison  
Business Administrator/Board Secretary

# ORGANIZATION OF THE MORRIS-UNION JOINTURE COMMISSION

June 30, 2016



**MORRIS-UNION JOINTURE COMMISSION BOARD OF EDUCATION  
 ROSTER OF OFFICIALS  
 June 30, 2016**

Members of the Board of Education

Mrs. Judith Rattner  
 Mr. Nick Markarian  
 Dr. Michael LaSusa  
 Mr. Edward Grande  
 Dr. Drucilla Clark  
 Dr. Marilyn Birnbaum  
 Dr. Melissa Varley  
 Mr. Matthew Spelker  
 Dr. Thomas W. Tramaglino  
 Dr. Ernest Palestis  
 Mr. John Petrelli  
 Dr. Michael Rossi, Jr.  
 Dr. Christine Burton  
 Dr. Rene Rovtar  
 Dr. Nancy Lubarsky  
 Dr. David Miceli  
 Ms. Jennifer Fano  
 Mr. Pedro Garrido  
 Dr. Margaret W. Hayes  
 Dr. Frances Wood  
 Dr. John Ramos  
 Mr. Michael A. Davino, President  
 Mr. June Chang  
 Mr. Gregory A. Tatum  
 Dr. Elizabeth Nastus  
 Dr. Barbara Resko  
 Ms. Elizabeth Jewett  
 Mr. Jeffrey Rutzky  
 Dr. Margaret Dolan

Other Officials

Dr. Janet Fike  
 Ms. Denise Smallacomb  
 Mr. Michael Davison  
 Ms. Kerry Keane

Superintendent/Board

Berkeley Heights  
 Bernards Township  
 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  
 Randolph Township  
 Roselle Park  
 Scotch Plains/Fanwood  
 Somerset Hills  
 South Orange-Maplewood  
 Springfield  
 Summit  
 Union Township  
 Warren Township  
 Watchung Borough  
 Watchung Hills Regional  
 West Orange  
 Westfield

Title

Superintendent  
 Assistant Superintendent  
 School Administrator/Board Secretary  
 Treasurer

**MORRIS-UNION JOINTURE COMMISSION BOARD OF EDUCATION  
Consultants and Advisors  
2016**

**Architect**

Mr. Gregory Somjen  
Mr. William Bannister  
Parette Somjen Architects  
439 Route 46 East  
Rockaway, NJ 07866

**General Counsel and Construction and Public Bidding Counsel**

Matthew J. Giacobbe, Esq.  
Cleary Giacobbe Alfieri Jacobs, LLC  
169 Ramapo Valley Rd., Upper Level 105  
Oakland, NJ 07436

**Audit Firm**

Mr. Jeffrey Bliss  
Lerch Vinci & Higgins, LLP  
17 – 17 Route 208  
Fair Lawn, NJ 07410

**Official Depository**

Monica K. McCormack-Casey, Vice President | Government Banking  
TD Bank  
1000 MacArthur Boulevard  
Mahwah, NJ 07430

**FINANCIAL SECTION**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, CPA

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris-Union Jointure Commission, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris-Union Jointure Commission as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Morris-Union Jointure Commission's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Morris-Union Jointure Commission.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with Government Auditing Standards, we have also issued our report dated October 24, 2016 on our consideration 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Morris-Union Jointure Commission's internal control over financial reporting and compliance.

*LERCH, VINCI & HIGGINS, LLP*

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
October 24, 2016

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MORRIS-UNION JOINTURE COMMISSION

### Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2016

As management of the Morris-Union Jointure Commission, we offer readers of the Morris-Union Jointure Commission's financial statements this narrative overview and analysis of the financial activities of the School Commission for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the Commission's financial statements and related notes to the financial statements which immediately follows this section.

#### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-2016 fiscal year include the following:

- The assets and deferred outflows of resources of the Morris-Union Jointure Commission exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$34,682,229 (net position). Of this amount \$3,265,472 (unrestricted net position) may be used to meet the Commission's ongoing obligations.
- The Commission's total net position increased by \$1,187,224 or 3.5%. Net position from governmental activities increased \$2,577,266 or 12.9% and net position from business-type activities decreased \$1,390,042 or 10.3%.
- Overall commission revenues were \$44,366,858, which were \$1,187,224 more than overall commission expenses of \$43,179,634. Program specific revenues in the form of charges for services, grants or contributions accounted for \$44,255,690 of total revenues. General revenues accounted for the remaining \$111,168 of total revenues.
- The Commission had \$33,976,498 in expenses for governmental activities; all of these expenses were offset with program specific revenues from charges for services, grants or contributions of \$36,542,630.
- The Commission had \$9,203,136 in expenses for business-type activities and \$7,713,060 of program specific revenues from charges for services, grants and contributions.
- As of the close of the current fiscal year, the Commission's governmental funds reported combining ending fund balances of \$19,389,595. Of this amount, \$15,255,731 (79%) is available for spending at the Commission's discretion (unassigned fund balance – General Fund).
- The Commission's total outstanding long-term debt increased by \$1,673,878 during the current fiscal year.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

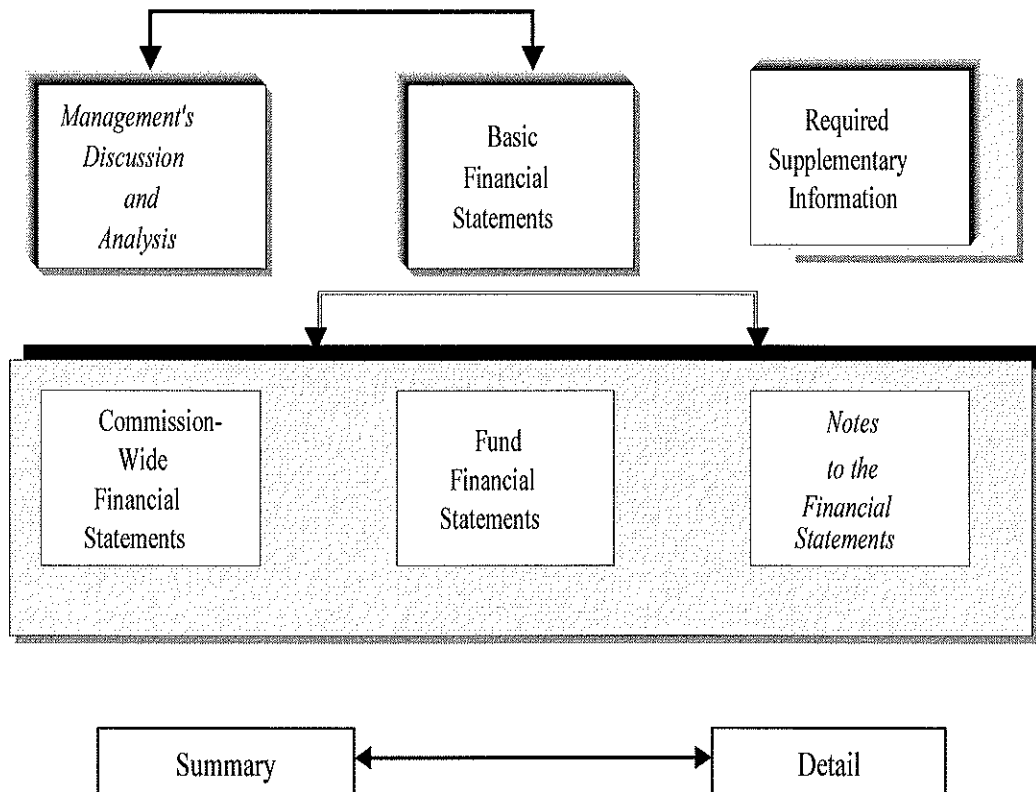
The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Commission:

# MORRIS-UNION JOINTURE COMMISSION

## Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2016

- 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 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 operated like *businesses*.
  - *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 to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The Figure below shows how the various parts of this annual report are arranged and related to one another.



## MORRIS-UNION JOINTURE COMMISSION

### Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2016

The following table 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 the structure and contents of each of the statements.

**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 instruction, building Maintenance and administration.	Activities the Commission operates similar to private businesses: Enterprise Funds	Instances in which the Commission administers resources on behalf of someone else, such as unemployment, student activities, and Payroll deduction.
Required financial Statements	Statements of net position Statement of activities	Balance Sheet Statement of Revenue, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenue, Expenses, and Changes in Fund Net Position, Statement of Cash Flows	Statements of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset, liability, and deferred outflow/inflow information	All assets , liabilities, and deferred outflows/inflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets , liabilities, and deferred outflows/inflows of resources both financial and capital, and 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 revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or Services have been received and the related liability is due and payable.	All revenues 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.

#### 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 position includes *all* of the Commission's assets, liabilities, and deferred outflows/inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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



## MORRIS-UNION JOINTURE COMMISSION

### Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2016

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

In the commission-wide financial statements the Commission's activities are shown in two categories:

- *Governmental activities* – Most of the Commission's basic services are included here, such as special education, plant operation and maintenance, and administration. Tuition charged to other school districts finance all of these activities.
- *Business-type activities* – The Commission charges fees to help cover the costs of certain services it provides. The Commission's special programs and food service operations 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.
- The Commission establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

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 to 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, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *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 uses *enterprise funds* to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to students or other entities on a continuing basis are financed or recovered primarily through user charges. The Commission currently has two enterprise funds for its special programs and food service (cafeteria) programs.

- *Fiduciary funds* – The Commission is the trustee, or *fiduciary*, for assets that belong to others. 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. All of the Commission's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the commission-wide financial statements because the Commission cannot use these assets to finance its operations.

**Notes to the 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 financial statements can be found following the financial statements.

**MORRIS-UNION JOINTURE COMMISSION**

**Management's Discussion and Analysis  
For The Fiscal Year Ended June 30, 2016**

**Other Information.** In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Commission's budget process and pension plans. The Commission adopts an annual expenditure budget for the General and Special Revenue Funds. A budgetary comparison statement has been provided for these Funds as required supplementary information. Information regarding the Commission's employee retirement systems and pension plans has also been provided as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparison, if required.

**COMMISSION-WIDE FINANCIAL ANALYSIS**

As noted earlier net position may serve over time as a useful indicator of a government's financial position. The Commission's *combined* net position was \$34,682,229 on June 30, 2016 compared to \$33,495,005 on June 30, 2015.

**Net Position  
As of June 30, 2016 and 2015**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Assets</b>						
Current Assets	\$ 21,164,156	\$ 17,375,061	\$ 15,940,115	\$ 16,255,098	\$ 37,104,271	\$ 33,630,159
Capital Assets	<u>60,437,386</u>	<u>63,590,550</u>	<u>5,786,554</u>	<u>6,179,769</u>	<u>66,223,940</u>	<u>69,770,319</u>
Total Assets	<u>81,601,542</u>	<u>80,965,611</u>	<u>21,726,669</u>	<u>22,434,867</u>	<u>103,328,211</u>	<u>103,400,478</u>
<b>Deferred Outflows of Resources</b>	<u>4,276,403</u>	<u>2,422,890</u>	<u>1,237,487</u>	<u>240,460</u>	<u>5,513,890</u>	<u>2,663,350</u>
Total Assets and Deferred Outflows of Resources	<u>85,877,945</u>	<u>83,388,501</u>	<u>22,964,156</u>	<u>22,675,327</u>	<u>108,842,101</u>	<u>106,063,828</u>
<b>Liabilities</b>						
Long-Term Liabilities	59,197,559	59,266,065	9,480,140	7,737,756	68,677,699	67,003,821
Other Liabilities	<u>2,293,022</u>	<u>1,842,170</u>	<u>492,506</u>	<u>431,787</u>	<u>2,785,528</u>	<u>2,273,957</u>
Total Liabilities	<u>61,490,581</u>	<u>61,108,235</u>	<u>9,972,646</u>	<u>8,169,543</u>	<u>71,463,227</u>	<u>69,277,778</u>
<b>Deferred Inflows of Resources</b>	<u>1,833,139</u>	<u>2,303,307</u>	<u>863,506</u>	<u>987,738</u>	<u>2,696,645</u>	<u>3,291,045</u>
Total Liabilities and Deferred Inflows of Resources	<u>63,323,720</u>	<u>63,411,542</u>	<u>10,836,152</u>	<u>9,157,281</u>	<u>74,159,872</u>	<u>72,568,823</u>
<b>Net Position</b>						
Net Investment in Capital Assets	23,741,214	24,780,794	5,786,554	6,179,769	29,527,768	30,960,563
Restricted	1,888,989	1,888,994			1,888,989	1,888,994
Unrestricted	<u>(3,075,978)</u>	<u>(6,692,829)</u>	<u>6,341,450</u>	<u>7,338,277</u>	<u>3,265,472</u>	<u>645,448</u>
Total Net Position	<u>\$ 22,554,225</u>	<u>\$ 19,976,959</u>	<u>\$ 12,128,004</u>	<u>\$ 13,518,046</u>	<u>\$ 34,682,229</u>	<u>\$ 33,495,005</u>

**MORRIS-UNION JOINTURE COMMISSION**

**Management's Discussion and Analysis  
For The Fiscal Year Ended June 30, 2016**

By far, the largest portion of the Commission's net position (85.1%) reflects its investment in capital assets (i.e., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The Commission uses these capital assets to provide services to its students; consequently, these assets are not available for future use. Resources needed to repay this debt (i.e., capital leases, COP's) must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of net position is restricted for the payment of obligation under lease purchase agreements (COP's) in the amount of \$1,888,989. The remaining balance of net position of \$3,265,472 (9.4%) may be used to meet the Commission's ongoing obligations.

**Change in Net Position  
For the Fiscal Years Ended June 30, 2016 and 2015**

	Governmental		Business-Type		Total	
	Activities		Activities			
Revenues	2016	2015	2016	2015	2016	2015
Program Revenues						
Charges for Services	\$ 31,727,543	\$ 26,406,491	\$ 7,634,937	\$ 11,663,125	\$ 39,362,480	\$ 38,069,616
Operating Grants and Contributions	4,815,087	4,242,432	78,123	79,031	4,893,210	4,321,463
General Revenues						
Investment Earnings	104,796	93,801	34	16	104,830	93,817
Miscellaneous	6,338	197,502	-	-	6,338	197,502
<b>Total Revenues</b>	<b>36,653,764</b>	<b>30,940,226</b>	<b>7,713,094</b>	<b>11,742,172</b>	<b>44,366,858</b>	<b>42,682,398</b>
<b>Expenses</b>						
Instruction						
Special Education	27,887,608	25,172,540			27,887,608	25,172,540
Support Services						
Student and Instruction Related Services	300	689			300	689
General Administrative Services	1,396,734	1,419,353			1,396,734	1,419,353
School Administrative Services	1,592,455	1,592,740			1,592,455	1,592,740
Central and Other Support Services	994,430	1,098,215			994,430	1,098,215
Plant Operations and Maintenance	591,345	677,935			591,345	677,935
Interest on Long-Term Debt	1,513,626	1,606,399			1,513,626	1,606,399
Special Programs		-	8,931,528	9,928,918	8,931,528	9,928,918
Food Services		-	271,608	291,364	271,608	291,364
<b>Total Expenses</b>	<b>33,976,498</b>	<b>31,567,871</b>	<b>9,203,136</b>	<b>10,220,282</b>	<b>43,179,634</b>	<b>41,788,153</b>
<b>Increase in Net Position Before Transfers</b>	<b>2,677,266</b>	<b>(627,645)</b>	<b>(1,490,042)</b>	<b>1,521,890</b>	<b>1,187,224</b>	<b>894,245</b>
<b>Transfers</b>	<b>(100,000)</b>	<b>(106,600)</b>	<b>100,000</b>	<b>106,600</b>	<b>-</b>	<b>-</b>
<b>Increase in Net Position</b>	<b>2,577,266</b>	<b>(734,245)</b>	<b>(1,390,042)</b>	<b>1,628,490</b>	<b>1,187,224</b>	<b>894,245</b>
<b>Net Position, Beginning of Year</b>	<b>19,976,959</b>	<b>20,711,204</b>	<b>13,518,046</b>	<b>11,889,556</b>	<b>33,495,005</b>	<b>32,600,760</b>
<b>Net Position, End of Year</b>	<b>\$ 22,554,225</b>	<b>\$ 19,976,959</b>	<b>\$ 12,128,004</b>	<b>\$ 13,518,046</b>	<b>\$ 34,682,229</b>	<b>\$ 33,495,005</b>

# MORRIS-UNION JOINTURE COMMISSION

## Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2016

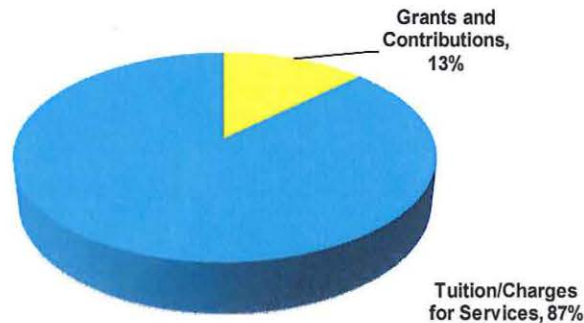
**Governmental Activities.** The Commission's total governmental activities revenues were \$36,653,764 for the year ended June 30, 2016, an increase of \$5,713,538 (18.5%) from the previous year. A major reason for the increase was the change in the accounting for certain related services and programs from business-type activities to governmental activities in 2015-16. Charges for services in the form of tuition and fees accounted for 86.6% of total revenues. Another 13.1% came from operating grants and contributions.

The total cost of all governmental activities programs and services was \$33,976,498, an increase of \$2,408,627 (7.6%) from the previous year. A major reason for the increase was again the change in the accounting for certain related services and programs from business-type activities to governmental activities in 2015-16. The Commission's expenses are predominantly related to educating and caring for students with special needs.

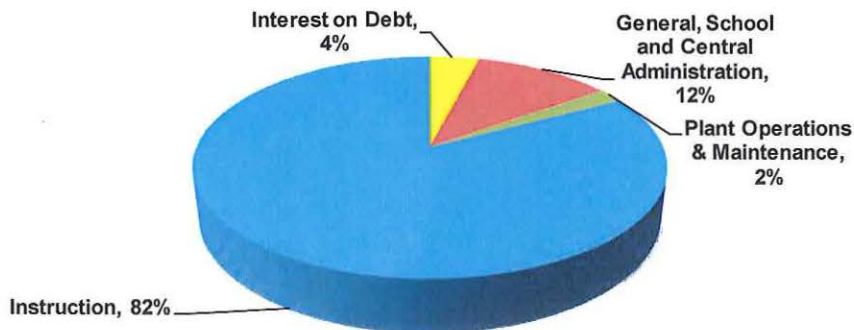
Total governmental activities revenues were greater than expenses and transfers out, increasing net position by \$2,577,266 from the previous year.

- The cost of all governmental activities this year was \$33,976,498 compared to \$31,567,871 last year.
  - Some of the cost was paid by the users of the Commission's programs mainly through tuition charges and related service fees for a total of \$31,727,543, an increase of \$5,321,052 (20%) from the previous year. A major reason for the increase was the change in the accounting for certain related services and programs from business-type activities to governmental activities in 2015-16.
  - Some of the cost was paid by grants and contributions received through states aid and local grants for a total of \$4,815,087, an increase of \$572,655(13.5%) over the previous year, largely due to the additional on-behalf TPAF pension contribution determined under GASB No. 68 pension reporting requirements.

**Revenues by Source- Governmental Activities  
For Fiscal Year 2016**



**Expenditures by Type- Governmental Activities  
For Fiscal Year 2016**



**MORRIS-UNION JOINTURE COMMISSION**

**Management's Discussion and Analysis  
For The Fiscal Year Ended June 30, 2016**

For fiscal year 2016, the Commission's total cost of services was \$33,976,498. After applying program revenues derived from charges for services of \$31,727,543 operating grants and contributions of \$4,815,087, the net revenue from services to the Commission was \$2,566,132 for the fiscal year ended June 30, 2016.

**Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2016 and 2015**

	<u>Total Cost of Services</u>		<u>Net (Revenue) Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction				
Special Education	\$ 27,887,608	\$ 25,172,540	\$(7,697,401)	\$(4,623,527)
Support Services				
Student and Instruction Related Services	300	689	300	603
General Administrative Services	1,396,734	1,419,353	978,103	1,008,867
School Administrative Services	1,592,455	1,592,740	1,164,337	1,150,456
Central and Other Support Services	994,430	1,098,215	994,430	1,098,215
Plant Operations and Maintenance	591,345	677,935	480,473	677,935
Interest on Long-Term Debt	<u>1,513,626</u>	<u>1,606,399</u>	<u>1,513,626</u>	<u>1,606,399</u>
<b>Total</b>	<b><u>\$ 33,976,498</u></b>	<b><u>\$ 31,567,871</u></b>	<b><u>\$(2,566,132)</u></b>	<b><u>\$ 918,948</u></b>

**Business-Type Activities** –The Commission's total business-type activities revenues were \$7,713,094 for the year ended June 30, 2016, a decrease of \$4,029,078 (34.3%) from the previous year. As previously mentioned, the major reason for the decrease was the change in the accounting for certain related services and programs from business-type activities to governmental activities in 2015-16. Charges for services accounted for 99% of total revenues. Operating grants and contributions and miscellaneous revenue accounted for the remaining 1% of total revenue for the year.

The Commission's expenses are related to various transportation services and other programs offered to members, as well as, non-member school districts of the commission and food services provided to all students, teachers and administrators within the Commission.

Total business-type activities revenues and transfers were less than expenses, decreasing net position by \$1,390,042 over the previous year.

The cost of all business-type activities this year was \$9,203,136. The cost of special program activities was \$8,931,528 (97%) and food services was \$271,608 (3%)

- Some of the cost was paid by the users of the programs for a total of \$7,634,937 a decrease of \$4,028,188 (34.5%) from the previous year. Again, a major reason for the decrease was a change in the accounting for certain related services and programs from business-type activities to governmental activities in 2015-16.
- The Federal and State governments subsidized the food service program with grants and contributions of \$78,123, a decrease of \$908 (1.1%) from the previous year.
- The Commission transferred in \$100,000 from its governmental activities to subsidize the food service program during the year.

**MORRIS-UNION JOINTURE COMMISSION**

**Management's Discussion and Analysis  
For The Fiscal Year Ended June 30, 2016**

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

The financial performance of the Commission as a whole is reflected in its governmental funds as well. As the Commission completed the year, its governmental funds reported a *combined* fund balance of \$19,389,595 an increase of \$3,268,049 from last year's fund balance of \$16,121,546. This increase is the results of revenues exceeding anticipated budgeted amounts and expenditures below budgeted amounts appropriated for the year. \$15,255,731 of fund balance at year-end is available as fund resources for future use. The remainder of fund balance is restricted, or assigned to indicate that it is not available for new spending because it has been dedicated to 1) the payment of obligations under lease purchase agreements (COP's) in the amount of \$1,888,989, 2) to liquidate contracts and purchase orders of the prior period \$284,419 or 3) assigned to finance subsequent year's budget expenditures of \$1,960,456.

Revenues for the Commission's governmental funds were \$33,734,649, while total expenditures were \$30,366,600. The net amount for other financing uses was \$100,000.

**General Fund**

The General Fund is the chief operating fund of the Commission and includes the primary operations of providing educational services to students with special needs.

The following schedule presents a summary of General Fund Revenues.

	<u>Year Ended</u> <u>June 30, 2016</u>	<u>Year Ended</u> <u>June 30, 2015</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Local Sources:				
Tuition	\$ 27,004,552	\$ 26,758,360	\$ 246,192	1%
Related Services/Program Fees	4,577,759		4,577,759	100%
Miscellaneous	221,848	291,138	(69,290)	-24%
State Sources	<u>1,918,683</u>	<u>1,873,530</u>	<u>45,153</u>	2%
 Total General Fund Revenues	 <u>\$ 33,722,842</u>	 <u>\$ 28,923,028</u>	 <u>\$ 4,799,814</u>	 17%

Total General Fund Revenues increased by \$4,799,814 or 17% from the previous year. A major reason for the increase was the change in the accounting for activities from certain related services and programs from the special programs enterprise fund to the general fund in 2015-16. Tuition which represents 80% of total General Fund revenue for the year increased 1% from the previous year due to an increase in the tuition rates for the current year. Revenues from State sources increased by \$45,153 largely due to an increase in the on-behalf TPAF pension system contribution made by the State for the Commission's teaching professionals.

## MORRIS-UNION JOINTURE COMMISSION

### Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2016

The following schedule presents a summary of General Fund expenditures.

	<u>Year Ended</u> <u>June 30, 2016</u>	<u>Year Ended</u> <u>June 30, 2015</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Instruction	\$ 22,310,506	\$ 19,505,869	\$ 2,804,637	14%
Support Services	4,013,424	4,261,502	(248,078)	-6%
Debt Service	3,663,044	3,868,664	(205,620)	-5%
Capital Outlay	<u>367,977</u>	<u>176,153</u>	<u>191,824</u>	109%
Total Expenditures	<u>\$ 30,354,951</u>	<u>\$ 27,812,188</u>	<u>\$ 2,542,763</u>	9%

Total General Fund expenditures increased \$2,542,763 or 9% from the previous year mainly due to an increase in instruction expenses during the current year. Again, a major reason for the increase was the change in the accounting for activities from certain related services and programs from the special programs enterprise fund to the general fund in 2015-16. Other notable increases included employee benefit costs and capital outlay construction services during the current year. These increases were offset by decreases in support services expenditures most notably energy and information technology costs. The decrease in debt service cost was due to the final payment of a capital lease for equipment in the prior year.

In Fiscal Year 2016 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$3,268,054. After deducting assigned fund balances the unassigned fund balance increased from \$12,676,113 at June 30, 2015 to \$15,255,731 at June 30, 2016. In addition, the amount of fund balance assigned and designated to finance the subsequent year's budget expenditures increased from \$1,461,607 at June 30, 2015 to \$1,960,456 at June 30, 2016.

#### Special Revenue Fund

The Special Revenue Fund includes all restricted sources utilized in the operations of the Commission in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$11,649 for the year ended June 30, 2016. Local sources account for all of the Special Revenue Funds' revenues.

Total Special Revenue Fund revenues decreased \$1,962 or 14% from the previous year.

Expenditures of the Special Revenue Fund were also \$11,649 and also decreased \$1,962 or 14% from the previous year. Special Education instructional expenditures were \$11,649 or 100% of the total amount expended for the year ended June 30, 2015.

#### Capital Projects Fund

The capital projects fund expenditures and other financing uses exceeded revenues and other financing sources resulting in a fund balance of \$1,888,989 at June 30, 2016. This amount is restricted for the payment of the refunding obligations under the lease purchase agreement certificates of participation.

## MORRIS-UNION JOINTURE COMMISSION

### Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2016

#### Proprietary Funds

The Commission maintains an Enterprise Fund to account for activities which are supported in part through user fees.

*Enterprise Funds* - The Commission uses Enterprise Funds to report activities related to the Commission's special programs and food service operations. The Commission's Enterprise Funds provide the same type of information found in the commission-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of these Funds have already been addressed in the discussion of the Commission's business-type activities.

#### General Fund Budgetary Highlights

Over the course of the year, the Commission revised the annual operating budget several times. These budget amendments fall into two categories:

- Reinstating prior year purchase orders being carries over. (Year End Encumbrances)
- Appropriation of additional unassigned fund balance.

Revisions in the budget were also made through budget transfers. The Commission also made certain adjustments to increase the budget by \$346,400 during the school year through the use of additional unassigned fund balance. In addition the budget was increased by \$94,832 due to the reappropriation of prior year encumbrances.

#### CAPITAL ASSETS

By the end of June 30, 2016, the Commission had invested \$66,223,940 in a range of capital assets for its governmental and business-type activities. This includes improvements to buildings, computers, specialized machinery and various other types of equipment. Depreciation charges for the fiscal year 2015-2016 amounted to \$3,521,141 for governmental activities and \$569,477 for business-type activities. The following is a comparison of the June 30, 2016 and 2015 balances.

#### Capital Assets As of June 30, 2016 and 2015 (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and Land Improvements	\$ 7,375,384	\$ 7,320,556	\$ 3,064,300	\$ 3,064,300	\$ 10,439,684	\$ 10,384,856
Building and Building Improvements	52,559,416	55,913,198	1,377,478	1,540,487	53,936,894	57,453,685
Machinery and Equipment	292,892	326,896	1,344,776	1,574,982	1,637,668	1,901,878
Construction in Progress	209,694	29,900	-	-	209,694	29,900
<b>Total Capital Assets, Net</b>	<b>\$ 60,437,386</b>	<b>\$ 63,590,550</b>	<b>\$ 5,786,554</b>	<b>\$ 6,179,769</b>	<b>\$ 66,223,940</b>	<b>\$ 69,770,319</b>

Additional information on the Commission's capital assets is presented in the "Notes to the Financial Statements" of this report.



## MORRIS-UNION JOINTURE COMMISSION

### Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2016

#### LONG TERM LIABILITIES

At year-end, the Commission had \$68,677,699 of total outstanding long-term liabilities for its governmental activities and business type activities. For fiscal year 2015/16, total outstanding long-term liabilities increased by \$1,673,878. The following is a comparison of the June 30, 2016 and 2015 balances.

#### Outstanding Long-Term Liabilities At June 30, 2016 and 2015

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Lease Purchase Obligation (COP's)	\$ 38,342,914	\$ 40,671,573			\$ 38,342,914	\$ 40,671,573
Compensated Absences	818,903	751,695	\$ 51,555	\$ 90,843	870,458	842,538
Net Pension Liability	<u>20,035,742</u>	<u>17,842,797</u>	<u>9,428,585</u>	<u>7,646,913</u>	<u>29,464,327</u>	<u>25,489,710</u>
	<u>\$ 59,197,559</u>	<u>\$ 59,266,065</u>	<u>\$ 9,480,140</u>	<u>\$ 7,737,756</u>	<u>\$ 68,677,699</u>	<u>\$ 67,003,821</u>

Additional information on the Commission's long-term liabilities is presented in the "Notes to the Financial Statements" of this report.

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

Many factors were considered by the Commission's administration during the process of developing the fiscal year 2015-2015 budget. The primary factors were the Commission's projected student population, as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2016-2017. Budgeted expenditures in the General Fund increased less than 1% from the 2015/2016 adopted budget to \$31,259,232 in fiscal year 2016-2017. An increase in special education instructional programs is the primary reason for the increase in operating costs.

#### CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, 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 information contact the Business Office, 340 Central Avenue, New Providence, NJ 07974.

**FINANCIAL STATEMENTS**

**MORRIS-UNION JOINTURE COMMISSION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Assets			
Cash and Cash Equivalents	\$ 15,209,677	\$ 14,956,267	\$ 30,165,944
Receivables	4,065,490	977,158	5,042,648
Inventories		6,690	6,690
Restricted Assets:			-
Cash and Cash Equivalents with Fiscal Agent	1,888,989		1,888,989
Capital Assets, Not Being Depreciated	7,393,694	3,064,300	10,457,994
Capital Assets, Being Depreciated	<u>53,043,692</u>	<u>2,722,254</u>	<u>55,765,946</u>
Total Assets	<u>81,601,542</u>	<u>21,726,669</u>	<u>103,328,211</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	2,629,661	1,237,487	3,867,148
Deferred Charges on Refunding of Debt	<u>1,646,742</u>	<u>-</u>	<u>1,646,742</u>
Total Deferred Outflows of Resources	<u>4,276,403</u>	<u>1,237,487</u>	<u>5,513,890</u>
Total Assets and Deferred Outflows of Resources	<u>85,877,945</u>	<u>22,964,156</u>	<u>108,842,101</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	1,662,928	492,506	2,155,434
Accrued Interest Payable	612,518		612,518
Unearned Revenue	17,576		17,576
Noncurrent Liabilities			
Due Within One Year	2,275,000		2,275,000
Due Beyond One Year	<u>56,922,559</u>	<u>9,480,140</u>	<u>66,402,699</u>
Total Liabilities	<u>61,490,581</u>	<u>9,972,646</u>	<u>71,463,227</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	1,833,139	862,653	2,695,792
Deferred Commodities Revenue	<u>-</u>	<u>853</u>	<u>853</u>
Total Deferred Inflows of Resources	<u>1,833,139</u>	<u>863,506</u>	<u>2,696,645</u>
Total Liabilities and Deferred Inflows of Resources	<u>63,323,720</u>	<u>10,836,152</u>	<u>74,159,872</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	23,741,214	5,786,554	29,527,768
Restricted			
Lease-Purchase Obligations	1,888,989		1,888,989
Unrestricted	<u>(3,075,978)</u>	<u>6,341,450</u>	<u>3,265,472</u>
Total Net Position	<u>\$ 22,554,225</u>	<u>\$ 12,128,004</u>	<u>\$ 34,682,229</u>

MORRIS-UNION JOINTURE COMMISSION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Governmental Activities</b>							
Instruction:							
Special Education	\$ 27,887,608	\$ 31,616,671	\$ 3,968,338		\$ 7,697,401		\$ 7,697,401
Support Services:							
Student & Instruction Related Services	300				(300)		(300)
General Administration Services	1,396,734		418,631		(978,103)		(978,103)
School Administration Services	1,592,455		428,118		(1,164,337)		(1,164,337)
Central and Other Support Services	994,430				(994,430)		(994,430)
Plant Operations and Maintenance	591,345	110,872			(480,473)		(480,473)
Interest on Debt	1,513,626	-	-	-	(1,513,626)	-	(1,513,626)
Total Governmental Activities	<u>33,976,498</u>	<u>31,727,543</u>	<u>4,815,087</u>	<u>-</u>	<u>2,566,132</u>	<u>-</u>	<u>2,566,132</u>
<b>Business - Type Activities</b>							
Special Programs	8,931,528	7,522,380			-	\$ (1,409,148)	(1,409,148)
Food Service	271,608	112,557	78,123	-	-	(80,928)	(80,928)
Total Business Type Activities	<u>9,203,136</u>	<u>7,634,937</u>	<u>78,123</u>	<u>-</u>	<u>-</u>	<u>(1,490,076)</u>	<u>(1,490,076)</u>
Total Primary Government	<u>\$ 43,179,634</u>	<u>\$ 39,362,480</u>	<u>\$ 4,893,210</u>	<u>\$ -</u>	<u>2,566,132</u>	<u>(1,490,076)</u>	<u>1,076,056</u>
<b>General Revenues:</b>							
Investment Earnings					104,796	34	104,830
Miscellaneous					6,338		6,338
Transfers					(100,000)	100,000	-
Total General Revenues and Transfers					<u>11,134</u>	<u>100,034</u>	<u>111,168</u>
Change in Net Position					2,577,266	(1,390,042)	1,187,224
Net Position - Beginning of Year					<u>19,976,959</u>	<u>13,518,046</u>	<u>33,495,005</u>
Net Position - End of Year					<u>\$ 22,554,225</u>	<u>\$ 12,128,004</u>	<u>\$ 34,682,229</u>

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The accompanying Notes to the Financial Statements are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

**MORRIS-UNION JOINTURE COMMISSION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Assets				
Cash and Cash Equivalents	\$ 15,192,101	\$ 17,576		\$ 15,209,677
Intergovernmental Receivables	4,065,394			4,065,394
Accrued Interest Receivable	96	-	-	96
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	<u>-</u>	<u>-</u>	<u>\$ 1,888,989</u>	<u>1,888,989</u>
Total Assets	<u>\$ 19,257,591</u>	<u>\$ 17,576</u>	<u>\$ 1,888,989</u>	<u>\$ 21,164,156</u>
<b>LIABILITIES</b>				
Liabilities				
Accounts Payable	\$ 464,631			\$ 464,631
Accrued Salaries and Wages	4,630			4,630
Compensated Absences Payable	39,286			39,286
Accrued Liability for Insurance Claims	1,154,381			1,154,381
Unearned Revenue	<u>-</u>	<u>\$ 17,576</u>	<u>-</u>	<u>17,576</u>
Total Liabilities	<u>1,662,928</u>	<u>17,576</u>	<u>-</u>	<u>1,680,504</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Tuition	<u>94,057</u>	<u>-</u>	<u>-</u>	<u>94,057</u>
Total Deferred Inflows of Resources	<u>94,057</u>	<u>-</u>	<u>-</u>	<u>94,057</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,756,985</u>	<u>17,576</u>	<u>-</u>	<u>1,774,561</u>
<b>FUND BALANCES</b>				
Restricted				
Lease-Purchase Obligations (COP's)			\$ 1,888,989	1,888,989
Committed				
Year End Encumbrances	260,307			260,307
Assigned				
Year End Encumbrances	24,112			24,112
Designated for Subsequent Year's Expenditures	1,960,456			1,960,456
Unassigned	<u>15,255,731</u>	<u>-</u>	<u>-</u>	<u>15,255,731</u>
Total Fund Balances	<u>17,500,606</u>	<u>-</u>	<u>1,888,989</u>	<u>19,389,595</u>
Total Liabilities and Fund Balances	<u>\$ 19,257,591</u>	<u>\$ 17,576</u>	<u>\$ 1,888,989</u>	<u>\$ 21,164,156</u>

Continued

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**MORRIS-UNION JOINTURE COMMISSION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2016**

<b>Total Fund Balances - Governmental Funds (Exhibit B-1)</b>		<b>\$ 19,389,595</b>
<p>Amounts reported for governmental activities in the statement of net position (A-1) are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$78,934,457 and the accumulated depreciation is \$18,497,071.		60,437,386
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		94,057
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.		
Deferred Outflows of Resources	\$ 2,629,661	
Deferred Inflows of Resources	<u>(1,833,139)</u>	
		796,522
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt		1,646,742
The District has financed capital assets through the issuance of COP's. The interest accrual at year end is:		(612,518)
Long term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the fund		
Lease Purchase Obligations (COP's)	\$ (38,342,914)	
Compensated Absences	(818,903)	
Net Pension Liability	<u>(20,035,742)</u>	
		<u>(59,197,559)</u>
<b>Net Position of Governmental Activities (A-1)</b>		<b>\$ <u>22,554,225</u></b>

**MORRIS-UNION JOINTURE COMMISSION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources				
Tuition	\$ 27,004,552			\$ 27,004,552
Related Services and Program Fees	4,577,759			4,577,759
Rents	110,872			110,872
Interest	104,638		\$ 158	104,796
Miscellaneous	6,338	\$ 11,649	-	17,987
	<u>31,804,159</u>	<u>11,649</u>	<u>158</u>	<u>31,815,966</u>
State Sources	<u>1,918,683</u>	<u>-</u>	<u>-</u>	<u>1,918,683</u>
Total Revenues	<u>33,722,842</u>	<u>11,649</u>	<u>158</u>	<u>33,734,649</u>
<b>EXPENDITURES</b>				
Instruction				
Special Education	22,310,506	11,649		22,322,155
Support Services				
Student and Instruction Related Services	300			300
General Administrative Services	1,145,321			1,145,321
School Administrative Services	1,335,344			1,335,344
Central and Other Support Services	955,334			955,334
Plant Operations and Maintenance	577,125			577,125
Debt Service				
Principal	2,150,000			2,150,000
Interest	1,513,044			1,513,044
Capital Outlay	367,977	-	-	367,977
Total Expenditures	<u>30,354,951</u>	<u>11,649</u>	<u>-</u>	<u>30,366,600</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,367,891</u>	<u>-</u>	<u>158</u>	<u>3,368,049</u>
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers In	163			163
Transfers Out	(100,000)	-	(163)	(100,163)
Total Other Financing Sources and Uses	<u>(99,837)</u>	<u>-</u>	<u>(163)</u>	<u>(100,000)</u>
Net Change in Fund Balances	3,268,054		(5)	3,268,049
Fund Balance - Beginning of Year	<u>14,232,552</u>	<u>-</u>	<u>1,888,994</u>	<u>16,121,546</u>
Fund Balance - End of Year	<u>\$ 17,500,606</u>	<u>\$ -</u>	<u>\$ 1,888,989</u>	<u>\$ 19,389,595</u>

The accompanying Notes to the 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 FISCAL YEAR ENDED JUNE 30, 2016**

**Total Net Change in Fund Balances - Governmental Funds (B-2)** **\$ 3,268,049**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the period

Capital Outlays	\$ 367,977	
Depreciation Expense	<u>(3,521,141)</u>	
		(3,153,164)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue but are deferred in the funds

Increase in Unavailable Revenue		34,360
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In the statement of activities, certain operating expenses are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for this item are reported in the amount of financial resources used (paid). When the earned or incurred amount exceeds the paid amount, the difference is reduction (-); when the paid amount exceeds the earned or incurred amount the difference is an addition to the reconciliation (+).

Increase in Compensated Absences	(67,208)	
Decrease in Pension Expense	<u>345,811</u>	
		278,603

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of long-term debt uses those current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of premiums and other such items related to the refunding bonds when they are issued, whereas these amounts are deferred and amortized over future periods in the statement of activities.

Amortization		
Deferred Charges on Refunding of Debt	(215,075)	
Deferred Charges - Original Issue Premium	<u>178,659</u>	
		(36,416)
Principal Repayments:		
COP's	<u>2,150,000</u>	
		2,150,000

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.

Decrease in Accrued Interest		<u>35,834</u>
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**Change in net position of governmental activities** **\$ 2,577,266**

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**MORRIS-UNION JOINTURE COMMISSION  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016**

	<u>Business Type Activities-Enterprise Funds</u>		
	<u>Special Programs Fund</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 14,905,166	\$ 51,101	\$ 14,956,267
Intergovernmental Accounts Receivable	973,641	3,517	977,158
Due from Other Funds			
Inventories	-	6,690	6,690
Total Current Assets	<u>15,878,807</u>	<u>61,308</u>	<u>15,940,115</u>
Capital Assets			
Land	3,064,300		3,064,300
Buildings and Improvements	3,240,183		3,240,183
Furniture, Machinery & Equipment	6,036,886	223,700	6,260,586
Less: Accumulated Depreciation	<u>(6,681,545)</u>	<u>(96,970)</u>	<u>(6,778,515)</u>
Total Capital Assets, Net	<u>5,659,824</u>	<u>126,730</u>	<u>5,786,554</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>1,237,487</u>	<u>-</u>	<u>1,237,487</u>
Total Assets and Deferred Outflow of Resources	<u>22,776,118</u>	<u>188,038</u>	<u>22,964,156</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	72,754	11,471	84,225
Accrued Salaries and Wages	118,779		118,779
Accrued Liabilities For Insurance Claims	<u>289,502</u>	<u>-</u>	<u>289,502</u>
Total Current Liabilities	<u>481,035</u>	<u>11,471</u>	<u>492,506</u>
Noncurrent Liabilities			
Net Pension Liability	9,428,585		9,428,585
Compensated Absences	<u>51,555</u>	<u>-</u>	<u>51,555</u>
Total Noncurrent Liabilities	<u>9,480,140</u>	<u>-</u>	<u>9,480,140</u>
Total Liabilities	<u>9,961,175</u>	<u>11,471</u>	<u>9,972,646</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	862,653		862,653
Deferred Commodities Revenue	<u>-</u>	<u>853</u>	<u>853</u>
Total Deferred Inflows of Resources	<u>862,653</u>	<u>853</u>	<u>863,506</u>
Total Liabilities and Deferred Inflows of Resources	<u>10,823,828</u>	<u>12,324</u>	<u>10,836,152</u>
<b>NET POSITION</b>			
Investment in Capital Assets	5,659,824	126,730	5,786,554
Unrestricted	<u>6,292,466</u>	<u>48,984</u>	<u>6,341,450</u>
Total Net Position	<u>\$ 11,952,290</u>	<u>\$ 175,714</u>	<u>\$ 12,128,004</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**MORRIS-UNION JOINTURE COMMISSION  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Business Type Activities-Enterprise Funds</u>		
	<u>Special Programs Fund</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales - Reimbursable Programs		\$ 78,328	\$ 78,328
Daily Sales - Non-reimbursable Programs		34,229	34,229
Program Charges and Fees	\$ 7,487,933	-	7,487,933
Miscellaneous Fees	34,447	-	34,447
	<u>7,522,380</u>	<u>112,557</u>	<u>7,634,937</u>
Total Operating Revenues			
<b>OPERATING EXPENSES</b>			
Instruction			
Salaries	23,671		23,671
Support Services			
Cost of Food - Reimbursable Programs		67,037	67,037
Cost of Food - Non-reimbursable Programs		53,750	53,750
Salaries	4,701,115	83,432	4,784,547
Employee Benefits	2,605,119	20,415	2,625,534
Purchased Professional Education Services	39,398		39,398
Purchased Professional /Technical Services	47,039		47,039
Other Purchased Services	635,330	27,130	662,460
Supplies and Materials	300,449	218	300,667
Miscellaneous	24,843	4,713	29,556
Depreciation	554,564	14,913	569,477
	<u>8,931,528</u>	<u>271,608</u>	<u>9,203,136</u>
Total Operating Expenses			
Operating Loss	<u>(1,409,148)</u>	<u>(159,051)</u>	<u>(1,568,199)</u>
<b>Nonoperating Revenues</b>			
State Sources			
State School Lunch Program		1,370	1,370
Federal Sources			
National School Breakfast Program		21,451	21,451
National School Lunch Program		41,820	41,820
Food Distribution Program		13,482	13,482
Interest on Investments	-	34	34
	<u>-</u>	<u>78,157</u>	<u>78,157</u>
Total Non-Operating Revenues			
Net Loss Before Transfers	(1,409,148)	(80,894)	(1,490,042)
Transfers In	-	100,000	100,000
Change in Net Position	(1,409,148)	19,106	(1,390,042)
Total Net Position - Beginning of Year	<u>13,361,438</u>	<u>156,608</u>	<u>13,518,046</u>
Total Net Position - Ending of Year	<u>\$ 11,952,290</u>	<u>\$ 175,714</u>	<u>\$ 12,128,004</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**MORRIS-UNION JOINTURE COMMISSION  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Business Type Activities-Enterprise Funds</u>		
	<u>Special Programs Fund</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 7,933,751	\$ 112,557	\$ 8,046,308
Payments to Employees for Salaries & Benefits	(6,709,424)	(103,847)	(6,813,271)
Payments to Suppliers For Goods and Services	(976,966)	(146,812)	(1,123,778)
Net Cash Provided by(Used for) Operating Activities	<u>247,361</u>	<u>(138,102)</u>	<u>109,259</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash Received From State and Federal Subsidy Reimbursements		66,153	66,153
Cash Received from Other Funds	-	100,000	100,000
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>-</u>	<u>166,153</u>	<u>166,153</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of Capital Assets	(176,262)	-	(176,262)
Net Cash Provided by (Used For) Capital and Related Financing Activities	<u>(176,262)</u>	<u>-</u>	<u>(176,262)</u>
<b>CASH FLOWS FROM INVESTMENT AND RELATED FINANCING ACTIVITIES</b>			
Interest on Investments	-	34	34
Net Cash Provided by (Used For) Investment and Related Financing Activities	<u>-</u>	<u>34</u>	<u>34</u>
Net Increase (Decrease) in Cash and Cash Equivalents	71,099	28,085	99,184
Cash and Cash Equivalents- Beginning of Year	14,834,067	23,016	14,857,083
Cash and Cash Equivalents- End of Year	<u>\$ 14,905,166</u>	<u>\$ 51,101</u>	<u>\$ 14,956,267</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating Income(Loss)	\$ (1,409,148)	\$ (159,051)	\$ (1,568,199)
Adjustments to Reconcile Operating Income(loss) to Net Cash Provided by (Used For) Operating Activities			
Depreciation Expense	554,564	14,913	569,477
Non-Cash Federal Assistance-Food Distribution Program		13,482	13,482
Change in Assets, Liabilities and Deferred Outflows and Inflows:			
(Increase) Decrease in Accounts Receivable	411,371		411,371
(Increase) Decrease in Inventories	-	1,284	1,284
(Increase) Decrease in Deferred Outflows - Net Pension Liability	(997,027)		(997,027)
Increase (Decrease) in Accounts Payable	(15,723)	(8,977)	(24,700)
Increase (Decrease) in Accrued Salaries and Wages	118,779		118,779
Increase (Decrease) in Accrued Liability for Insurance Claims	(33,360)	-	(33,360)
Increase (Decrease) in Compensated Absences	(39,288)		(39,288)
Increase (Decrease) in Net Pension Liability	1,781,672		1,781,672
Increase (Decrease) in Deferred Inflows - Net Pension Liability	(124,479)		(124,479)
Increase (Decrease) in Deferred Commodities Revenue	-	247	247
Total Adjustments	<u>1,656,509</u>	<u>20,949</u>	<u>1,677,458</u>
Net Cash Provided by (Used For) Operating Activities	<u>\$ 247,361</u>	<u>\$ (138,102)</u>	<u>\$ 109,259</u>
Non-Cash Financing Activities			
Valued Received - Food Distribution Program		\$ 13,729	

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**MORRIS-UNION JOINTURE COMMISSION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2016**

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Agency <u>Fund</u></b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 25,006	\$ 188,037
Total Assets	<u>25,006</u>	<u>\$ 188,037</u>
<b>LIABILITIES</b>		
Intergovernment Payable - State	521	
Payroll Deductions and Withholdings		\$ 181,900
Accrued Salaries and Wages		2,730
Flexible Spending Deposits	<u>-</u>	<u>3,407</u>
Total Liabilities	<u>521</u>	<u>\$ 188,037</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims	<u>\$ 24,485</u>	

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

EXHIBIT B-8

MORRIS-UNION JOINTURE COMMISSION  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<b>Unemployment Compensation <u>Trust</u></b>
ADDITIONS	
Contributions:	
Board Contribution	\$ 19,074
Employee Contribution	<u>32,467</u>
Total Contributions	<u>51,541</u>
Investment Earnings:	
Interest Earnings	<u>12</u>
Net investment earnings	<u>12</u>
Total Additions	<u>51,553</u>
DEDUCTIONS	
Unemployment Claims	<u>27,168</u>
Total Deductions	<u>27,168</u>
Change in Net Position	24,385
Net Position, Beginning of Year	<u>100</u>
Net Position, End of the Year	<u>\$ 24,485</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NOTES TO THE FINANCIAL STATEMENTS**

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Morris-Union Jointure Commission Board of Education (the “Board” or the “Commission”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Commission is a regional collaborative public school district that provides services and programs to meet the needs of its 29 constituent school districts. The Board consists of appointed officials made up of a representative from each member school district 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. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the Commission are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Commission. For the Morris-Union Jointure Commission this includes general operations, food service and special programs of the Commission.

Component units are legally separate organizations for which the Commission is financially accountable. The Commission is financially accountable for an organization if the Commission appoints a voting majority of the organization's governing board and (1) the Commission is able to significantly influence the programs or services performed or provided by the organization; or (2) the Commission is legally entitled to or can otherwise access the organization's resources; the Commission is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Commission is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Commission in that the Commission approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the Commission has no component units. Furthermore, the Commission is not includable in any other reporting entity as a component unit.

**B. New Accounting Standards**

During fiscal year 2016, the Commission adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.



**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

Other accounting standards that the Commission is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

**C. Basis of Presentation - Financial Statements**

The financial statements include both Commission-wide financial statements (based on the Commission as a whole) and fund financial statements (based on specific Commission activities or objectives). Both the Commission-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate Commission-wide and fund financial statements are presented, they are interrelated. In the Commission-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Commission's enterprise funds. Fiduciary funds are excluded from the Commission-wide financial statements.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Commission-Wide Financial Statements**

The Commission-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Commission. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the Commission-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the Commission-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The Commission considers all of its governmental and the special program enterprise fund to be major funds.

The Commission reports the following major governmental funds:

The *general fund* is the Commission's primary operating fund. It accounts for all financial resources of the Commission, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

The Commission reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *special programs fund* accounts for the activities of the Commission's transportation services and other programs offered to member, as well as, non-member school districts.

The Commission reports the following non-major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims and payroll related activities. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the Commission-wide financial statements as "internal balances".

**Reclassifications**

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Commission-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Tuition, rental fees, related service and program fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the Commission.

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

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***1. Cash, Cash Equivalents and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

***2. Receivables***

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

***3. Inventories***

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred inflows of resources.

**MORRIS-UNION JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**4. Restricted Assets**

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited under a Lease-Purchase Agreements for certificates of participation, principal and interest.

**5. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the Commission-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The Commission was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the Commission constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the Commission is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	20-50
Building Improvements	15-25
Heavy Equipment	10-20
Office Equipment and Furniture	5-10
Vehicles	8

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the Commission-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the Commission-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***6. Deferred Outflows/Inflows of Resources (Continued)***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has three types of items, one type which arises only under a modified accrual basis of accounting, and two types which arise only under the accrual basis of accounting that qualify for reporting in this category. Accordingly, one item, unavailable revenue, is reported only in the governmental funds balance sheet for tuition. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The second item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in both the Commission-wide and the proprietary funds statements of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The final item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the Commission-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

***7. Compensated Absences***

It is the Commission's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the Commission-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

***8. Pensions***

In the Commission-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***9. Long-Term Obligations***

In the Commission-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are reported as deferred outflows of resources. Debt premiums are deferred and amortized over the life of the debt using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Lease purchase obligations (COP's) payable are reported gross of the applicable premium. Debt issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***10. Net Position/Fund Balance***

**Commission-Wide Statements**

In the Commission-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

**Governmental Fund Statements**

Fund balance categories are designed to make the nature and extent of the constraints placed on the Commission's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the Commission is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Restricted Fund Balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

**Lease Purchase Obligations** – This restriction was created from proceeds of the lease purchase agreement certificates of participation held by the Trustee to offset final principal payments due on the certificates.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***10. Net Position/Fund Balance (Continued)***

**Governmental Fund Statements (Continued)**

**Committed Fund Balance** – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Year-End Encumbrances* – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**Assigned Fund Balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Year-End Encumbrances* – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 Commission budget.

**Unassigned Fund Balance** – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

Amounts reported as program revenues in the Commission-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all investment earnings and miscellaneous revenues.

***2. Proprietary Funds, Operating and Nonoperating Revenues and Expenses***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the special programs enterprise fund and food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.



**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the Commission annually prepares its operating budget for the forthcoming year. The budget, except for the special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general and special revenue funds. The Commission is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption.

Budget adoptions and amendments are recorded in the Commission's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$470,457. The increase was funded by additional unassigned fund balance (“surplus”) appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

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 accounting principles generally accepted in the United States of America, with the exception of the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 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 which are reappropriated and honored during the subsequent fiscal year.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**MORRIS-UNION JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$30,378,987 and bank and brokerage firm balances of the Board's deposits amounted to \$30,898,545. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ 30,897,840
Uninsured and Collateralized	<u>1,005</u>
	<u>\$ 30,898,845</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 the Board's bank balance of \$1,005 was exposed to custodial credit risk as follows:

**Depository Account**

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name	<u>\$ 1,005</u>
	<u>\$ 1,005</u>

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school Commission or bonds or other obligations of the local unit or units within which the school Commission is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2016, the Board had the following investments:

<u>Investment Type:</u>	<u>Fair Value</u>
U.S. Government Securities - Money Market Fund	<u>\$ 1,888,989</u>
	<u>\$ 1,888,989</u>

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Investments (Continued)**

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2016, \$1,888,989 of the Board's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
Uninsured and Collateralized:	
Collateral held by pledging financial institutions' trust department or agent but not in the Board's name	\$ 1,888,989
	<u>\$ 1,888,989</u>

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The Commission does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the Commission may invest in any one issuer.

The fair value of the above-listed investment was based on quoted market prices.

**B. Receivables**

Receivables as of June 30, 2016 for the Commission's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Enterprise Funds</u>			
	<u>General</u>	<u>Special Programs</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Local	\$ 4,060,429	\$ 973,641		\$ 5,034,070
State	4,965		\$ 71	5,036
Federal			3,446	3,446
Accounts				-
Interest	<u>96</u>	<u>-</u>	<u>-</u>	<u>96</u>
Gross Receivables	4,065,490	973,641	3,517	5,042,648
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 4,065,490</u>	<u>\$ 973,641</u>	<u>\$ 3,517</u>	<u>\$ 5,042,648</u>

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Drawdowns	\$ <u>17,576</u>
 Total Unearned Revenue for Governmental Funds	 \$ <u>17,576</u>

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2016</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,184,000			\$ 7,184,000
Construction in Progress	29,900	\$ 209,694	\$ (29,900)	209,694
Total Capital Assets, Not Being Depreciated	<u>7,213,900</u>	<u>209,694</u>	<u>(29,900)</u>	<u>7,393,694</u>
Capital Assets, Being Depreciated:				
Land Improvements	314,608	71,200		385,808
Buildings	70,041,653	29,123		70,070,776
Machinery and Equipment	996,319	87,860	-	1,084,179
Total Capital Assets Being Depreciated	<u>71,352,580</u>	<u>188,183</u>	<u>-</u>	<u>71,540,763</u>
Less Accumulated Depreciation for:				
Land Improvements	(178,052)	(16,372)		(194,424)
Buildings	(14,128,455)	(3,382,905)		(17,511,360)
Machinery and Equipment	(669,423)	(121,864)	-	(791,287)
Total Accumulated Depreciation	<u>(14,975,930)</u>	<u>(3,521,141)</u>	<u>-</u>	<u>(18,497,071)</u>
Total Capital Assets, Being Depreciated, Net	<u>56,376,650</u>	<u>(3,332,958)</u>	<u>-</u>	<u>53,043,692</u>
Governmental Activities Capital Assets, Net	<u>\$ 63,590,550</u>	<u>\$ (3,123,264)</u>	<u>\$ (29,900)</u>	<u>\$ 60,437,386</u>

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,064,300	-	-	\$ 3,064,300
Total Capital Assets, Not Being Depreciated	<u>3,064,300</u>	<u>-</u>	<u>-</u>	<u>3,064,300</u>
Capital Assets, Being Depreciated:				
Buildings	3,241,183		\$ (1,000)	3,240,183
Machinery and Equipment	6,309,161	\$ 176,262	(224,837)	6,260,586
Total Capital Assets Being Depreciated	<u>9,550,344</u>	<u>176,262</u>	<u>(225,837)</u>	<u>9,500,769</u>
Less Accumulated Depreciation for:				
Buildings	(1,700,696)	(163,009)	1,000	(1,862,705)
Machinery and Equipment	(4,734,179)	(406,468)	224,837	(4,915,810)
Total Accumulated Depreciation	<u>(6,434,875)</u>	<u>(569,477)</u>	<u>225,837</u>	<u>(6,778,515)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,115,469</u>	<u>(393,215)</u>	<u>-</u>	<u>2,722,254</u>
Business-Type Activities Capital Assets, Net	<u>\$ 6,179,769</u>	<u>\$ (393,215)</u>	<u>\$ -</u>	<u>\$ 5,786,554</u>

Depreciation expense was charged to functions/programs of the Commission as follows:

**Governmental Activities:**

Instruction	
Special	\$ 3,467,825
Total Instruction	<u>3,467,825</u>
Support Services	
Central and Other Support Services	39,096
Plant Operations and Maintenance	14,220
Total Support Services	<u>53,316</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,521,141</u>

**Business-Type Activities:**

Special Programs Fund	\$ 554,564
Food Service Fund	14,913
Total Depreciation Expense - Business-Type Activities	<u>\$ 569,477</u>

**MORRIS-UNION JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments (Modify)**

The Commission has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Remaining Commitment</u>
Warren Access Bridge Repairs	<u>\$ 260,307</u>

**E. Interfund Receivables, Payables, and Transfers**

**Interfund transfers**

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Enterprise Funds Food Service</u>	<u>Total</u>
Transfer Out:			
General Fund		\$ 100,000	\$ 100,000
Capital Projects Fund	\$ 163	-	163
Total Transfers Out	<u>\$ 163</u>	<u>\$ 100,000</u>	<u>\$ 100,163</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**F. Leases**

**Operating Leases**

The Commission leases copiers and vehicles under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2016 were \$48,744. The future minimum lease payments for these operating leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2017	\$ 48,744
2018	<u>2,018</u>
	<u>\$ 50,762</u>

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases (Continued)**

**Lease Purchase Agreements**

The Commission has entered into a lease purchase agreement and issued refunding certificates of participation ("COPS") in the amount of \$43,830,000 which were issued to refund the series 2004 certificates of participation.

The proceeds from the sale of the refunding certificates including reoffering premiums were allocated as follows:

Net Cash Escrow Fund	\$44,769,203
Costs of Issuance (including insurance)	822,704
Underwriter's Discount	260,789
Debt Service Reserve Deposit	1,874,344

The unexpended proceeds from the sale of the original series 2004 and series 2013 refunding certificates, including interest earned on balances which remain on deposit are held with the respective fiscal agent. The following is a summary of balances by account type as of June 30, 2016:

Interest Account	\$14,519
Principal Account	12
Debt Service Reserve Account	1,874,458

The reserve requirement states that reserve deposits shall equal the lesser of (i) 10% of the certificates issued (ii) 100% of the maximum periodic debt service or (iii) 125% of the average periodic debt service and are to be applied against the final principal payment upon maturity of the obligations. The balance in the reserve account along with surety policy was sufficient to meet the reserve requirement at June 30, 2016.

The maturity schedule of the remaining lease payments for principal and interest is as follows:

**Governmental Activities:**

Fiscal Year Ending <u>June 30,</u>	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 2,235,000	\$ 1,425,344	\$ 3,660,344
2018	2,340,000	1,322,144	3,662,144
2019	2,435,000	1,227,118	3,662,118
2020	2,525,000	1,140,093	3,665,093
2021	2,600,000	1,060,344	3,660,344
2022-2026	14,515,000	3,787,983	18,302,983
2027-2029	10,325,000	609,782	10,934,782
	<u>\$ 36,975,000</u>	<u>\$ 10,572,808</u>	<u>\$ 47,547,808</u>

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	Balance, July 1, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2016</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Lease Purchase Agreements -					
Certificates of Participation	\$ 39,125,000		\$ 2,150,000	\$ 36,975,000	\$ 2,235,000
Original Issue Premium	<u>1,546,573</u>	-	<u>178,659</u>	<u>1,367,914</u>	-
	40,671,573	-	2,328,659	38,342,914	2,235,000
Compensated Absences	751,695	\$ 67,208	-	818,903	40,000
Net Pension Liability	<u>17,842,797</u>	<u>2,925,497</u>	<u>732,552</u>	<u>20,035,742</u>	-
Governmental activity Long-term liabilities	<u>\$ 59,266,065</u>	<u>\$ 2,992,705</u>	<u>\$ 3,061,211</u>	<u>\$ 59,197,559</u>	<u>\$ 2,275,000</u>
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 90,843		39,288	\$ 51,555	-
Net Pension Liability	<u>7,646,913</u>	<u>\$ 2,177,569</u>	<u>395,897</u>	<u>9,428,585</u>	-
Business-Type activity Long-term liabilities	<u>\$ 7,737,756</u>	<u>\$ 2,177,569</u>	<u>\$ 435,185</u>	<u>\$ 9,480,140</u>	-

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The Commission is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Commission should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

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.



**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

Estimates of claims payable and of claims incurred but not reported (IBNR) at June 30, 2016, are reported as accrued liability for insurance claims. These estimates were determined based on claim information supplied by the claims administrator and actuary. The estimated unpaid claims liability of \$1,443,883 reported at June 30, 2016 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the medical and dental plan for the fiscal years ended June 30, 2016 and 2015 are as follows:

<b>Governmental and Business Type Activities:</b>	Fiscal Year Ended June 30,	
	<u>2016</u>	<u>2015</u>
Unpaid claims, beginning of fiscal year	\$ 1,313,779	\$ 1,192,219
Incurred claims (including IBNR's)	5,264,493	4,778,516
Claim Payments	<u>5,134,389</u>	<u>4,656,956</u>
Unpaid claims, end of fiscal year	<u>\$ 1,443,883</u>	<u>\$ 1,313,779</u>
<b>Governmental Activities:</b>		
General Fund		
Accrued Liability for Insurance Claims	\$ 1,154,381	\$ 990,917
<b>Business Type Activities:</b>		
Special Programs Enterprise Fund		
Accrued Liability for Insurance Claims	<u>289,502</u>	<u>322,862</u>
	<u>\$ 1,443,883</u>	<u>\$ 1,313,779</u>

The Commission is a member of the New Jersey School Boards Insurance Group (NJSBAIG) and the School Alliance Insurance Fund (SAIF). The Funds are a risk sharing public entity pool, established for the purpose of insuring against general liability, automobile liability, boiler and machinery and worker's compensation claims.

The relationship between the Board and the insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

NJSBAIG and SAIF provide its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

The Commission has 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 fiduciary trust fund for the current and previous two years:

Fiscal Year Ended <u>June 30,</u>	<u>Commission Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance (Deficit)</u>
2016	\$ 19,074	\$ 32,467	\$ 27,168	\$ 24,485
2015	133,936	55,236	181,334	100
2014	168,859	33,283	245,397	(7,745)

**B. Contingent Liabilities**

The Commission is a party defendant in some lawsuits, none of a kind unusual for a school Commission of its size and scope of operation. In the opinion of the Board’s Attorney the potential claims against the Commission not covered by insurance policies would not materially affect the financial condition of the Commission.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Commission.

**C. Federal Arbitrage Regulations**

The Commission is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016, the Commission had no estimated arbitrage earnings due to the IRS.

**D. Employee Retirement Systems and Pension Plans**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

**Public Employees’ Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school Commission, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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 accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Investment Valuation (Continued)**

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Funding Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 billion, respectively.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**MORRIS-UNION JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 1,128,449	\$ 609,060	\$ 3,262
2015	1,122,344	489,451	25,563
2014	1,108,484	418,452	15,743

For fiscal years 2015/2016 and 2014/2015, the state contributed \$609,060 and \$489,451, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$418,452 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the Commission-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$584,401 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the Commission-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS)**

At June 30, 2016, the Commission reported in the statement of net position (accrual basis) a liability of \$29,464,327 for its proportionate share of the PERS net pension liability. Of this amount, \$20,035,742 is reported as governmental activities and \$9,428,585 is reported as business-type activities in the statements of net position. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportionate share of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Commission's proportionate share was 0.13126 percent, which was a decrease of 0.00488 percent from its proportionate share measured as of June 30, 2014 of 0.13614 percent.

For the fiscal year ended June 30, 2016, the Commission recognized in the Commission-wide statement of activities (accrual basis) pension expense of \$1,442,804 for PERS. Of this amount, \$386,741 is reported as governmental activities in the statement of activities and \$1,056,063 is reported as business type activities in both the statement of activities and statement of revenues, expenses and changes in fund net position. At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b>2015</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 702,915	
Changes of Assumptions	3,164,233	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 473,730
Changes in Proportion and Differences Between Commission Contributions and Proportionate Share of Contributions	-	2,222,062
<b>Total</b>	<b><u>\$ 3,867,148</u></b>	<b><u>\$ 2,695,792</u></b>
Governmental Activities	\$ 2,629,661	\$ 1,833,139
Business Type Activities	<u>1,237,487</u>	<u>862,653</u>
	<b><u>\$ 3,867,148</u></b>	<b><u>\$ 2,695,792</u></b>

**MORRIS-UNION JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

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

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 124,586
2018	124,586
2019	124,586
2020	504,348
2021	<u>293,250</u>
	<u>\$ 1,171,356</u>

***Actuarial Assumptions***

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<b><u>PERS</u></b>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial Assumptions were Based	June 30, 2011

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%



**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit

Payments for which the Following  
Rates were Applied:

Long-Term Expected Rate of Return                      Through June 30, 2033

Municipal Bond Rate \*    From July 1, 2033  
and Thereafter

\* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the Commission's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the Commission's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	<b>1% Decrease <u>(3.90%)</u></b>	<b>Current Discount Rate <u>(4.90%)</u></b>	<b>1% Increase <u>(5.90%)</u></b>
Commission's Proportionate Share of the PERS Net Pension Liability			
Governmental Activities	\$ 24,901,976	\$ 20,035,742	\$ 15,955,927
Business Type Activities	<u>11,718,578</u>	<u>9,428,585</u>	<u>7,508,672</u>
	<u>\$ 36,620,553</u>	<u>\$ 29,464,327</u>	<u>\$ 23,464,599</u>

The sensitivity analysis was based on the proportionate share of the Commission's net pension liability at June 30, 2015. A sensitivity analysis specific to the Commission's net pension liability was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**MORRIS-UNION JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF)**

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Commission is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the Commission. Accordingly, the Commission's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the Commission for TPAF. Therefore, in addition, the Commission does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the Commission recognized in the Commission-wide statement of activities (accrual basis) pension expense of \$3,493,815 for TPAF. This amount has been included in the Commission-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the Commission is \$57,220,309. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the Commission was 0.09053 percent, which was a decrease of .00838 percent from its proportionate share measured as of June 30, 2014 of .09891 percent.

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study Upon Which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Discount Rate***

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

\* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the Commission calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the Commission that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	<b>1% Decrease <u>(3.13%)</u></b>	<b>Current Discount Rate <u>(4.13%)</u></b>	<b>1% Increase <u>(5.13%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the Commission	<u>\$ 68,004,198</u>	<u>\$ 57,220,309</u>	<u>\$ 47,929,343</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the Commission at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the Commission at June 30, 2015 was not provided by the pension system.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school Districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Health Benefits Program Fund (HBPF) – Local Education** (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Significant Legislation**

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits 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 P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the Commission for the fiscal years ended June 30, 2016, 2015 and 2014 were \$725,222, \$777,003 and \$686,104 respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School Commission was not determined or made available by the State of New Jersey.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**



**MORRIS-UNION JOINTURE COMMISSION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Tuition	\$ 26,509,458		\$ 26,509,458	\$ 27,004,552	\$ 495,094
Related Services and Program Fees	3,045,450		3,045,450	4,577,759	1,532,309
Rents	73,896		73,896	110,872	36,976
Interest on Investments	60,000		60,000	104,638	44,638
Miscellaneous	-	-	-	6,338	6,338
Total Local Sources	<u>29,688,804</u>	<u>-</u>	<u>29,688,804</u>	<u>31,804,159</u>	<u>2,115,355</u>
State Sources					
On-Behalf TPAF Contributions (Non-budgeted)				28,900	28,900
Pension Non-Contributory Group Insurance				580,160	580,160
Pension System Contributions				725,222	725,222
Post Retirement Medical Benefits				584,401	584,401
Reimbursed TPAF Social Security Contributions	-	-	-	-	-
Total State Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,918,683</u>	<u>1,918,683</u>
Total Revenues	<u>29,688,804</u>	<u>-</u>	<u>29,688,804</u>	<u>33,722,842</u>	<u>4,034,038</u>
<b>EXPENDITURES</b>					
Current					
Special Education					
Multiple Disabilities- Instruction					
Salaries of Teachers	53,546	\$ 17,816	71,362	59,764	11,598
Other Salaries for Instruction	30,000	(816)	29,184	14,460	14,724
Other Purchased Services	300	(300)	-	-	-
General Supplies	3,450	-	3,450	1,052	2,398
Total Multiple Disabilities	<u>87,296</u>	<u>16,700</u>	<u>103,996</u>	<u>75,276</u>	<u>28,720</u>
Autism - Instruction					
Salaries of Teachers	6,024,635	\$ 416,276	6,440,911	6,128,366	312,545
Other Salaries for Instruction	6,034,719	316,049	6,350,768	5,627,101	723,667
Purchased Prof. - Educ. Service	11,500	2,189	13,689	10,087	3,602
Purchased Technical Services	-	121,964	121,964	69,332	52,632
Other Purchased Services	906,669	13,048	919,717	842,608	77,109
General Supplies	966,488	(135,415)	831,073	651,279	179,794
Other Objects	1,250	(494)	756	627	129
Total Autism	<u>13,945,261</u>	<u>733,617</u>	<u>14,678,878</u>	<u>13,329,400</u>	<u>1,349,478</u>
Preschool Disabilities - Full-time					
Salaries of Teachers	-	71,101	71,101	71,100	1
Other Salaries for Instruction	-	115,660	115,660	115,660	-
Total Preschool Disabilities - Full-Time	<u>-</u>	<u>186,761</u>	<u>186,761</u>	<u>186,760</u>	<u>1</u>
Total Special Education - Instruction	<u>14,032,557</u>	<u>937,078</u>	<u>14,969,635</u>	<u>13,591,436</u>	<u>1,378,199</u>
Summer School					
Salaries	803,523	53,050	856,573	800,423	56,150
Other Salaries for Instruction	867,855	(306,644)	561,211	514,289	46,922
Other Purchased Services	53,044	52,894	105,938	89,173	16,765
General Supplies	3,001	28,337	31,338	22,117	9,221
Total Summer School - Instruction	<u>1,727,423</u>	<u>(172,363)</u>	<u>1,555,060</u>	<u>1,426,002</u>	<u>129,058</u>
Total Instruction	<u>15,759,980</u>	<u>764,715</u>	<u>16,524,695</u>	<u>15,017,438</u>	<u>1,507,257</u>
Health Services					
Purchased Professional and Technical Services	250	50	300	300	-
Total Health Services	<u>250</u>	<u>50</u>	<u>300</u>	<u>300</u>	<u>-</u>
Improvement of Instructional Services					
Purchased Prof. - Educ. Service	250	-	250	-	250
Total Improvement of Instructional Services	<u>250</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>250</u>

**MORRIS-UNION JOINTURE COMMISSION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXPENDITURES (Continued)	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
Current (Continued)					
Instructional Staff Training Services					
Purchased Professional - Educational Services	\$ 200	-	\$ 200	-	\$ 200
Total Instructional Staff Training Services	200	-	200	-	200
Support Services General Administration					
Salaries	695,064	\$ 650	695,714	\$ 687,923	7,791
Legal Services	50,000	9,900	59,900	48,916	10,984
Audit Fees	34,000	1,015	35,015	35,015	-
Other Purchased Professional Services	125,016	(1,930)	123,086	14,729	108,357
Communications/Telephone	66,650	(9,000)	57,650	35,966	21,684
Miscellaneous Purchased Services	62,185	2,450	64,635	54,472	10,163
Supplies and Materials	28,175	(10,500)	17,675	16,262	1,413
Miscellaneous Expenditures	27,300	-	27,300	14,720	12,580
Total Support Services General Administration	1,088,390	(7,415)	1,080,975	908,003	172,972
Support Services School Administration					
Salaries of Principals	730,638	(21,337)	709,301	703,513	5,788
Secretarial/Clerical Salaries	285,101	43,964	329,065	329,065	-
Other Purchased Services	-	3,000	3,000	1,628	1,372
Supplies and Materials	1,000	(750)	250	-	250
Other Objects	2,000	(1,500)	500	-	500
Total Support Services School Administration	1,018,739	23,377	1,042,116	1,034,206	7,910
Central Services					
Salaries	583,284	(42,777)	540,507	537,482	3,025
Purchased Professional Services	52,670	(4,150)	48,520	42,756	5,764
Interest on Lease Purchases	1,513,044	-	1,513,044	1,513,044	-
Total Central Services	2,148,998	(46,927)	2,102,071	2,093,282	8,789
Administration Information Technology					
Salaries	228,510	-	228,510	223,536	4,974
Purchased Technical Services	111,934	(91,264)	20,670	7,919	12,751
General Supplies	37,195	(24,839)	12,356	8,485	3,871
Total Administration Information Technology	377,639	(116,103)	261,536	239,940	21,596
Required Maintenance for School Facilities					
Salaries	176,841	850	177,691	169,040	8,651
Cleaning, Repair and Maintenance Services	87,181	(21,927)	65,254	60,089	5,165
General Supplies	15,765	(12,545)	3,220	3,030	190
Total Required Maintenance for School Facilities	279,787	(33,622)	246,165	232,159	14,006
Custodial Services					
Salaries	22,251	1,500	23,751	16,340	7,411
Cleaning, Repair and Maintenance Services	13,237	(13,237)	-	-	-
Rental of Land & Building Other than Lease Purchase	6,813	(6,813)	-	-	-
Other Purchased Property Services	10,885	(9,735)	1,150	593	557
Insurance	154,527	3,300	157,827	156,331	1,496
General Supplies	19,003	(15,383)	3,620	3,332	288
Energy (Natural Gas)	17,002	211	17,213	8,279	8,934
Energy (Electricity)	90,016	(14,412)	75,604	33,156	42,448
Total Custodial Services	333,734	(54,569)	279,165	218,031	61,134
Upkeep of Grounds					
Salaries	-	74,045	74,045	52,586	21,459
Cleaning, Repair and Maintenance Services	6,218	11,132	17,350	13,090	4,260
General Supplies	4,434	16,166	20,600	9,832	10,768
Total Upkeep of Grounds	10,652	101,343	111,995	75,508	36,487

**MORRIS-UNION JOINTURE COMMISSION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (Continued)</b>					
Current (Continued)					
Allocated Benefits - Special Programs					
Social Security Contributions	\$ 494,795	\$ 2,996	\$ 497,791	\$ 469,514	\$ 28,277
Other Retirement Contributions- Regular	738,662	(128,471)	610,191	609,420	771
Unemployment Compensation	85,000	(79,200)	5,800	2,992	2,808
Workmen's Compensation	305,342	28,499	333,841	333,805	36
Health Benefits	4,868,016	(41,375)	4,826,641	4,253,243	573,398
Tuition Reimbursement	21,000	(5,000)	16,000	3,665	12,335
Other Employee Benefits	32,000	(6,550)	25,450	15,200	10,250
<b>Total Allocated Benefits - Special Programs</b>	<b>6,544,815</b>	<b>(229,101)</b>	<b>6,315,714</b>	<b>5,687,839</b>	<b>627,875</b>
Allocated Benefits - Other Instructional Programs					
Social Security Contributions	82,100	(50,093)	32,007	24,771	7,236
Tuition Reimbursement	3,501	-	3,501	-	3,501
<b>Total Allocated Benefits - Other Instructional; Programs</b>	<b>85,601</b>	<b>(50,093)</b>	<b>35,508</b>	<b>24,771</b>	<b>10,737</b>
Unallocated Benefits					
Social Security Contributions	80,000	22,750	102,750	102,642	108
Other Retirement Contributions- Regular	153,471	(26,962)	126,509	126,394	115
Unemployment Compensation	17,000	(10,950)	6,050	-	6,050
Workmen's Compensation	20,356	2,000	22,356	22,254	102
Health Benefits	305,429	-	305,429	113,496	191,933
Tuition Reimbursement	10,000	(10,000)	-	-	-
Other Employee Benefits	58,000	-	58,000	12,863	45,137
<b>Total Unallocated Benefits</b>	<b>644,256</b>	<b>(23,162)</b>	<b>621,094</b>	<b>377,649</b>	<b>243,445</b>
On-Behalf TPAF Contributions (Non-Budgeted):					
Pension Non-Contributory Group Insurance	-	-	-	28,900	(28,900)
Pension System Contributions	-	-	-	580,160	(580,160)
Post Retirement Medical Benefits	-	-	-	725,222	(725,222)
Reimbursed TPAF Social Security Contributions	-	-	-	584,401	(584,401)
<b>Total TPAF Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,918,683</b>	<b>(1,918,683)</b>
<b>Total Undistributed Expenditures</b>	<b>12,533,311</b>	<b>(436,222)</b>	<b>12,097,089</b>	<b>12,810,371</b>	<b>(713,282)</b>
<b>Total Expenditures - Current</b>	<b>28,293,291</b>	<b>328,493</b>	<b>28,621,784</b>	<b>27,827,809</b>	<b>793,975</b>
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed					
Instruction	7,800	(3,000)	4,800	2,717	2,083
Administration Information Technology	15,000	48,014	63,014	48,044	14,970
Operations and Maintenance	139,320	24,195	163,515	110,507	53,008
<b>Total Equipment</b>	<b>162,120</b>	<b>69,209</b>	<b>231,329</b>	<b>161,268</b>	<b>70,061</b>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	-	8,530	8,530	1,630	6,900
Construction Services	460,000	20,000	480,000	214,244	265,756
Lease Purchase Agreements - Principal	2,150,000	-	2,150,000	2,150,000	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>2,610,000</b>	<b>28,530</b>	<b>2,638,530</b>	<b>2,365,874</b>	<b>272,656</b>
<b>Total Capital Outlay</b>	<b>2,772,120</b>	<b>97,739</b>	<b>2,869,859</b>	<b>2,527,142</b>	<b>342,717</b>
<b>Total Expenditures</b>	<b>31,065,411</b>	<b>426,232</b>	<b>31,491,643</b>	<b>30,354,951</b>	<b>1,136,692</b>

MORRIS-UNION JOINTURE COMMISSION  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess(Deficiency) of Revenues Over(Under) Expenditures	\$ (1,376,607)	\$ (426,232)	\$ (1,802,839)	\$ 3,367,891	\$ 5,170,730
Other Financing Sources(Uses):					
Transfer In - Capital Project Fund				163	163
Transfer Out - Food Service Fund	(85,000)	(15,000)	(100,000)	(100,000)	-
Total Other Financing Sources/(Uses)	(85,000)	(15,000)	(100,000)	(99,837)	163
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(1,461,607)	(441,232)	(1,902,839)	3,268,054	5,170,893
Fund Balances, July 1	14,232,552	-	14,232,552	14,232,552	-
Fund Balances, June 30	\$ 12,770,945	\$ (441,232)	\$ 12,329,713	\$ 17,500,606	\$ 5,170,893
<b>Recapitulation:</b>					
<b>Committed Fund Balance</b>					
Year End Encumbrance				\$ 260,307	
<b>Assigned Fund Balance</b>					
Year End Encumbrance				24,112	
Designated for Subsequent Year's Expenditures				1,960,456	
<b>Unassigned Fund Balance</b>					
Undesignated				15,255,731	
				<u>\$ 17,500,606</u>	

**MORRIS-UNION JOINTURE COMMISSION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources	-	\$ 29,225	\$ 29,225	\$ 11,649	\$ (17,576)
Total Revenues	-	29,225	29,225	11,649	(17,576)
<b>EXPENDITURES</b>					
Instruction					
General Supplies	-	29,225	29,225	11,649	17,576
Total Instruction	-	29,225	29,225	11,649	17,576
Total Expenditures	-	29,225	29,225	11,649	17,576
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**MORRIS-UNION JOINTURE COMMISSION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 accounting principles generally accepted in the United States of America, with the exception of and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriation lapse at fiscal year end.

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

The following presents a reconciliation of the Special Revenue Fund from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<b>Special Revenue Fund</b>
<b>Source/Inflows of Resources</b>	
Actual Amounts (budgetary basis) "revenue"	
From the budgetary comparison schedule	\$ 11,649
Difference - budget to GAAP	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	
Encumbrances, June 30, 2015	-
Encumbrances, June 30, 2016	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 11,649
<b>Uses/Outflows of Resources</b>	
Actual amounts(budgetary basis) "total expenditure" from the budgetary comparison schedule	\$ 11,649
Differences - budget to GAAP	
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	
Encumbrances, June 30, 2015	-
Encumbrances, June 30, 2016	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	\$ 11,649

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**



**MORRIS-UNION JOINTURE COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Public Employees Retirement System**

**Last Three Fiscal Years\***

	<u>2016</u>		<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.13126	%	0.13614	%	0.14711	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 29,464,327		\$ 25,489,710		\$ 28,116,664	
District's Covered-Employee Payroll	\$ 8,510,397		\$ 8,704,549		\$ 9,159,422	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	346.22	%	292.83	%	306.97	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93	%	52.08	%	48.72	%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MORRIS-UNION JOINTURE COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Public Employees Retirement System**

**Last Three Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$1,128,449	\$1,122,344	\$ 1,108,484
Contributions in Relation to the Contractually Required Contribution	<u>1,128,449</u>	<u>1,122,344</u>	<u>1,108,484</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$8,510,397	\$8,704,549	\$ 9,159,422
Contributions as a Percentage of Covered-Employee Payroll	13.26%	12.89%	12.10%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MORRIS-UNION JOINTURE COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Teachers Pension and Annuity Fund**

**Last Three Fiscal Years\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>57,220,309</u>	<u>52,867,012</u>	<u>51,446,147</u>
<b>Total</b>	<b><u>\$ 57,220,309</u></b>	<b><u>\$ 52,867,012</u></b>	<b><u>\$ 51,446,147</u></b>
District's Covered-Employee Payroll	\$ 7,165,815	\$ 7,773,906	\$ 9,080,271
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	\$ 28.71	33.64%	33.76%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**MORRIS-UNION JOINTURE COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Changes of Benefit Terms:** None.

**Changes of Assumptions:** Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

**SCHOOL LEVEL FUNDS**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

MORRIS-UNION JOINTRE COMMISSION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Girl Scout Troop 795	Junior League of Summit	PSE&G Envirnomenta l Education Grant	Benevity	Professional Development Grant	Safety Grant	Havurah Grant	Knights of Columbus Grant	Lange Donation	In Memory of Ralph Castro	In Memory of Robert Shedlock	In Memory of Larry Martin	Local Drive for Autism	Total
<b>REVENUES</b>														
Intergovernmental														
Local	\$ 26	\$ 466	\$ 57	\$ 1,992	\$ 13	\$ 6,073	\$ 46	\$ 186	\$ 1	\$ 452	\$ 3	\$ 97	\$ 2,237	\$ 11,649
Total Revenues	\$ 26	\$ 466	\$ 57	\$ 1,992	\$ 13	\$ 6,073	\$ 46	\$ 186	\$ 1	\$ 452	\$ 3	\$ 97	\$ 2,237	\$ 11,649
<b>EXPENDITURES</b>														
Instruction														
General Supplies	\$ 26	\$ 466	\$ 57	\$ 1,992	\$ 13	\$ 6,073	\$ 46	\$ 186	\$ 1	\$ 452	\$ 3	\$ 97	\$ 2,237	\$ 11,649
Total Instruction	26	466	57	1,992	13	6,073	46	186	1	452	3	97	2,237	11,649
Total Expenditures	\$ 26	\$ 466	\$ 57	\$ 1,992	\$ 13	\$ 6,073	\$ 46	\$ 186	\$ 1	\$ 452	\$ 3	\$ 97	\$ 2,237	\$ 11,649

**MORRIS-UNION JOINTURE COMMISSION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION PROGRAM AID  
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE



**CAPITAL PROJECTS FUND**

**MORRIS-UNION JOINTURE COMMISSION  
CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue/Project Title</u>	<u>Adjusted Appropriation</u>	<u>Expenditures to Date</u>		<u>Prior Years</u>		<u>Balance June 30, 2016</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Transferred General Fund</u>	<u>Reserve Fund Utilized in Refunding</u>	
Construction of a New School - Warren DLC	\$ 60,262,159	\$ 58,199,469	-	\$ 129,451	\$ 1,933,239	-
	<u>\$ 60,262,159</u>	<u>\$ 58,199,469</u>	<u>\$ -</u>	<u>\$ 129,451</u>	<u>\$ 1,933,239</u>	<u>\$ -</u>
 <b><u>Reconciliation to GAAP</u></b>						
						\$ -
						1,888,989
						<u>\$ 1,888,989</u>
 <b><u>Recapitulation of Fund Balance</u></b>						
						\$ 1,888,989
						<u>\$ 1,888,989</u>

**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, 2016**

**Revenues and Other Financing Sources**

Interest Income	\$ 158
Total Revenues and Other Financing Sources	158

**Expenditures and Other Financing Uses**

Operating Transfer Out - General Fund	163
Total Expenditures and Other Financing Uses	163

Excess (Deficiency) of Revenues Over (Under) Expenditures (5)

Fund Balance - Beginning of Year 1,888,994

Fund Balance - End of Year \$ 1,888,989

Reconciliation to GAAP Basis

Fund Balance, June 30, 2016-Budgetary Basis \$ 1,888,989

Fund Balance, June 30, 2016-GAAP Basis \$ 1,888,989

**MORRIS-UNION JOINTURE COMMISSION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOT APPLICABLE**

**ENTERPRISE FUNDS**

MORRIS UNION JOINTURE COMMISSION  
SPECIAL PROGRAMS ENTERPRISE FUND  
COMBINING SCHEDULE OF PROGRAM NET POSITION  
AS OF JUNE 30, 2016

	Professional Development	Music Program	Transportation Program	Physical Therapy	Aide Services	CST Services	Behavior Management (Outreach)	Speech Language	Subtotal
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash and Cash Equivalents	\$ 507,467		\$ 13,419,181						\$ 13,926,648
Intergovernmental Accounts Receivable	2,550		953,220						955,770
Other Accounts Receivable	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>510,017</b>	<b>-</b>	<b>14,372,401</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,882,418</b>
<b>Capital Assets</b>									
Land			3,064,300						3,064,300
Buildings and Improvements			3,240,183						3,240,183
Furniture, Machinery and Equipment			6,036,886						6,036,886
Less: Accumulated Depreciation	-	-	(6,681,545)	-	-	-	-	-	(6,681,545)
<b>Total Capital Assets, Net</b>	<b>-</b>	<b>-</b>	<b>5,659,824</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,659,824</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>									
Deferred Amounts on Net Pension Liability	-	-	1,237,487	-	-	-	-	-	1,237,487
<b>Total Assets and Deferred Outflow of Resources</b>	<b>510,017</b>	<b>-</b>	<b>21,269,712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,779,729</b>
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Accounts Payable	-		70,027						70,027
Accrued Salaries and Wages			118,779						118,779
Accrued Liability for Insurance Claims	-	-	287,756	-	-	-	-	-	287,756
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>476,562</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>476,562</b>
<b>Noncurrent Liabilities</b>									
Net Pension Liability			9,428,585						9,428,585
Compensated Absences	-	-	48,298	-	-	-	-	-	48,298
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>	<b>9,476,883</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,476,883</b>
<b>DEFERRED INFLOW OF RESOURCES</b>									
Deferred Amounts on Net Pension Liability	-	-	862,653	-	-	-	-	-	862,653
<b>Total Liabilities and Deferred Inflow of Resources</b>	<b>-</b>	<b>-</b>	<b>10,816,098</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,816,098</b>
<b>NET POSITION</b>									
Net Investment in Capital Assets			5,659,824						5,659,824
Unrestricted	510,017	-	4,793,790	-	-	-	-	-	5,303,807
<b>Total Net Position</b>	<b>510,017</b>	<b>-</b>	<b>10,453,614</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,963,631</b>

MORRIS UNION JOINTURE COMMISSION  
SPECIAL PROGRAMS ENTERPRISE FUND  
COMBINING SCHEDULE OF PROGRAM NET POSITION  
AS OF JUNE 30, 2016  
(CONTINUED)

	Occupational Therapy	Adaptive Physical Education	Technical Assess.	Vocational Assess	Inservice Workshops	Applied Behavior Analysis (ABA)	Provisional Teaching Program	Voc Ed Activities	Recreational Programs	Sheet 1 Subtotal	Subtotal
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash and Cash Equivalents	-	-	-	-	-	-	\$ 458,787	-	\$ 519,731	\$ 13,926,648	\$ 14,905,166
Intergovernmental Accounts Receivable - Other	-	-	-	-	-	-	-	-	17,871	955,770	973,641
Other Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	-	-	-	-	-	-	458,787	-	537,602	14,882,418	15,878,807
<b>Capital Assets</b>											
Land	-	-	-	-	-	-	-	-	-	3,064,300	3,064,300
Buildings and Improvements	-	-	-	-	-	-	-	-	-	3,240,183	3,240,183
Furniture, Machinery and Equipment	-	-	-	-	-	-	-	-	-	6,036,886	6,036,886
Less: Accumulated Depreciation	-	-	-	-	-	-	-	-	-	(6,681,545)	(6,681,545)
Total Capital Assets, Net	-	-	-	-	-	-	-	-	-	5,659,824	5,659,824
<b>DEFERRED OUTFLOW OF RESOURCES</b>											
Deferred Amounts on Net Pension Liability	-	-	-	-	-	-	-	-	-	1,237,487	1,237,487
Total Assets and Deferred Outflow of Resources	-	-	-	-	-	-	458,787	-	537,602	21,779,729	22,776,118
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Accounts Payable	-	-	-	-	-	-	-	-	2,727	70,027	72,754
Accrued Salaries and Wages	-	-	-	-	-	-	-	-	-	118,779	118,779
Accrued Liability for Insurance Claims	-	-	-	-	-	-	569	-	1,177	287,756	289,502
Total Current Liabilities	-	-	-	-	-	-	569	-	3,904	476,562	481,035
<b>Noncurrent Liabilities</b>											
Compensated Absences	-	-	-	-	-	-	195	-	3,062	9,428,585	9,428,585
Total Noncurrent Liabilities	-	-	-	-	-	-	195	-	3,062	48,298	51,555
Total Noncurrent Liabilities	-	-	-	-	-	-	195	-	3,062	9,476,883	9,480,140
<b>DEFERRED INFLOW OF RESOURCES</b>											
Deferred Amounts on Net Pension Liability	-	-	-	-	-	-	-	-	-	862,653	862,653
Total Liabilities and Deferred Inflow of Resources	-	-	-	-	-	-	764	-	6,966	9,953,445	9,961,175
<b>NET POSITION</b>											
Net Investment in Capital Assets	-	-	-	-	-	-	458,023	-	530,636	5,659,824	5,659,824
Unrestricted	-	-	-	-	-	-	-	-	-	5,303,807	6,292,466
Total Net Position	-	-	-	-	-	-	458,023	-	530,636	10,963,631	11,952,290

MORRIS UNION JOINTURE COMMISSION  
SPECIAL PROGRAMS ENTERPRISE FUND  
COMBINING SCHEDULE OF PROGRAMS NET POSITION  
AS OF JUNE 30, 2016  
(CONTINUED)

	Augmentative/ Alternative Communication	Warren In District Special Ed.	S. Orange/ Maplewood In District Special Ed.	Roselle Park Outreach Services	Watchung Borough Services	Randolph Township In District	Transition Assessment	Counseling Services	Daily Speech Services	Sheet 2 Subtotal	Totals
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash and Cash Equivalents										\$ 14,905,166	\$ 14,905,166
Intergovernmental Accounts Receivable - Other										973,641	973,641
Other Accounts Receivable	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	-	-	-	-	-	-	-	-	-	15,878,807	15,878,807
<b>Capital Assets</b>											
Land										3,064,300	3,064,300
Buildings and Improvements										3,240,183	3,240,183
Furniture, Machinery and Equipment										6,036,886	6,036,886
Less: Accumulated Depreciation	-	-	-	-	-	-	-	-	-	(6,681,545)	(6,681,545)
Total Capital Assets, Net	-	-	-	-	-	-	-	-	-	5,659,824	5,659,824
<b>DEFERRED OUTFLOW OF RESOURCES</b>											
Deferred Amounts on Net Pension Liability	-	-	-	-	-	-	-	-	-	1,237,487	1,237,487
Total Assets and Deferred Outflow of Resources	-	-	-	-	-	-	-	-	-	22,776,118	22,776,118
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Accounts Payable										72,754	72,754
Accrued Salaries and Wages										118,779	118,779
Accrued Liability for Insurance Claims	-	-	-	-	-	-	-	-	-	289,502	289,502
Total Current Liabilities	-	-	-	-	-	-	-	-	-	481,035	481,035
<b>Noncurrent Liabilities</b>											
Compensated Absences	-	-	-	-	-	-	-	-	-	9,428,585	9,428,585
Total Noncurrent Liabilities	-	-	-	-	-	-	-	-	-	51,555	51,555
Total Noncurrent Liabilities	-	-	-	-	-	-	-	-	-	9,480,140	9,480,140
<b>DEFERRED INFLOW OF RESOURCES</b>											
Deferred Amounts on Net Pension Liability	-	-	-	-	-	-	-	-	-	862,653	862,653
Total Liabilities and Deferred Inflow of Resources	-	-	-	-	-	-	-	-	-	10,823,828	10,823,828
<b>NET POSITION</b>											
Net Investment in Capital Assets										5,659,824	5,659,824
Unrestricted	-	-	-	-	-	-	-	-	-	6,292,466	6,292,466
Total Net Position	-	-	-	-	-	-	-	-	-	11,952,290	11,952,290



MORRIS UNION JOINTURE COMMISSION  
SPECIAL PROGRAMS ENTERPRISE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN PROGRAM NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Professional Development	Music Program	Transportation Program	Physical Therapy	Aide Services	CST Services	Behavior Management (Outreach)	Speech Language	Subtotal
<b>REVENUES</b>									
<b>OPERATING REVENUES</b>									
Program Fees	\$ 58,070		\$ 7,161,346						\$ 7,219,416
Miscellaneous Fees	-	-	34,447	-	-	-	-	-	34,447
Total Operating Revenues	58,070	-	7,195,793	-	-	-	-	-	7,253,863
<b>OPERATING EXPENSES</b>									
Instruction									
Salaries									-
Purchased Professional /Technical Services									-
Supplies and Materials									-
Support Services									
Salaries			4,589,321						4,589,321
Employee Benefits			2,592,116						2,592,116
Purchased Professional Education Services	34,285								34,285
Purchased Professional /Technical Services			47,039						47,039
Other Purchased Services	9,813		615,850						625,663
Supplies and Materials	2,107		275,892						277,999
Miscellaneous			22,813						22,813
Depreciation	-	-	554,564	-	-	-	-	-	554,564
Total Operating Expenses	46,205	-	8,697,595	-	-	-	-	-	8,743,800
Operating Income (Loss)	11,865	-	(1,501,802)	-	-	-	-	-	(1,489,937)
Transfers In	145,370		18,237,331						18,382,701
Transfers Out	-	\$ (6,360)	-	\$ (3,718,180)	\$ (3,670,723)	\$ (99,864)	\$ (319,365)	\$ (3,186,928)	(11,001,420)
Change in Net Position	157,235	(6,360)	16,735,529	(3,718,180)	(3,670,723)	(99,864)	(319,365)	(3,186,928)	5,891,344
Total Net Position- Beginning of Year	352,782	6,360	(6,281,915)	3,718,180	3,670,723	99,864	319,365	3,186,928	5,072,287
Total Net Position - Ending of Year	\$ 510,017	\$ -	\$ 10,453,614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,963,631

MORRIS UNION JOINTURE COMMISSION  
SPECIAL PROGRAMS ENTERPRISE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN PROGRAM NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(CONTINUED)

	Occupational Therapy	Adaptive Physical Education	Technical Assess.	Vocational Assess	Inservice Workshops	Applied Behavior Analysis (ABA)	Provisional Teaching Program	Voc Ed Activities	Recreational Programs	Sheet 1 Subtotal	Subtotal
REVENUES											
OPERATING REVENUES											
Program Fees	-	-	-	-	-	-	\$ 59,640	-	\$ 208,877	\$ 7,219,416	\$ 7,487,933
Miscellaneous Fees	-	-	-	-	-	-	-	-	-	34,447	34,447
Total Operating Revenues	-	-	-	-	-	-	59,640	-	208,877	7,253,863	7,522,380
OPERATING EXPENSES											
Instruction											
Salaries	-	-	-	-	-	-	23,671	-	-	-	23,671
Purchased Professional /Technical Services	-	-	-	-	-	-	-	-	-	-	-
Supplies and Materials	-	-	-	-	-	-	-	-	-	-	-
Support Services											
Salaries	-	-	-	-	-	-	991	-	110,803	4,589,321	4,701,115
Employee Benefits	-	-	-	-	-	-	1,649	-	11,354	2,592,116	2,605,119
Purchased Professional Education Services	-	-	-	-	-	-	5,113	-	-	34,285	39,398
Purchased Professional /Technical Services	-	-	-	-	-	-	-	-	-	47,039	47,039
Other Purchased Services	-	-	-	-	-	-	-	-	9,667	625,663	635,330
Supplies and Materials	-	-	-	-	-	-	-	-	22,450	277,999	300,449
Miscellaneous	-	-	-	-	-	-	-	-	2,030	22,813	24,843
Depreciation	-	-	-	-	-	-	-	-	-	554,564	554,564
Total Operating Expenses	-	-	-	-	-	-	31,424	-	156,304	8,743,800	8,931,528
Operating Income (Loss)	-	-	-	-	-	-	28,216	-	52,573	(1,489,937)	(1,409,148)
Transfers In											
Transfers In	-	-	-	-	-	-	171,801	-	282,811	18,382,701	18,837,313
Transfers Out	\$ (5,898,798)	\$ (45,335)	\$ (76,745)	\$ (5,587)	\$ (32,140)	\$ (1,356,916)	-	\$ (5,555)	-	(11,001,420)	(18,422,496)
Change in Net Position	(5,898,798)	(45,335)	(76,745)	(5,587)	(32,140)	(1,356,916)	200,017	(5,555)	335,384	5,891,344	(994,331)
Total Net Position- Beginning of Year	5,898,798	45,335	76,745	5,587	32,140	1,356,916	258,006	5,555	195,252	5,072,287	12,946,621
Total Net Position - Ending of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 458,023	\$ -	\$ 530,636	\$ 10,963,631	\$ 11,952,290

MORRIS UNION JOINTURE COMMISSION  
SPECIAL PROGRAMS ENTERPRISE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN PROGRAM NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(CONTINUED)

	Augmentative/ Alternative Communication	Warren In District Special Ed.	S. Orange/ Maplewood In District Special Ed.	Roselle Park Outreach Services	Watchung Borough Services	Randolph Township In District	Transition Assessment	Counseling Services	Daily Speech Services	Sheet 2 Subtotal	Totals
REVENUES											
OPERATING REVENUES											
Program Fees	-	-	-	-	-	-	-	-	-	\$ 7,487,933	\$ 7,487,933
Miscellaneous Fees	-	-	-	-	-	-	-	-	-	34,447	34,447
Total Operating Revenues	-	-	-	-	-	-	-	-	-	7,522,380	7,522,380
OPERATING EXPENSES											
Instruction											
Salaries										23,671	23,671
Purchased Professional /Technical Services										-	-
Supplies and Materials										-	-
Support Services											
Salaries										4,701,115	4,701,115
Employee Benefits										2,605,119	2,605,119
Purchased Professional Education Services										39,398	39,398
Purchased Professional /Technical Services										47,039	47,039
Other Purchased Services										635,330	635,330
Supplies and Materials										300,449	300,449
Miscellaneous	-	-	-	-	-	-	-	-	-	24,843	24,843
Depreciation	-	-	-	-	-	-	-	-	-	554,564	554,564
Total Operating Expenses	-	-	-	-	-	-	-	-	-	8,931,528	8,931,528
Operating Income (Loss)	-	-	-	-	-	-	-	-	-	(1,409,148)	(1,409,148)
Transfers In											
Transfers In								\$ 15		18,837,315	18,837,328
Transfers Out	\$ (42,573)	\$ (88,138)	\$ (208,615)	\$ (21,201)	\$ (5,992)	\$ (6,430)	\$ (34,574)	-	\$ (7,309)	(18,422,496)	(18,837,328)
Change in Net Position	(42,573)	(88,138)	(208,615)	(21,201)	(5,992)	(6,430)	(34,574)	15	(7,309)	(994,331)	(1,409,148)
Total Net Position- Beginning of Year	42,573	88,138	208,615	21,201	5,992	6,430	34,574	(15)	7,309	12,946,621	13,361,438
Total Net Position - Ending of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,952,290	\$ 11,952,290

MORRIS UNION JOINTURE COMMISSION  
SPECIAL PROGRAMS ENTERPRISE FUND  
COMBINED SCHEDULE OF PROGRAM CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Professional Development	Music Program	Transportation Program	Physical Therapy	Aide Services	CST Services	Behavior Management (Outreach)	Speech Language	Subtotal
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Receipts from Customers	\$ 60,940	\$ -	\$ 6,894,760	\$ 71,220	\$ 370,129	\$ -	\$ 17,411	\$ 78,378	\$ 7,492,838
Payments to Employees and Benefits	-	-	(6,521,271)	(34)	(4,682)	-	(23,165)	(2,968)	(6,552,120)
Payments to Suppliers for Goods and Services	(46,205)	-	(831,772)	(3,715)	(35,656)	-	(395)	(5,612)	(923,355)
Net Cash Provided by(Used for) operating activities	14,735	-	(458,283)	67,471	329,791	-	(6,149)	69,798	17,363
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>									
Cash Received From Other Funds	145,370	-	18,237,331	-	-	-	-	-	18,382,701
Cash (Paid to) Other Funds	-	(6,360)	-	(3,718,180)	(3,670,723)	(99,864)	(319,365)	(3,186,928)	(11,001,420)
Net cash provided by (used for) noncapital financing activities	145,370	(6,360)	18,237,331	(3,718,180)	(3,670,723)	(99,864)	(319,365)	(3,186,928)	7,381,281
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>									
Purchases of capital assets	-	-	(176,262)	-	-	-	-	-	(176,262)
Net cash provided by(used for) capital and related financing activities	-	-	(176,262)	-	-	-	-	-	(176,262)
Net increase (decrease) in cash and cash equivalents	160,105	(6,360)	17,602,786	(3,650,709)	(3,340,932)	(99,864)	(325,514)	(3,117,130)	7,222,382
Balances (Overdraft) - Beginning of Year	347,362	6,360	(4,183,605)	3,650,709	3,340,932	99,864	325,514	3,117,130	6,704,266
Balances (Overdraft) - End of Year	\$ 507,467	\$ -	\$ 13,419,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,926,648
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>									
Operating Income(Loss)	\$ 11,865	\$ -	\$ (1,501,802)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,489,937)
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities									
Depreciation Expense	-	-	554,564	-	-	-	-	-	554,564
(Increase) Decrease in accounts receivable	2,870	-	(301,033)	71,220	370,129	-	17,411	78,378	238,975
Increase(Decrease) Accrued Liabilities for Insurance Claims	-	-	16,909	(2,614)	(29,664)	-	(141)	(5,262)	(20,772)
Increase(Decrease) in net pension liability	-	-	1,781,672	-	-	-	-	-	1,781,672
(Increase) Decrease in deferred outflows of resources on Net pension	-	-	(997,027)	-	-	-	-	-	(997,027)
Increase (Decrease) in deferred intflows of resources on Net pension	-	-	(124,479)	-	-	-	-	-	(124,479)
Increase(decrease) in compensated absences	-	-	-	(34)	(4,682)	-	(23,165)	(2,968)	(30,849)
Increase(decrease) in accounts payable	-	-	(5,866)	(1,101)	(5,992)	-	(254)	(350)	(13,563)
Increase (Decrease) in Accrued Salaries and Wages	-	-	118,779	-	-	-	-	-	118,779
Total Adjustments	2,870	-	1,043,519	67,471	329,791	-	(6,149)	69,798	1,507,300
Net Cash Provided (Used) by Operating Activities	\$ 14,735	\$ -	\$ (458,283)	\$ 67,471	\$ 329,791	\$ -	\$ (6,149)	\$ 69,798	\$ 17,363

MORRIS UNION JOINTURE COMMISSION  
SPECIAL PROGRAMS ENTERPRISE FUND  
COMBINED SCHEDULE OF PROGRAM CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(CONTINUED)

	Occupational Therapy	Adaptive Physical Education	Technical Assess.	Vocational Assess	Inservice Workshops	Applied Behavior Analysis (ABA)	Provisional Teaching Program	Voc Ed Activities	Recreational Programs	Sheet 1 Subtotal	Subtotal
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
Receipts from Customers	\$ 123,460	\$ 5,353	\$ -	-	-	\$ 48,534	\$ 59,640	\$ -	\$ 203,926	\$ 7,492,838	\$ 7,933,751
Payments to Employees and Benefits	(4,455)	(397)	-	-	-	(1,133)	(26,311)	-	(122,157)	(6,552,120)	(6,706,573)
Payments to Suppliers for Goods and Services	(7,844)	-	-	-	-	-	(5,113)	-	(34,101)	(923,355)	(970,413)
Net Cash Provided by(Used for) operating activities	111,161	4,956	-	-	-	47,401	28,216	-	47,668	17,363	256,765
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>											
Cash Received From Other Funds							171,801		282,811	18,382,701	18,837,313
Cash (Paid to) Other Funds	(5,898,798)	(45,335)	(76,745)	(5,587)	(32,140)	(1,356,916)	-	(5,555)	-	(11,001,420)	(18,422,496)
Net cash provided by (used for) noncapital financing activities	(5,898,798)	(45,335)	(76,745)	(5,587)	(32,140)	(1,356,916)	171,801	(5,555)	282,811	7,381,281	414,817
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>											
Purchases of capital assets	-	-	-	-	-	-	-	-	-	(176,262)	(176,262)
Net cash provided by(used for) capital and related financing activities	-	-	-	-	-	-	-	-	-	(176,262)	(176,262)
Net increase (decrease) in cash and cash equivalents	(5,787,637)	(40,379)	(76,745)	(5,587)	(32,140)	(1,309,515)	200,017	(5,555)	330,479	7,222,382	495,320
Balances (Overdraft) - Beginning of Year	5,787,637	40,379	76,745	5,587	32,140	1,309,515	258,770	5,555	189,252	6,704,266	14,409,846
Balances (Overdraft) - End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 458,787	\$ -	\$ 519,731	\$ 13,926,648	\$ 14,905,166
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>											
Operating Income(Loss)	\$ -	\$ -	\$ -	-	-	\$ -	\$ 28,216	\$ -	\$ 52,573	\$ (1,489,937)	\$ (1,409,148)
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities											
Depreciation Expense										554,564	554,564
(Increase) Decrease in accounts receivable	123,460	5,353				48,534			(4,951)	238,975	411,371
Increase(Decrease) Accrued Liabilities for Insurance Claims	(7,446)	(245)							138	(20,772)	(28,325)
Increase(Decrease) in net pension liability										1,781,672	1,781,672
(Increase) Decrease in deferred outflows of resources on Net pension										(997,027)	(997,027)
Increase (Decrease) in deferred inflows of resources on Net pension										(124,479)	(124,479)
Increase(decrease) in compensated absences	(4,455)					(1,133)				(30,849)	(36,437)
Increase(decrease) in accounts payable	(398)	(152)							(92)	(13,563)	(14,205)
Increase (Decrease) in Accrued Salaries and Wages	-	-	-	-	-	-	-	-	-	118,779	118,779
Total Adjustments	111,161	4,956	-	-	-	47,401	-	-	(4,905)	1,507,300	1,665,913
Net Cash Provided (Used) by Operating Activities	\$ 111,161	\$ 4,956	\$ -	\$ -	\$ -	\$ 47,401	\$ 28,216	\$ -	\$ 47,668	\$ 17,363	\$ 256,765

MORRIS UNION JOINTURE COMMISSION  
SPECIAL PROGRAMS ENTERPRISE FUND  
COMBINED SCHEDULE OF PROGRAM CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(CONTINUED)

	Augmentative/ Alternative Communication	Warren In District Special Ed.	S. Orange/ Maplewood In District Special Ed.	Roselle Park Outreach Services	Watchung Borough Services	Randolph Township In District	Transition Assessment	Counseling Services	Daily Speech Services	Sheet 2 Subtotal	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
Receipts from Customers	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-	\$ 7,933,751	\$ 7,933,751
Payments to Employees and Benefits	-	(2,851)	-	-	-	-	-	-	-	(6,706,573)	(6,709,424)
Payments to Suppliers for Goods and Services	-	(1,442)	(5,111)	-	-	-	-	-	-	(970,413)	(976,966)
Net Cash Provided by(Used for) operating activities	-	(4,293)	(5,111)	-	-	-	-	-	-	256,765	247,361
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>											
Cash Received From Other Funds	-	-	-	-	-	-	-	15	-	18,837,313	18,837,328
Cash (Paid to) Other Funds	(42,573)	(88,138)	(208,615)	(21,201)	(5,992)	(6,430)	(34,574)	-	(7,309)	(18,422,496)	(18,837,328)
Net cash provided by (used for) noncapital financing activities	(42,573)	(88,138)	(208,615)	(21,201)	(5,992)	(6,430)	(34,574)	15	(7,309)	414,817	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>											
Purchases of capital assets	-	-	-	-	-	-	-	-	-	(176,262)	(176,262)
Net cash provided by(used for) capital and related financing activities	-	-	-	-	-	-	-	-	-	(176,262)	(176,262)
Net increase (decrease) in cash and cash equivalents	(42,573)	(92,431)	(213,726)	(21,201)	(5,992)	(6,430)	(34,574)	15	(7,309)	495,320	71,099
Balances (Overdraft) - Beginning of Year	42,573	92,431	213,726	21,201	5,992	6,430	34,574	(15)	7,309	14,409,846	14,834,067
Balances (Overdraft) - End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,905,166	\$ 14,905,166
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>											
Operating Income(Loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,409,148)	\$ (1,409,148)
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities											
Depreciation Expense										554,564	554,564
(Increase) Decrease in accounts receivable										411,371	411,371
Increase(Decrease) Accrued Liabilities for Insurance Claims		(1,442)	(3,593)							(28,325)	(33,360)
Increase(Decrease) in net pension liability										1,781,672	1,781,672
(Increase) Decrease in deferred outflows of resources on Net pension										(997,027)	(997,027)
Increase (Decrease) in deferred inflows of resources on Net pension										(124,479)	(124,479)
Increase(decrease) in compensated absences		(2,851)								(36,437)	(39,288)
Increase(decrease) in accounts payable			(1,518)							(14,205)	(15,723)
Increase (Decrease) in Accrued Salaries and Wages										118,779	118,779
Total Adjustments	-	(4,293)	(5,111)	-	-	-	-	-	-	1,665,913	1,656,509
Net Cash Provided (Used) by Operating Activities	\$ -	\$ (4,293)	\$ (5,111)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 256,765	\$ 247,361

**FIDUCIARY FUNDS**

**AGENCY FUNDS**

**MORRIS-UNION JOINTURE COMMISSION  
 AGENCY FUNDS  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 AS OF JUNE 30, 2016**

	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 188,037	\$ 188,037
Total Assets	<u>\$ 188,037</u>	<u>\$ 188,037</u>
<b>LIABILITIES</b>		
Payroll Deductions and Withholdings	\$ 181,900	\$ 181,900
Accrued Salaries and Wages	2,730	2,730
Flexible Spending Deposits	<u>3,407</u>	<u>3,407</u>
Total Liabilities	<u>\$ 188,037</u>	<u>\$ 188,037</u>



**MORRIS UNION JOINTURE COMMISSION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-7

**MORRIS-UNION JOINTURE COMMISSION  
AGENCY FUNDS  
STUDENT ACTIVITY AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOT APPLICABLE**

**MORRIS-UNION JOINTURE COMMISSION  
AGENCY FUNDS  
PAYROLL AGENCY FUND SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Balance July 1, <u>2015</u></b>	<b><u>Additional</u></b>	<b><u>Deletions</u></b>	<b>Balance June 30, <u>2016</u></b>
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 166,657	\$ 24,156,319	\$ 24,134,939	\$ 188,037
Accounts Receivable	<u>1,915</u>	<u>-</u>	<u>1,915</u>	<u>-</u>
	<b><u>\$ 168,572</u></b>	<b><u>\$ 24,156,319</u></b>	<b><u>\$ 24,136,854</u></b>	<b><u>\$ 188,037</u></b>
<b><u>Liabilities</u></b>				
Payroll Deductions and Withholdings	\$ 163,116	\$ 10,440,521	\$ 10,421,737	\$ 181,900
Accrued Salaries and Wages	2,559	13,698,338	13,698,167	2,730
Flexible, Spending Deposits	<u>2,897</u>	<u>17,460</u>	<u>16,950</u>	<u>3,407</u>
	<b><u>\$ 168,572</u></b>	<b><u>\$ 24,156,319</u></b>	<b><u>\$ 24,136,854</u></b>	<b><u>\$ 188,037</u></b>

**LONG-TERM DEBT**

**MORRIS-UNION JOINTURE COMMISSION  
 SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS  
 CERTIFICATES OF PARTICIPATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Decreased</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Series 2013-Certificates of	6/12/2013	\$ 43,830,000	8/1/2016	\$ 2,235,000	4.000%			
			8/1/2017	2,340,000	5.000%			
			8/1/2018	2,435,000	3.000%			
			8/1/2019	2,525,000	4.000%			
			8/1/2020	2,600,000	2.250%			
			8/1/2021	2,665,000	2.500%			
			8/1/2022	2,765,000	5.000%			
			8/1/2023	2,905,000	5.000%			
			8/1/2024	3,025,000	3.125%			
			8/1/2025	3,155,000	5.000%			
			8/1/2026	3,320,000	5.000%			
			8/1/2027	3,465,000	3.750%			
			8/1/2028	3,540,000	3.750%			
						<u>\$ 39,125,000</u>	<u>\$ 2,150,000</u>	<u>\$ 36,975,000</u>
						<u>\$ 39,125,000</u>	<u>\$ 2,150,000</u>	<u>\$ 36,975,000</u>
					Paid by Budget Appropriation		<u>\$ 2,150,000</u>	

MORRIS-UNION JOINTURE COMMISSION  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Description</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2016</u>
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NOT APPLICABLE

**MORRIS-UNION JOINTURE COMMISSION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOT APPLICABLE**

## STATISTICAL SECTION

This part of the Morris-Union Jointure 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 government's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

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



**MORRIS-UNION JOINTURE COMMISSION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
Net Investment In Capital Assets	\$ 22,056,236	\$ 21,945,912	\$ 24,210,221	\$ 27,810,651	\$ 30,453,317	\$ 38,665,012	\$ 29,593,768	\$ 25,908,789	\$ 24,780,794	\$ 23,741,214
Restricted	5,346,558	3,777,336	3,763,927	4,340,110	3,522,061	2,062,690	1,896,541	1,888,931	1,888,994	1,888,989
Unrestricted	10,321,474	15,995,387	17,378,667	16,266,661	17,562,553	12,913,746	13,171,716	(7,086,016)	(6,692,829)	(3,075,978)
<b>Total Governmental Activities Net Position</b>	<b>\$ 37,724,268</b>	<b>\$ 41,718,635</b>	<b>\$ 45,352,815</b>	<b>\$ 48,417,422</b>	<b>\$ 51,537,931</b>	<b>\$ 53,641,448</b>	<b>\$ 44,662,025</b>	<b>\$ 20,711,704</b>	<b>\$ 19,976,959</b>	<b>\$ 22,554,225</b>
<b>Business-Type Activities</b>										
Net Investment In Capital Assets	\$ 6,547	\$ 4,900	\$ 13,190	\$ 16,182	\$ 18,449	\$ 15,372	\$ 8,422,498	\$ 6,638,951	\$ 6,179,769	\$ 5,786,554
Unrestricted	7,124,750	8,542,284	8,387,254	8,331,625	10,005,592	11,537,650	12,960,789	5,250,605	7,338,277	6,341,450
<b>Total Business-Type Activities Net Position</b>	<b>\$ 7,131,297</b>	<b>\$ 8,547,184</b>	<b>\$ 8,400,444</b>	<b>\$ 8,347,807</b>	<b>\$ 10,024,041</b>	<b>\$ 11,553,022</b>	<b>\$ 21,383,287</b>	<b>\$ 11,889,556</b>	<b>\$ 13,518,046</b>	<b>\$ 12,128,004</b>
<b>District-Wide</b>										
Net Investment In Capital Assets	\$ 22,062,783	\$ 21,950,812	\$ 24,223,411	\$ 27,826,833	\$ 30,471,766	\$ 38,680,384	\$ 38,016,266	\$ 32,547,240	\$ 30,960,563	\$ 29,527,768
Restricted	5,346,558	3,777,336	3,763,927	4,340,110	3,522,061	2,062,690	1,896,541	1,888,931	1,888,994	1,888,989
Unrestricted	17,446,224	24,537,671	25,765,921	24,598,286	27,568,145	24,451,396	26,132,505	(1,835,411)	645,448	3,265,472
<b>Total District Net Position</b>	<b>\$ 44,855,565</b>	<b>\$ 50,265,819</b>	<b>\$ 53,753,259</b>	<b>\$ 56,765,229</b>	<b>\$ 61,561,972</b>	<b>\$ 65,194,470</b>	<b>\$ 66,045,312</b>	<b>\$ 32,600,760</b>	<b>\$ 33,495,005</b>	<b>\$ 34,682,229</b>

Note 1: Net Pension at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions.

**MORRIS-UNION JOINTURE COMMISSION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Special Education	\$ 19,817,370	\$ 22,897,992	\$ 24,532,101	\$ 25,974,397	\$ 27,423,707	\$ 26,162,286	\$ 26,393,876	\$ 22,168,032	\$ 25,172,540	\$ 27,887,608
Support Services:										
Student & Instruction Related Services	73,707	1,138	369,640	409,080	308,185	232,295	175,898	180,260	689	300
General Administration	911,480	1,083,049	986,660	1,263,699	1,126,766	1,282,757	2,042,873	1,300,550	1,419,353	1,396,734
School Administration Services								1,004,827	1,592,740	1,592,455
Central Services and Other Support Services	617,775	1,656,119	3,061,093	3,136,273	3,205,627	3,122,308	873,385	1,072,551	1,098,215	994,430
Plant Operations And Maintenance	141,060	203,783	275,322	238,333	407,101	399,001	552,674	755,905	677,935	591,345
Pupil Transportation	377,248	397,576	447,864	420,502	427,891	100,165				
Support Svc- Central Svc/Admin Info Tech										
Capital Outlay	24,969	58,571	331,380	117,633						
Unallocated Depreciation	170,558	185,492	213,454	229,365	366,202					
Debt Service							1,743,493	1,683,822	1,606,399	1,513,626
<b>Total Governmental Activities Expenses</b>	<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>	<u>31,298,812</u>	<u>31,782,199</u>	<u>28,165,947</u>	<u>31,567,871</u>	<u>33,976,498</u>
<b>Business-Type Activities:</b>										
Special Programs	6,672,978	7,985,677	8,964,670	8,267,321	8,204,936	8,891,061	10,107,860	10,138,059	9,928,918	8,931,528
Food Service	257,195	308,240	321,382	303,125	314,824	297,956	303,881	297,315	291,364	271,608
<b>Total Business-Type Activities Expense</b>	<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>	<u>9,189,017</u>	<u>10,411,741</u>	<u>10,435,374</u>	<u>10,220,282</u>	<u>9,203,136</u>
<b>Total District Expenses</b>	<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>	<u>\$ 40,487,829</u>	<u>\$ 42,193,940</u>	<u>\$ 38,601,321</u>	<u>\$ 41,788,153</u>	<u>\$ 43,179,634</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:	\$ 23,541,286	26,920,545	30,051,230	32,472,659	33,332,156	30,965,158	29,444,082	26,591,725	26,406,491	31,727,543
Operating Grants And Contributions	1,350,718	1,513,694	1,654,030	1,497,000	1,560,604	1,704,065	2,157,832	1,751,938	4,242,432	4,815,087
Capital Grants And Contributions							20,031	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<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>	<u>32,669,223</u>	<u>31,621,945</u>	<u>28,343,663</u>	<u>30,648,923</u>	<u>36,542,630</u>
<b>Business-Type Activities:</b>										
Charges For Services										
Special Programs	8,159,133	9,403,211	10,540,020	9,295,555	10,549,254	11,052,644	11,723,995	11,114,386	11,550,535	7,522,380
Food Service	89,224	144,644	184,840	149,682	167,235	148,830	134,445	123,399	112,590	112,557
Operating Grants And Contributions	53,468	61,949	65,788	74,391	69,707	81,399	77,717	76,353	79,031	78,123
Capital Grants And Contributions										
<b>Total Business Type Activities Program Revenues</b>	<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>	<u>11,282,873</u>	<u>11,936,157</u>	<u>11,314,138</u>	<u>11,742,156</u>	<u>7,713,060</u>
<b>Total District Program Revenues</b>	<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>	<u>\$ 43,952,096</u>	<u>\$ 43,558,102</u>	<u>\$ 39,657,801</u>	<u>\$ 42,391,079</u>	<u>\$ 44,255,690</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ 2,757,837	\$ 1,950,519	\$ 1,487,746	\$ 2,180,377	\$ 1,627,281	\$ 1,370,411	\$ (160,254)	\$ 177,716	\$ (918,948)	\$ 2,566,132
Business-Type Activities	1,371,652	1,315,887	1,504,596	949,182	2,266,436	2,093,856	1,524,416	878,764	1,521,874	(1,490,076)
<b>Total District-Wide Net Expense</b>	<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>	<u>\$ 3,464,267</u>	<u>\$ 1,364,162</u>	<u>\$ 1,056,480</u>	<u>\$ 602,926</u>	<u>\$ 1,076,056</u>

**MORRIS-UNION JOINTURE COMMISSION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Revenues And Other Changes In Net Position</b>										
Governmental Activities:										
Unrestricted Federal And State Aid						\$ 4,500				
Extraordinary Item				\$ (475,000)						
Investment Earnings	\$ 1,103,349	\$ 1,192,361	\$ 2,262,166	41,606	\$ 6,201	2,019	\$ 91,256	\$ 83,803	\$ 93,801	\$ 104,796
Miscellaneous Income	1,324,170	951,487	729,434	315,705	896,771	161,687	86,281	88,512	197,502	6,338
Transfers	(113,141)	(100,000)	1,693,655	1,001,919	590,256	564,900	584,000	510,621	(106,600)	(100,000)
Total Governmental Activities	<u>2,314,378</u>	<u>2,043,848</u>	<u>4,685,255</u>	<u>884,230</u>	<u>1,493,228</u>	<u>733,106</u>	<u>761,537</u>	<u>682,936</u>	<u>184,703</u>	<u>11,134</u>
Business-Type Activities:										
Investment Earnings			165	100	54	25	20	18	16	34
Cancellation of Prior Year Payables			42,154							
Miscellaneous										
Transfers	113,141	100,000	(1,693,655)	(1,001,919)	(590,256)	(564,900)	(584,000)	(510,621)	106,600	100,000
Total Business-Type Activities	<u>113,141</u>	<u>100,000</u>	<u>(1,651,356)</u>	<u>(1,001,819)</u>	<u>(590,202)</u>	<u>(564,875)</u>	<u>(583,980)</u>	<u>(510,603)</u>	<u>106,616</u>	<u>100,034</u>
Total District-Wide	<u>\$ 2,427,519</u>	<u>\$ 2,143,848</u>	<u>\$ 3,033,919</u>	<u>\$ (117,589)</u>	<u>\$ 903,026</u>	<u>\$ 168,231</u>	<u>\$ 177,557</u>	<u>\$ 172,333</u>	<u>\$ 291,319</u>	<u>\$ 111,168</u>
<b>Change In Net Position</b>										
Governmental Activities	\$ 5,072,215	\$ 3,994,367	\$ 6,173,001	\$ 3,064,607	\$ 3,120,509	\$ 2,103,517	\$ 601,283	\$ 860,652	\$ (734,245)	\$ 2,577,266
Business-Type Activities	1,484,793	1,415,887	(146,740)	(52,637)	1,676,234	1,528,981	940,436	368,161	1,628,490	(1,390,042)
Total District	<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>	<u>\$ 3,632,498</u>	<u>\$ 1,541,719</u>	<u>\$ 1,228,813</u>	<u>\$ 894,245</u>	<u>\$ 1,187,224</u>

**MORRIS-UNION JOINTURE COMMISSION**  
**FUND BALANCES- GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 30,104	\$ 59,364	\$ 83,813	\$ 824,250						
Unreserved	15,339,178	15,995,387	18,118,795	17,131,336						
Restricted										
Committed							\$ 658,290			\$ 260,307
Assigned					\$ 4,033,817	\$ 818,247	731,509	\$ 2,856,491	\$ 1,556,439	1,984,568
Unassigned					14,425,950	12,822,468	12,057,192	10,371,719	12,676,113	15,255,731
<b>Total General Fund</b>	<b>\$ 15,369,282</b>	<b>\$ 16,054,751</b>	<b>\$ 18,202,608</b>	<b>\$ 17,955,586</b>	<b>\$ 18,459,767</b>	<b>\$ 13,640,715</b>	<b>\$ 13,446,991</b>	<b>\$ 13,228,210</b>	<b>\$ 14,232,552</b>	<b>\$ 17,500,606</b>
All Other Governmental Funds										
Reserved	\$ 4,343,399	\$ 2,232,504	\$ 2,232,504	\$ 2,053,216						
Unreserved	973,055	1,485,468	1,447,610	1,462,644						
Restricted					\$ 3,522,061	\$ 2,062,690	\$ 1,896,541	\$ 1,888,931	\$ 1,888,994	\$ 1,888,989
<b>Total All Other Governmental Funds</b>	<b>\$ 5,316,454</b>	<b>\$ 3,717,972</b>	<b>\$ 3,680,114</b>	<b>\$ 3,515,860</b>	<b>\$ 3,522,061</b>	<b>\$ 2,062,690</b>	<b>\$ 1,896,541</b>	<b>\$ 1,888,931</b>	<b>\$ 1,888,994</b>	<b>\$ 1,888,989</b>

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Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Type Definitions." The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established 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 resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required

**MORRIS-UNION JOINTURE COMMISSION**  
**CHANGES IN FUND BALANCES- GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tuition Charges	\$ 23,541,286	\$ 26,920,546	\$ 30,051,230	\$ 32,472,659	\$ 33,332,156	\$ 30,965,158	\$ 29,304,323	\$ 26,311,313	\$ 26,758,360	\$ 27,004,552
Miscellaneous	2,435,797	2,155,425	3,001,317	383,446	932,089	196,063	219,160	191,341	304,914	4,811,414
State Sources	1,298,359	1,502,117	1,644,313	1,470,865	1,531,487	1,676,208	2,148,236	1,732,912	1,873,530	1,918,683
Federal Sources	44,080									
Total Revenue	<u>27,319,522</u>	<u>30,578,088</u>	<u>34,696,860</u>	<u>34,326,970</u>	<u>35,795,732</u>	<u>32,837,429</u>	<u>31,671,719</u>	<u>28,235,566</u>	<u>28,936,804</u>	<u>33,734,649</u>
<b>Expenditures</b>										
Instruction										
Special Education	14,680,830	17,349,835	18,719,983	19,029,563	19,910,251	17,667,964	24,530,708	20,172,645	19,519,480	22,322,155
Support Services:										
Student & Inst. Related Services	2,053	1,005	246,009	304,978	225,548	188,463	175,898	180,260	641	300
General Administration	920,062	965,256	939,628	944,201	944,664	1,226,615	976,796	1,300,550	1,190,728	1,145,321
School Administration								1,004,827	1,346,405	1,335,344
Central Services and Other Support Service	576,335	1,569,701	2,924,605	2,969,090	3,002,519	2,971,490	815,979	1,072,551	1,056,985	955,334
Plant Operations And Maintenance	136,536	199,422	240,128	220,849	359,587	370,877	552,674	755,905	666,743	577,125
Unallocated Benefits - Special Educ.	3,677,021	4,068,230	4,607,847	5,513,431	5,986,360	6,089,719				
Unallocated Benefits	1,564,586	1,550,002	1,548,079	1,847,351	1,924,088	2,132,412				
Debt Service										
Principal							2,061,845	2,857,779	2,275,242	2,150,000
Interest on Long Term Debt							2,093,203	1,045,206	1,593,422	1,513,044
Cost of Issuance							1,066,077	-		
Advance Refunding Escrow							1,933,239	-		
Capital Outlay	17,692,682	6,333,731	5,513,487	4,844,202	3,522,589	9,033,212	1,367,104	582,855	176,153	367,977
Total Expenditures	<u>39,250,105</u>	<u>32,037,182</u>	<u>34,739,766</u>	<u>35,673,665</u>	<u>35,875,606</u>	<u>39,680,752</u>	<u>35,573,523</u>	<u>28,972,578</u>	<u>27,825,799</u>	<u>30,366,600</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(11,930,583)</u>	<u>(1,459,094)</u>	<u>(42,906)</u>	<u>(1,346,695)</u>	<u>(79,874)</u>	<u>(6,843,323)</u>	<u>(3,901,804)</u>	<u>(737,012)</u>	<u>1,111,005</u>	<u>3,368,049</u>

**MORRIS-UNION JOINTURE COMMISSION**  
**CHANGES IN FUND BALANCES- GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Other Financing Sources (Uses)</b>										
Capital Leases (Non-Budgeted)	550,000	646,082	459,250	408,500						
Proceeds of COP's							43,830,000	-		
Premium on COP's							1,963,895	-		
Payment to Escrow Agent							(42,835,964)	-		
Extraordinary Item				(475,000)						
Transfers In	5,890		3,544,655	1,308,669	664,100	1,668,610	798,451	709,773	102	163
Transfers Out	(119,031)	(100,000)	(1,851,000)	(306,750)	(73,844)	(1,103,710)	(214,451)	(199,152)	(106,702)	(100,163)
<b>Total Other Financing Sources (Uses)</b>	<u>436,859</u>	<u>546,082</u>	<u>2,152,905</u>	<u>935,419</u>	<u>590,256</u>	<u>564,900</u>	<u>3,541,931</u>	<u>510,621</u>	<u>(106,600)</u>	<u>(100,000)</u>
<b>Net Change In Fund Balances</b>	<u>\$ (11,493,724)</u>	<u>\$ (913,012)</u>	<u>\$ 2,109,999</u>	<u>\$ (411,276)</u>	<u>\$ 510,382</u>	<u>\$ (6,278,423)</u>	<u>\$ (359,873)</u>	<u>\$ (226,391)</u>	<u>\$ 1,004,405</u>	<u>\$ 3,268,049</u>
<b>Debt Service As A Percentage Of</b>										
Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.92%	13.74%	13.99%	12.21%

\* Noncapital expenditures are total expenditures less capital outlay.

MORRIS-UNION JOINTURE COMMISSION  
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
 LAST TEN YEARS  
 (Unaudited)

<u>Fiscal Year Ended June 30,</u>	<u>Interest Earned</u>	<u>Rentals</u>	<u>Member Fees</u>	<u>Tuition</u>	<u>Related Services/Program Fees</u>	<u>Prior Year Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
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	34,228,928
2012	109,627	9,710		30,965,158		550	41,800	31,126,845
2013	86,569	8,605	25,650	29,304,323			64,022	29,489,169
2014	83,640	2,111	25,077	26,311,313			61,324	26,483,465
2015	93,636	54,688	24,692	26,758,360			118,122	27,049,498
2016	104,638	110,872	-	27,004,552	4,577,759		6,338	31,804,159

**MORRIS-UNION JOINTURE COMMISSION  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
(Unaudited)**

**NOT APPLICABLE**



**MRRIS-UNION JOINTURE COMMISSION**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN YEARS**  
**(Unaudited)**  
*(rate per \$100 of true value)*

**NOT APPLICABLE**

**MORRIS-UNION JOINTURE COMMISSION  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

**NOT APPLICABLE**

**MORRIS-UNION JOINTURE COMMISSION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

**NOT APPLICABLE**

**MORRIS-UNION JOINTURE COMMISSION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	Capital Leases	Certificates of Participation			
2007	\$ 420,519	\$ 53,190,000	\$ 53,610,519	N/A	N/A
2008	931,915	51,415,000	52,346,915	N/A	N/A
2009	1,337,327	49,555,000	50,892,327	N/A	N/A
2010	1,364,467	47,610,000	48,974,467	N/A	N/A
2011	1,107,822	45,930,000	47,037,822	N/A	N/A
2012	699,866	44,195,000	44,894,866	N/A	N/A
2013	428,021	43,830,000	44,258,021	N/A	N/A
2014	200,242	41,200,000	41,400,242	N/A	N/A
2015		39,125,000	39,125,000	N/A	N/A
2016		36,975,000	36,975,000	N/A	N/A

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

N/A-Not Applicable

**MORRIS-UNION JOINTURE COMMISSION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
(Unaudited)**

**NOT APPLICABLE**

**MORRIS-UNION JOINTURE COMMISSION**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2016**  
**(Unaudited)**

Net Direct Debt of School District as of June 30, 2016	\$ 36,975,000
Net Overlapping Debt of School District	<u>-</u>
Total Direct and Overlapping Debt	<u>\$ 36,975,000</u>

**MORRIS-UNION JOINTURE COMMISSION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

**NOT APPLICABLE**

**MORRIS-UNION JOINTURE COMMISSION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS  
(Unaudited)**

**NOT APPLICABLE**



**MORRIS-UNION JOINTURE COMMISSION  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

**NOT APPLICABLE**

**MORRIS-UNION JOINTURE COMMISSION  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (Unaudited)**

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Special education	214.0	263.0	271.0	254.0	248.0	210.0	195.0	156.0	164.0	149.0
Support Services:										
Student & Instruction Related Services	75.0	70.0	71.0	94.0	96.0	98.0	97.0	73.0	77.0	95.0
General and Central Administration	14.0	14.0	14.0	14.0	15.0	15.0	13.0	14.0	17.0	13.0
School Administrative Services	10.0	18.0	19.0	18.0	15.0	14.0	14.0	13.0	12.0	16.0
Plant Operations and Maintenance	12.0	15.0	15.0	16.0	16.0	14.0	13.0	14.0	11.0	16.0
Pupil Transportation	113.0	127.0	136.0	130.0	113.0	120.0	117.0	124.0	130.0	130.0
Food Service	3.0	1.0	1.0	1.0	1.0	2.0	2.0	1.0	1.0	1.0
<b>Total</b>	<u>441.0</u>	<u>508.0</u>	<u>527.0</u>	<u>527.0</u>	<u>504.0</u>	<u>473.0</u>	<u>451.0</u>	<u>395.0</u>	<u>412.0</u>	<u>420.0</u>

Source: District Personnel Records

**MORRIS-UNION JOINTURE COMMISSION  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Fiscal Year</u>	<u>Enrollment<sup>a</sup></u>	<u>Operating Expenditures<sup>b</sup></u>	<u>Cost Per Pupil<sup>c</sup></u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/ Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	302	\$ 21,557,423	\$ 71,382	3.38%	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%
2012	338	30,647,540	90,673	5.10%	140.00	2.43:1	338	321	-9.87%	94.97%
2013	317	27,052,055	85,338	-5.88%	130.91	2.42:1	317	298	-6.21%	94.01%
2014	287	24,486,738	85,320	-0.02%	107.05	2.68:1	282	266	-11.04%	94.33%
2015	269	23,780,982	88,405	3.62%	102.92	2.61:1	275	257	-2.48%	93.45%
2016	276	26,335,579	95,419	7.93%	84.68	2.60:1	279	260	1.45%	93.19%

Sources: District records

Note: a Enrollment based on annual October district count.  
b Operating expenditures equal total expenditures less debt service and capital outlay.  
c Cost per pupil represents operating expenditures divided by enrollment.

N/A - Not Available

MORRIS-UNION JOINTURE COMMISSION  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS  
 (Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>District Building</b>										
Development Learning Center 1 (1953)										
Square Feet	62,363	62,363	62,363	62,363	62,363	62,363	62,363	62,363	62,363	62,363
Capacity (students)	183	183	183	183	183	183	183	183	183	183
Enrollment	173	112	107	99	99	99	80	66	55	66
Development Learning Center 2 (Leased)										
Capacity (students)	126	126	126	126	126					
Enrollment	105	91	79	75	63					
Development Learning Center 3 (Leased) (Closed June 30, 2007)										
Capacity (students)	48									
Enrollment	24									
Development Learning Center 3 (Lease-Purchase) (Opened During June 30, 2007 School Year)										
Square Feet		167,000	167,000	167,000	167,000	167,000	185,000	185,000	185,000	183,000
Capacity (students)		219	219	219	219	219	280	280	280	280
Enrollment		133	171	192	213	239	237	221	214	221

Number of Schools at June 30, 2016 = 2

Source: District Records

**MORRIS-UNION JOINTURE COMMISSION**  
**GENERAL FUND**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST FOUR YEARS**  
**(Unaudited)**

<u>School Facilities</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
DLC - Warren	113,351	115,679	179,503	174,119
DLC - New Providence	37,784	38,560	59,835	58,040
	<u>\$ 151,135</u>	<u>\$ 154,239</u>	<u>\$ 239,338</u>	<u>\$ 232,159</u>

Source: District records.

**MORRIS-UNION JOINTURE COMMISSION  
SCHEDULE OF INSURANCE  
JUNE 30, 2016  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<u>School Alliance Insurance Fund</u>		
Property & Damage (Buildings and Personal Property)	\$ 66,489,726	\$ 5,000
EDP Hardware and Software	200,000	250
Business Income	26,125	
Extra Expense	1,000,000	
Commercial Auto Coverage	5,000,000	1,000
Comprehensive General Liability	5,000,000	
Excess Liability	5,000,000	
Pollution Liability	1,000,000	
School Board Legal Liability	10,000,000	10,000
<u>Selective Insurance Company</u>		
Public Official Bonds		
Treasurer	275,000	
Business Administrator/Board Secretary	275,000	
Employee Dishonesty	400,000	
<u>N.J. School Boards Insurance Group</u>		
Workers' Compensation - Section "B" Employer's Liability	2,000,000	
<u>Chubb Insurance Company</u>		
Supplemental Workers' Compensation - Title 18A	Statutory	
<u>Fireman's Fund Insurance Company</u>		
Catastrophic Excess - Aggregate	50,000,000	
<u>Bollinger Insurance Company</u>		
Student Accident	5,000,000	

Source: School District's records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris-Union Jointure Commission as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Morris-Union Jointure Commission's basic financial statements and have issued our report thereon dated October 24, 2016.

**Internal Control Over Financial Reporting**

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

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



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

### **Compliance and Other Matters**

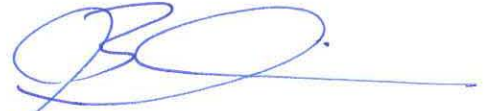
As part of obtaining reasonable assurance about whether the Morris-Union Jointure Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

### **Purpose of this Report**

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

*LERCH, VINCI & HIGGINS, LLP*

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
October 24, 2016



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

**EXHIBIT K-2**

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA  
ROBERT AMPONSAH, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS REQUIRED BY  
NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR’S REPORT**

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

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

We have audited the Morris-Union Jointure Commission’s compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Morris-Union Jointure Commission’s major state programs for the fiscal year ended June 30, 2016. The Morris-Union Jointure Commission’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

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

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the Morris-Union Jointure Commission’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, 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 Morris-Union Jointure 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 on compliance for each major state program. However, our audit does not provide a legal determination of the Morris-Union Jointure Commission's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the Morris-Union Jointure Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of the Morris-Union Jointure Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Morris-Union Jointure Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Morris-Union Jointure 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 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 state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

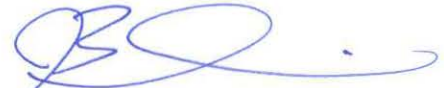


**Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

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 Morris-Union Jointure Commission, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated October 24, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

*LERCH, VINCI & HIGGINS, LLP*

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
October 24, 2016

MORRIS-UNION JOINTURE COMMISSION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	FAIN Number	Grant Number	Grant Period	Award Amount	Balance July 1, 2015	Adjustment	Cash Received	Budgetary Expenditures	Refund Prior Year's Balances	Balance June 30, 2016			MEMO		
											(Accounts Receivable)	Deferred Revenues	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
Enterprise Fund																
School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	\$ 21,451			\$ 20,279	\$ 21,451		\$ (1,172)			\$ (1,172)	\$ 21,451	
School Breakfast Program	10.553		N/A	7/1/14-6/30/15	21,140	\$ (1,651)		1,651							-	
National School Lunch Program	10.555		N/A												-	
Cash Assistance		16161NJ304N1099		7/1/15-6/30/16	41,820			39,546	41,820		(2,274)			(2,274)	41,820	
Cash Assistance				7/1/14-6/30/15	43,723	(3,274)		3,274							-	
Non-cash Assistance				7/1/15-6/30/16	13,729			13,729	12,876			\$ 853			12,876	
Non-cash Assistance				7/1/14-6/30/15	12,783	606	-	-	606	-	-	-		-	606	
Total Enterprise Fund						(4,319)	-	78,479	76,753	-	(3,446)	853	-	(3,446)	76,753	
Total Federal Financial Assistance						\$ (4,319)	\$ -	\$ 78,479	\$ 76,753	\$ -	\$ (3,446)	\$ 853	\$ -	\$ (3,446)	\$ 76,753	

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FAIN numbers are only applicable for current year grant awards.

This schedule was not subject to Single Audit in accordance with U.S. Uniform Guidance.

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this statement.

MORRIS-UNION JOINTURE COMMISSION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Refund Prior Year's Balance	Balance June 30, 2016			MEMO	
									(Accounts Receivable)	Deferred Revenues	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education													
<u>General Fund</u>													
Reimbursed Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	\$ 584,401			\$ 579,436	\$ 584,401		\$ (4,965)			\$ (4,965)	\$ 584,401
Reimbursed Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	607,076	\$ (25,960)		25,960						-	-
On-Behalf TPAF Pension System-NCGI Prem.	16-495-034-5094-004	7/1/15-6/30/16	28,900			28,900	28,900						28,900
On-Behalf TPAF Pension Benefit Contributions Normal Costs	16-495-034-5094-002	7/1/15-6/30/16	580,160			580,160	580,160						580,160
On-Behalf TPAF Post Retirement-Medical	16-495-034-5094-001	7/1/15-6/30/16	725,222	-	-	725,222	725,222	-	-	-	-	-	725,222
<b>Total General Fund</b>				<u>(25,960)</u>	<u>-</u>	<u>1,939,678</u>	<u>1,918,683</u>	<u>-</u>	<u>(4,965)</u>	<u>-</u>	<u>-</u>	<u>(4,965)</u>	<u>1,918,683</u>
State Department of Agriculture													
<u>Enterprise Fund</u>													
National School Lunch Program State Share	16-100-010-3350-023	7/1/15-6/30/16	1,370	-		1,299	1,370		(71)			(71)	1,370
National School Lunch Program State Share	15-100-010-3350-023	7/1/14-6/30/15	1,420	(104)		104	-		-			-	-
<b>Total Enterprise Fund</b>				<u>(104)</u>	<u>-</u>	<u>1,403</u>	<u>1,370</u>	<u>-</u>	<u>(71)</u>	<u>-</u>	<u>-</u>	<u>(71)</u>	<u>1,370</u>
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<u>(26,064)</u>	<u>-</u>	<u>1,941,081</u>	<u>1,920,053</u>	<u>-</u>	<u>(5,036)</u>	<u>-</u>	<u>-</u>	<u>(5,036)</u>	<u>1,920,053</u>
<b>State Financial Assistance Not Subject to Major Program Determination</b>													
On-Behalf TPAF Pension System-NCGI Prem.	16-495-034-5094-004	7/1/15-6/30/16	28,900			(28,900)	(28,900)						(28,900)
On-Behalf TPAF Pension Benefit Contributions Normal Costs	16-495-034-5094-002	7/1/15-6/30/16	580,160			(580,160)	(580,160)						(580,160)
On-Behalf TPAF Post Retirement-Medical	16-495-034-5094-001	7/1/15-6/30/16	725,222	-	-	(725,222)	(725,222)	-	-	-	-	-	(725,222)
<b>Total State Financial Assistance Subject to Major Program Determination</b>				<u>\$ (26,064)</u>	<u>\$ -</u>	<u>\$ 606,799</u>	<u>\$ 585,771</u>	<u>\$ -</u>	<u>\$ (5,036)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,036)</u>	<u>\$ 585,771</u>

**MORRIS-UNION JOINTURE COMMISSION  
 NOTES TO THE SCHEDULES OF EXPENDITURES OF  
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Morris-Union Jointure Commission. The Commission is defined in Note 1(A) to the Commission's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

The 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 a modified accrual basis of accounting. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues whereas the GAAP basis does not.

There is no adjustment necessary to reconcile from the budgetary basis to the GAAP basis for the special revenue fund. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,918,683	\$ 1,918,683
Food Service Fund	\$ 76,753	<u>1,370</u>	<u>78,123</u>
Total Financial Assistance	<u>\$ 76,753</u>	<u>\$ 1,920,053</u>	<u>\$ 1,996,806</u>

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Commission's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$584,401 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$609,060 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$725,222 represents the amount paid by the State on behalf of the Commission for the fiscal year ended June 30, 2016.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the Commission's financial statements and the amount subject to State single audit and major program determination.



MORRIS-UNION JOINTURE COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Part I – Summary of Auditor’s Results

**Financial Statements**

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Were material weakness(es) identified? \_\_\_\_\_ yes  X  no

2) Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  X  None Reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards Section - NOT APPLICABLE**

**State Awards Section**

Internal Control over major programs:

(1) Were material weakness(es) identified? \_\_\_\_\_ yes  X  no

2) Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  X  None Reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08 \_\_\_\_\_ yes  X  no

Identification of major state programs:

<u>GMIS Number</u>	<u>Name of State Program or Cluster</u>
<u>16-495-034-5094-003</u>	<u>Reimbursed Social Security Contributions</u>
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B programs: \$  750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  X  no

**MORRIS-UNION JOINTURE COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 2 - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

**THERE ARE NONE**

**MORRIS-UNION JOINTURE COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 3 - Schedule of Federal and State Award Findings and Responses

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

NOT APPLICABLE

**MORRIS-UNION JOINTURE COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 3 - Schedule of Federal and State Award Findings and Responses

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR STATE AWARDS**

**THERE ARE NONE**

**MORRIS-UNION JOINTURE COMMISSION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

There are none.