

**MORRIS-UNION JOINTURE COMMISSION**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2017**

**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, 2017**

**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.muyc.org](http://www.muyc.org)

October 18, 2017

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, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 2016-2017 fiscal year with an average daily enrollment of 261 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</u> <u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	261	-6.12%
2015-2016	278	1.09%
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%

**2) ECONOMIC CONDITION AND OUTLOOK:** The Morris-Union Jointure Commission experienced an 6.12% 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 213 and the DLC – New Providence was 48 as of the October 15, 2016 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 eight member districts. The Commission rents the recreation facilities at DLC – Warren and DLC – New Providence to various groups during off-hours.

During the 2016-2017 school year, the Commission presented approximately 124 inservice workshops. Approximately 1,009 participants from approximately 129 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 2016-2017 school year, approximately 197 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 has been approved to offer the new CE-Educator Preparation Program (CE-EPP) ARTP for the 2017-2018 and 2018-2019 program year. The new ARTP program is 400 hours in total and is made up of a 50 hour pre-service and 350 hours of formal instruction which spans two school years. In addition, the Commission partners with Seton Hall University to offer interested students college credits for the first 3 phases of the ARTP 350 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 2016-2017 school year, MUJC's 130 school buses transported approximately 800 general and special education students on 95 contracted routes. In addition, the Commission provided transportation for field, athletic and community trips for our own member districts' students.

During the 2016-2017 school year, approximately 38 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 300 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, 2017.

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, 2017, the Commission's outstanding debt included \$34,740,000 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.

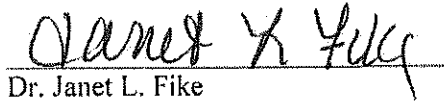
9) RISK MANAGEMENT: The Commission carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Commission's insurance broker, Jay 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 4, 2017 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,



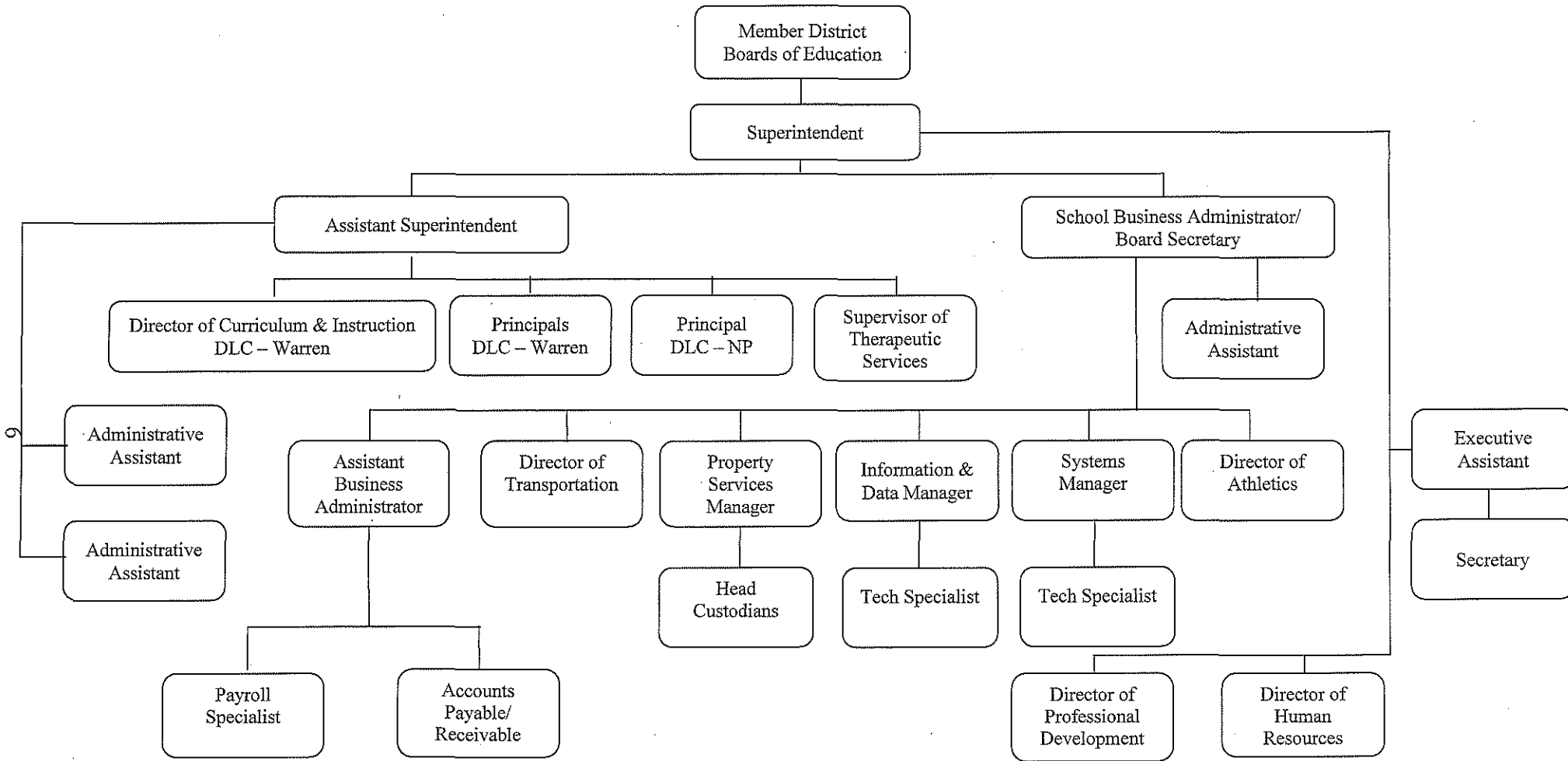
Dr. Janet L. Fike  
Superintendent



Michael Davison  
Business Administrator/Board Secretary

**ORGANIZATION OF THE MORRIS-UNION JOINTURE COMMISSION**

**June 30, 2017**



**MORRIS-UNION JOINTURE COMMISSION BOARD OF EDUCATION  
 ROSTER OF OFFICIALS  
 June 30, 2017**

Members of the Board of Education

Mrs. Judith Rattner  
 Mr. Nick Markarian  
 Dr. Michael LaSusa  
 Mr. Edward Grande  
 Dr. Gina Villani  
 Dr. Marilyn Birnbaum  
 Dr. Melissa Varley  
 Mr. Matthew Spelker  
 Dr. Thomas W. Tramaglino  
 Ms. Christina Steffner  
 Mr. Edwin Acevedo  
 Dr. Tom Ficarra  
 Dr. Christine Burton  
 Dr. René Rovtar  
 Dr. Nancy Lubarsky  
 Dr. David Miceli  
 Ms. Jennifer Fano  
 Mr. Pedro Garrido  
 Dr. Margaret W. Hayes, President  
 Dr. Frances Wood  
 Dr. John Ramos  
 Mr. Michael A. Davino  
 Mr. June Chang  
 Mr. Gregory A. Tatum  
 Dr. Matthew Mingle  
 Dr. Barbara Resko  
 Ms. Elizabeth Jewett  
 Mr. Jeffrey Rutzky  
 Dr. Margaret Dolan

Other Officials

Dr. Janet Fike  
 Ms. Denise Smallcomb  
 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  
2017**

**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, PSA

## 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, 2017 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 from material misstatement.

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

We believe 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 and individual nonmajor 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 18, 2017 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 the effectiveness of the Morris-Union Jointure Commission's 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 18, 2017

**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, 2017

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 Commission for the fiscal year ended June 30, 2017. 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 2016-2017 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 \$34,245,186 (net position). Of this amount \$5,102,497 (unrestricted net position) may be used to meet the Commission's ongoing obligations.
- The Commission's total net position decreased by \$437,043 or 1.2%. Net position from governmental activities decreased \$90,230 or less than 1% and net position from business-type activities decreased \$346,813 or 2.9%.
- Overall commission revenues were \$45,098,702 which were \$437,043 less than overall commission expenses of \$45,535,745. Program specific revenues in the form of charges for services, grants or contributions accounted for \$44,897,536 of total revenues. General revenues accounted for the remaining \$201,166 of total revenues.
- The Commission had \$36,769,633 in expenses for governmental activities; most of these expenses were offset with program specific revenues from charges for services, grants or contributions of \$36,553,341. General revenues with the amount of \$201,062 helped to offset the remaining expenses.
- The Commission had \$8,766,112 in expenses for business-type activities and \$8,344,195 of program specific revenues from charges for services, grants and contributions for business-type activities.
- As of the close of the current fiscal year, the Commission's governmental funds reported combining ending fund balances of \$20,597,920. Of this amount, \$14,554,712 (71%) is available for spending at the Commission's discretion (unassigned fund balance – General Fund).
- The Commission's total outstanding long-term debt increased by \$6,078,264 during the current fiscal year.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

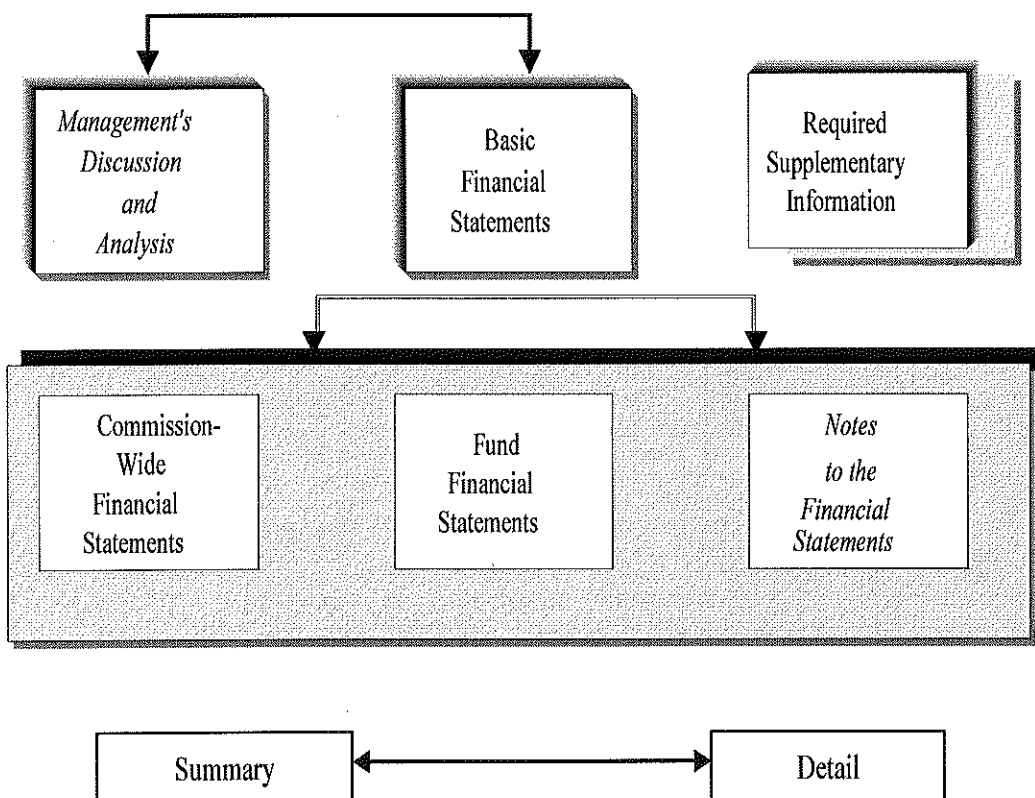
The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include 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, 2017

- 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, 2017

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 dedications 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, 2017

- 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, 2017**

**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 \$34,245,186 on June 30, 2017 compared to \$34,682,229 on June 30, 2016.

**Net Position  
As of June 30, 2017 and 2016**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>						
Current Assets	\$ 22,719,655	\$ 21,164,156	\$ 16,547,205	\$ 15,940,115	\$ 39,266,860	\$ 37,104,271
Capital Assets	<u>57,735,308</u>	<u>60,437,386</u>	<u>5,469,020</u>	<u>5,786,554</u>	<u>63,204,328</u>	<u>66,223,940</u>
Total Assets	<u>80,454,963</u>	<u>81,601,542</u>	<u>22,016,225</u>	<u>21,726,669</u>	<u>102,471,188</u>	<u>103,328,211</u>
<b>Deferred Outflows of Resources</b>	<u>8,236,802</u>	<u>4,276,403</u>	<u>3,198,026</u>	<u>1,237,487</u>	<u>11,434,828</u>	<u>5,513,890</u>
Total Assets and Deferred Outflows of Resources	<u>88,691,765</u>	<u>85,877,945</u>	<u>25,214,251</u>	<u>22,964,156</u>	<u>113,906,016</u>	<u>108,842,101</u>
<b>Liabilities</b>						
Long-Term Liabilities	62,584,909	59,197,559	12,171,054	9,480,140	74,755,963	68,677,699
Other Liabilities	<u>2,090,652</u>	<u>2,293,022</u>	<u>531,229</u>	<u>492,506</u>	<u>2,621,881</u>	<u>2,785,528</u>
Total Liabilities	<u>64,675,561</u>	<u>61,490,581</u>	<u>12,702,283</u>	<u>9,972,646</u>	<u>77,377,844</u>	<u>71,463,227</u>
<b>Deferred Inflows of Resources</b>	<u>1,552,209</u>	<u>1,833,139</u>	<u>730,777</u>	<u>863,506</u>	<u>2,282,986</u>	<u>2,696,645</u>
Total Liabilities and Deferred Inflows of Resources	<u>66,227,770</u>	<u>63,323,720</u>	<u>13,433,060</u>	<u>10,836,152</u>	<u>79,660,830</u>	<u>74,159,872</u>
<b>Net Position</b>						
Net Investment in Capital Assets	21,798,302	23,741,214	5,469,020	5,786,554	27,267,322	29,527,768
Restricted	1,875,367	1,888,989			1,875,367	1,888,989
Unrestricted	<u>(1,209,674)</u>	<u>(3,075,978)</u>	<u>6,312,171</u>	<u>6,341,450</u>	<u>5,102,497</u>	<u>3,265,472</u>
Total Net Position	<u>\$ 22,463,995</u>	<u>\$ 22,554,225</u>	<u>\$ 11,781,191</u>	<u>\$ 12,128,004</u>	<u>\$ 34,245,186</u>	<u>\$ 34,682,229</u>

## MORRIS-UNION JOINTURE COMMISSION

### Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2017

By far, the largest portion of the Commission's net position (79.6%) reflects its investment in capital assets (i.e., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The Commission uses these capital assets to provide services to its students and members; 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 \$1,875,367. The remaining balance of net position of \$5,102,497 (14.9%) may be used to meet the Commission's ongoing obligations.

#### Change in Net Position For the Fiscal Years Ended June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 30,564,822	\$ 31,727,543	\$ 8,263,377	\$ 7,634,937	\$ 38,828,199	\$ 39,362,480
Operating Grants and Contributions	5,982,680	4,815,087	80,818	78,123	6,063,498	4,893,210
Capital Grants and Contributions	5,839				5,839	-
General Revenues						
Investment Earnings	151,691	104,796	104	34	151,795	104,830
Miscellaneous	49,371	6,338	-	-	49,371	6,338
<b>Total Revenues</b>	<b>36,754,403</b>	<b>36,653,764</b>	<b>8,344,299</b>	<b>7,713,094</b>	<b>45,098,702</b>	<b>44,366,858</b>
<b>Expenses</b>						
Instruction						
Special Education	18,326,619	27,887,608			18,326,619	27,887,608
Support Services						
Student and Instruction Related Services	9,468,040	300			9,468,040	300
General Administrative Services	1,589,428	1,396,734			1,589,428	1,396,734
School Administrative Services	1,738,351	1,592,455			1,738,351	1,592,455
Central and Other Support Services	1,216,542	994,430			1,216,542	994,430
Plant Operations and Maintenance	2,624,512	591,345			2,624,512	591,345
Pupil Transportation	383,210				383,210	-
Interest on Long-Term Debt	1,422,931	1,513,626			1,422,931	1,513,626
Special Programs			8,489,614	8,931,528	8,489,614	8,931,528
Food Services	-	-	276,498	271,608	276,498	271,608
<b>Total Expenses</b>	<b>36,769,633</b>	<b>33,976,498</b>	<b>8,766,112</b>	<b>9,203,136</b>	<b>45,535,745</b>	<b>43,179,634</b>
<b>Increase in Net Position Before Transfers</b>	<b>(15,230)</b>	<b>2,677,266</b>	<b>(421,813)</b>	<b>(1,490,042)</b>	<b>(437,043)</b>	<b>1,187,224</b>
<b>Transfers</b>	<b>(75,000)</b>	<b>(100,000)</b>	<b>75,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>
<b>Increase in Net Position</b>	<b>(90,230)</b>	<b>2,577,266</b>	<b>(346,813)</b>	<b>(1,390,042)</b>	<b>(437,043)</b>	<b>1,187,224</b>
<b>Net Position, Beginning 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>
<b>Net Position, End of Year</b>	<b>\$ 22,463,995</b>	<b>\$ 22,554,225</b>	<b>\$ 11,781,191</b>	<b>\$ 12,128,004</b>	<b>\$ 34,245,186</b>	<b>\$ 34,682,229</b>

# MORRIS-UNION JOINTURE COMMISSION

## Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2017

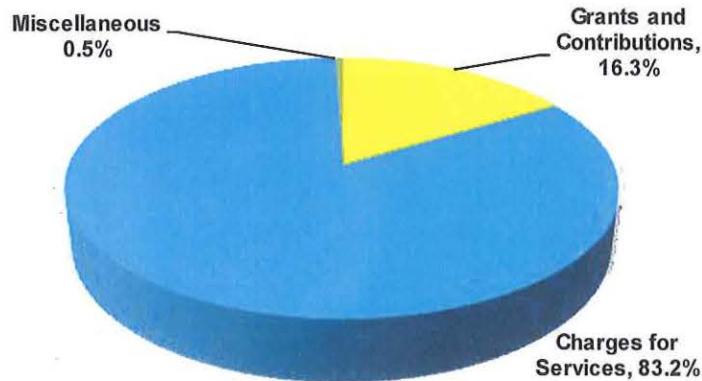
**Governmental Activities.** The Commission's total governmental activities revenues were \$36,754,403 for the year ended June 30, 2017, an increase of \$100,639 or less than 1% from the previous year. Charges for services in the form of tuition and fees accounted for 83.2% of total revenues. Another 16.3% came from operating grants and contributions.

The total cost of all governmental activities programs and services was \$36,769,633 an increase of \$2,793,135 (8.2%) from the previous year. The Commission's expenses are predominantly related to educating and caring for students with special needs.

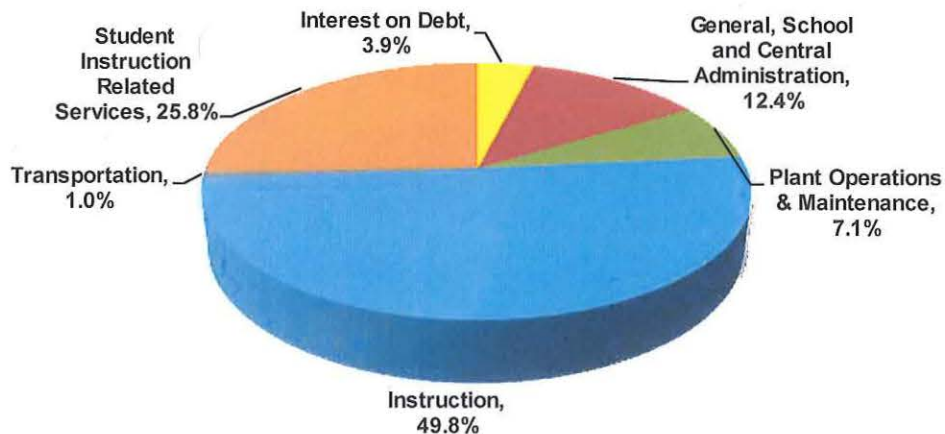
Total governmental activities revenues were less than expenses and transfers out, decreasing net position by \$90,230 from the previous year.

- The cost of all governmental activities this year was \$36,769,633 compared to \$33,976,498 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 \$30,564,822 a decrease of \$1,162,721 (3.7%) from the previous year.
  - Some of the cost was paid by grants and contributions received through states aid and local grants for a total of \$5,988,519, an increase of \$1,173,432 (24.4%) 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 2017**



**Expenditures by Type- Governmental Activities  
For Fiscal Year 2017**



**MORRIS-UNION JOINTURE COMMISSION**

**Management's Discussion and Analysis  
For The Fiscal Year Ended June 30, 2017**

For fiscal year 2017, the Commission's total cost of services was \$33,769,633. After applying program revenues derived from charges for services of \$30,564,822 operating and capital grants and contributions of \$5,988,519 the net expenses of services to the Commission was \$216,292 for the fiscal year ended June 30, 2017.

**Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2017 and 2016**

	<u>Total Cost of Services</u>		<u>Net (Revenue) Cost of Services</u>	
	<u>2016</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction				
Special Education	\$ 18,326,619	\$ 27,887,608	\$ (9,432,413)	\$ (7,697,401)
Support Services				
Student and Instruction Related Services	9,468,040	300	1,790,388	300
General Administrative Services	1,589,428	1,396,734	1,085,203	978,103
School Administrative Services	1,738,351	1,592,455	1,228,193	1,164,337
Central and Other Support Services	1,216,542	994,430	1,216,542	994,430
Plant Operations and Maintenance	2,624,512	591,345	2,522,238	480,473
Pupil Transportation	383,210		383,210	
Interest on Long-Term Debt	1,422,931	1,513,626	1,422,931	1,513,626
	<u>1,422,931</u>	<u>1,513,626</u>	<u>1,422,931</u>	<u>1,513,626</u>
<b>Total</b>	<b><u>\$ 36,769,633</u></b>	<b><u>\$ 33,976,498</u></b>	<b><u>\$ 216,292</u></b>	<b><u>\$ (2,566,132)</u></b>

**Business-Type Activities** –The Commission's total business-type activities revenues were \$8,344,299 for the year ended June 30, 2017, an increase of \$631,205 (8.2%) from the previous year. 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 in were less than expenses, decreasing net position by \$346,813 over the previous year.

The cost of all business-type activities this year was \$8,766,112. The cost of special program activities was \$8,489,614 (97%) and food services was \$276,498 (3%).

- Some of the cost was paid by the users of the programs for a total of \$8,263,377 an increase of \$628,400 (8.2%) from the previous year.
- The Federal and State governments subsidized the food service program with grants and contributions of \$80,818, an increase of \$2,695 (3.4%) from the previous year.
- The Commission transferred in \$75,000 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, 2017**

**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 \$20,597,920 an increase of \$1,208,325 from last year's fund balance of \$19,389,595. This increase is the results of revenues exceeding anticipated budgeted amounts and expenditures below budgeted amounts appropriated for the year. \$14,554,712 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 \$1,875,367 2) to liquidate contracts and purchase orders of the prior period \$1,235,791 or 3) assigned to finance subsequent year's budget expenditures of \$2,932,050.

Revenues for the Commission's governmental funds were \$32,553,330 while total expenditures were \$31,270,005. The net amount for other financing uses was \$75,000.

**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, 2017</u>	<u>Year Ended</u> <u>June 30, 2016</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Local Sources:				
Tuition	\$ 25,484,734	\$ 27,004,552	\$ (1,519,818)	-6%
Related Services/Program Fees	4,465,520	4,577,759	(112,239)	-2%
Miscellaneous	302,427	221,848	80,579	36%
State Sources	<u>2,071,524</u>	<u>1,918,683</u>	<u>152,841</u>	8%
 Total General Fund Revenues	 <u>\$ 32,324,205</u>	 <u>\$ 33,722,842</u>	 <u>\$ (1,398,637)</u>	 -4%

Total General Fund Revenues decreased by \$1,398,637 or 4% from the previous year. Tuition which represents 79% of total General Fund revenue for the year decreased 6% from the previous year due to a decrease in enrollment in the current year. Revenues from State sources increased by \$152,841 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, 2017**

The following schedule presents a summary of General Fund expenditures.

	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Year Ended</u> <u>June 30, 2016</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Instruction	\$ 13,038,806	\$ 22,310,506	\$ (9,271,700)	-42%
Support Services	13,566,181	4,013,424	9,552,757	238%
Debt Service	3,660,344	3,663,044	(2,700)	0%
Capital Outlay	<u>776,458</u>	<u>367,977</u>	<u>408,481</u>	111%
Total Expenditures	<u>\$ 31,041,789</u>	<u>\$ 30,354,951</u>	<u>\$ 686,838</u>	2%

Total General Fund expenditures increased \$686,838 or 2% from the previous year. Notable increases included employee benefit costs and capital outlay construction services during the current year.

In Fiscal Year 2017 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$1,221,947. After deducting assigned and committed fund balances the unassigned fund balance decreased from \$15,255,731 at June 30, 2016 to \$14,554,712 at June 30, 2017. In addition, the amount of fund balance assigned and designated to finance the subsequent year's budget expenditures increased from \$1,960,456 at June 30, 2016 to \$2,932,050 at June 30, 2017.

**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 \$228,216 for the year ended June 30, 2017. Federal sources accounted for \$214,950 (94%) and local sources accounted for \$13,266 (6%) of the Special Revenue Funds' revenues.

Total Special Revenue Fund revenues increased \$216,507 from the previous year. This increase was due to a federal grant awarded to the District under the IDEA grant program.

Expenditures of the Special Revenue Fund were also \$228,216 and also increased \$216,507 from the previous year. Special Education instructional expenditures were \$4,666 or (2%), support services were \$217,711 (95%) and capital outlay was \$5,839 (3%) of the total amount expended for the year ended June 30, 2017.

**Capital Projects Fund**

The capital projects fund expenditures and other financing uses exceeded revenues resulting in a fund balance of \$1,875,367 at June 30, 2017. 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, 2017

#### 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 to fund unbudgeted expenditures.

Revisions in the budget were also made through budget transfers. The Commission also made certain adjustments to increase the budget by \$1,801,894 during the school year through the use of additional unassigned fund balance. In addition the budget was increased by \$284,419 due to the reappropriation of prior year encumbrances.

#### CAPITAL ASSETS

By the end of June 30, 2017, the Commission had invested \$63,204,328 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 2016-2017 amounted to \$3,482,272 for governmental activities and \$521,959 for business-type activities. The following is a comparison of the June 30, 2017 and 2016 balances.

#### Capital Assets As of June 30, 2017 and 2016 (Net of Accumulated Depreciation)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land and Land Improvements	\$ 7,812,301	\$ 7,375,384	\$ 3,064,300	\$ 3,064,300	\$ 10,876,601	\$ 10,439,684
Building and Building Improvements	49,306,718	52,559,416	1,215,469	1,377,478	50,522,187	53,936,894
Machinery and Equipment	268,265	292,892	1,189,251	1,344,776	1,457,516	1,637,668
Construction in Progress	348,024	209,694	-	-	348,024	209,694
<b>Total Capital Assets, Net</b>	<b><u>\$ 57,735,308</u></b>	<b><u>\$ 60,437,386</u></b>	<b><u>\$ 5,469,020</u></b>	<b><u>\$ 5,786,554</u></b>	<b><u>\$ 63,204,328</u></b>	<b><u>\$ 66,223,940</u></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, 2017

LONG TERM LIABILITIES

At year-end, the Commission had \$74,755,963 of total outstanding long-term liabilities for its governmental activities and business type activities. For fiscal year 2016/17, total outstanding long-term liabilities increased by \$6,078,264. The following is a comparison of the June 30, 2017 and 2016 balances.

Outstanding Long-Term Liabilities
At June 30, 2017 and 2016

Table with 7 columns: Governmental Activities (2017, 2016), Business Type Activities (2017, 2016), Total (2017, 2016). Rows include Lease Purchase Obligation (COP's), Compensated Absences, Net Pension Liability, and a total row.

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 2016-2017 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 2017-2018. Budgeted expenditures in the General Fund decreased 2% from the 2016/2017 adopted budget to \$30,622,014 in fiscal year 2017-2018.

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, 2017**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Assets			
Cash and Cash Equivalents	\$ 16,917,776	\$ 15,452,299	\$ 32,370,075
Receivables	3,926,512	1,088,939	5,015,451
Inventories		5,967	5,967
Restricted Assets:			-
Cash and Cash Equivalents with Fiscal Agent	1,875,367		1,875,367
Capital Assets, Not Being Depreciated	7,532,024	3,064,300	10,596,324
Capital Assets, Being Depreciated	<u>50,203,284</u>	<u>2,404,720</u>	<u>52,608,004</u>
Total Assets	<u>80,454,963</u>	<u>22,016,225</u>	<u>102,471,188</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	6,795,805	3,198,026	9,993,831
Deferred Charge on Refunding of Debt	<u>1,440,997</u>	<u>-</u>	<u>1,440,997</u>
Total Deferred Outflows of Resources	<u>8,236,802</u>	<u>3,198,026</u>	<u>11,434,828</u>
Total Assets and Deferred Outflows of Resources	<u>88,691,765</u>	<u>25,214,251</u>	<u>113,906,016</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	1,496,023	527,872	2,023,895
Accrued Interest Payable	575,268		575,268
Unearned Revenue	19,361	3,357	22,718
Noncurrent Liabilities			
Due Within One Year	2,380,000		2,380,000
Due Beyond One Year	<u>60,204,909</u>	<u>12,171,054</u>	<u>72,375,963</u>
Total Liabilities	<u>64,675,561</u>	<u>12,702,283</u>	<u>77,377,844</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	1,552,209	730,450	2,282,659
Deferred Commodities Revenue	<u>-</u>	<u>327</u>	<u>327</u>
Total Deferred Inflows of Resources	<u>1,552,209</u>	<u>730,777</u>	<u>2,282,986</u>
Total Liabilities and Deferred Inflows of Resources	<u>66,227,770</u>	<u>13,433,060</u>	<u>79,660,830</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	21,798,302	5,469,020	27,267,322
Restricted			
Lease-Purchase Obligations	1,875,367		1,875,367
Unrestricted	<u>(1,209,674)</u>	<u>6,312,171</u>	<u>5,102,497</u>
Total Net Position	<u>\$ 22,463,995</u>	<u>\$ 11,781,191</u>	<u>\$ 34,245,186</u>

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

**MORRIS-UNION JOINTURE COMMISSION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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	\$ 18,326,619	\$ 25,866,028	\$ 1,887,165	\$ 5,839	\$ 9,432,413		\$ 9,432,413
Support Services:							
Student & Instruction Related Services	9,468,040	4,596,520	3,081,132		(1,790,388)		(1,790,388)
General Administration Services	1,589,428		504,225		(1,085,203)		(1,085,203)
School Administration Services	1,738,351		510,158		(1,228,193)		(1,228,193)
Central and Other Support Services	1,216,542				(1,216,542)		(1,216,542)
Plant Operations and Maintenance	2,624,512	102,274			(2,522,238)		(2,522,238)
Pupil Transportation	383,210				(383,210)		(383,210)
Interest on Debt	1,422,931	-	-	-	(1,422,931)	-	(1,422,931)
<b>Total Governmental Activities</b>	<b>36,769,633</b>	<b>30,564,822</b>	<b>5,982,680</b>	<b>5,839</b>	<b>(216,292)</b>	<b>-</b>	<b>(216,292)</b>
<b>Business - Type Activities</b>							
Special Programs	8,489,614	8,162,459			-	\$ (327,155)	(327,155)
Food Service	276,498	100,918	80,818	-	-	(94,762)	(94,762)
<b>Total Business Type Activities</b>	<b>8,766,112</b>	<b>8,263,377</b>	<b>80,818</b>	<b>-</b>	<b>-</b>	<b>(421,917)</b>	<b>(421,917)</b>
<b>Total Primary Government</b>	<b>\$ 45,535,745</b>	<b>\$ 38,828,199</b>	<b>\$ 6,063,498</b>	<b>\$ 5,839</b>	<b>(216,292)</b>	<b>(421,917)</b>	<b>(638,209)</b>
<b>General Revenues:</b>							
Investment Earnings					151,691	104	151,795
Miscellaneous					49,371		49,371
Transfers					(75,000)	75,000	-
<b>Total General Revenues and Transfers</b>					<b>126,062</b>	<b>75,104</b>	<b>201,166</b>
<b>Change in Net Position</b>					<b>(90,230)</b>	<b>(346,813)</b>	<b>(437,043)</b>
<b>Net Position - Beginning of Year</b>					<b>22,554,225</b>	<b>12,128,004</b>	<b>34,682,229</b>
<b>Net Position - End of Year</b>					<b>\$ 22,463,995</b>	<b>\$ 11,781,191</b>	<b>\$ 34,245,186</b>

**FUND FINANCIAL STATEMENTS**

**MORRIS-UNION JOINTURE COMMISSION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2017**

	<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	\$ 16,917,776			\$ 16,917,776
Intergovernmental Receivables	3,829,084	\$ 97,209		3,926,293
Accrued Interest Receivable	219			219
Due from Other Funds	42,606			42,606
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	<u>-</u>	<u>-</u>	<u>\$ 1,875,367</u>	<u>1,875,367</u>
Total Assets	<u>\$ 20,789,685</u>	<u>\$ 97,209</u>	<u>\$ 1,875,367</u>	<u>\$ 22,762,261</u>
<b>LIABILITIES</b>				
Liabilities				
Accounts Payable	\$ 141,309	\$ 35,242		\$ 176,551
Accrued Salaries and Wages	3,485			3,485
Compensated Absences Payable	39,286			39,286
Accrued Liability for Insurance Claims	1,276,701			1,276,701
Due to Other Funds		42,606		42,606
Unearned Revenue	<u>-</u>	<u>19,361</u>	<u>-</u>	<u>19,361</u>
Total Liabilities	<u>1,460,781</u>	<u>97,209</u>	<u>-</u>	<u>1,557,990</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Tuition and Fees	<u>606,351</u>	<u>-</u>	<u>-</u>	<u>606,351</u>
Total Deferred Inflows of Resources	<u>606,351</u>	<u>-</u>	<u>-</u>	<u>606,351</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,067,132</u>	<u>97,209</u>	<u>-</u>	<u>2,164,341</u>
<b>FUND BALANCES</b>				
Restricted				
Lease-Purchase Obligations (COP's)			\$ 1,875,367	1,875,367
Committed				
Year End Encumbrances	1,126,824			1,126,824
Assigned				
Year End Encumbrances	108,967			108,967
Designated for Subsequent Year's Expenditures	2,932,050			2,932,050
Unassigned	<u>14,554,712</u>	<u>-</u>	<u>-</u>	<u>14,554,712</u>
Total Fund Balances	<u>18,722,553</u>	<u>-</u>	<u>1,875,367</u>	<u>20,597,920</u>
Total Liabilities and Fund Balances	<u>\$ 20,789,685</u>	<u>\$ 97,209</u>	<u>\$ 1,875,367</u>	<u>\$ 22,762,261</u>

Continued

**MORRIS-UNION JOINTURE COMMISSION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2017**

<b>Total Fund Balances - Governmental Funds (Exhibit B-1)</b>		<b>\$ 20,597,920</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 \$79,706,241 and the accumulated depreciation is \$21,970,933.		57,735,308
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		606,351
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	\$ 6,795,805	
Deferred Inflows of Resources	<u>(1,552,209)</u>	5,243,596
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		1,440,997
The District has financed capital assets through the issuance of COP's. The interest accrual at year end is:		(575,268)
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)	\$ (35,937,006)	
Compensated Absences	(893,969)	
Net Pension Liability	<u>(25,753,934)</u>	<u>(62,584,909)</u>
<b>Net Position of Governmental Activities (A-1)</b>		<b><u>\$ 22,463,995</u></b>

**MORRIS-UNION JOINTURE COMMISSION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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	\$ 25,484,734			\$ 25,484,734
Related Services and Program Fees	4,465,520			4,465,520
Rents	102,274			102,274
Interest	150,782		\$ 909	151,691
Miscellaneous	<u>49,371</u>	<u>\$ 13,266</u>	<u>-</u>	<u>62,637</u>
Total Local Sources	30,252,681	13,266	909	30,266,856
Federal Sources		214,950		214,950
State Sources	<u>2,071,524</u>	<u>-</u>	<u>-</u>	<u>2,071,524</u>
Total Revenues	<u>32,324,205</u>	<u>228,216</u>	<u>909</u>	<u>32,553,330</u>
<b>EXPENDITURES</b>				
Instruction				
Special Education	13,038,806	4,666		13,043,472
Support Services				
Student and Instruction Related Services	7,116,653	217,711		7,334,364
General Administrative Services	1,266,533			1,266,533
School Administrative Services	1,311,656			1,311,656
Central and Other Support Services	1,081,667			1,081,667
Plant Operations and Maintenance	2,406,462			2,406,462
Pupil Transportation	383,210			383,210
Debt Service				
Principal	2,235,000			2,235,000
Interest	1,425,344			1,425,344
Capital Outlay	<u>776,458</u>	<u>5,839</u>	<u>-</u>	<u>782,297</u>
Total Expenditures	<u>31,041,789</u>	<u>228,216</u>	<u>-</u>	<u>31,270,005</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,282,416</u>	<u>-</u>	<u>909</u>	<u>1,283,325</u>
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers In	14,531			14,531
Transfers Out	<u>(75,000)</u>	<u>-</u>	<u>(14,531)</u>	<u>(89,531)</u>
Total Other Financing Sources and Uses	<u>(60,469)</u>	<u>-</u>	<u>(14,531)</u>	<u>(75,000)</u>
Net Change in Fund Balances	1,221,947		(13,622)	1,208,325
Fund Balance - Beginning of Year	<u>17,500,606</u>	<u>-</u>	<u>1,888,989</u>	<u>19,389,595</u>
Fund Balance - End of Year	<u>\$ 18,722,553</u>	<u>\$ -</u>	<u>\$ 1,875,367</u>	<u>\$ 20,597,920</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, 2017**

<b>Total Net Change in Fund Balances - Governmental Funds (B-2)</b>		<b>\$ 1,208,325</b>
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	\$ 782,297	
Depreciation Expense	<u>(3,482,272)</u>	
		(2,699,975)
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals, donations) is to decrease net position. These transactions are not reported in the governmental fund financial statements.		
Loss on Disposal of Capital Assets		(2,103)
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		512,294
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 a reduction (-); when the paid amount exceeds the earned or incurred amount the difference is an addition to the reconciliation (+).		
Increase in Compensated Absences	(75,066)	
Increase in Pension Expense	<u>(1,271,118)</u>	
		(1,346,184)
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	(205,745)	
Deferred Charges - Original Issue Premium	<u>170,908</u>	
		(34,837)
Principal Repayments:		
COP's		2,235,000
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>37,250</u>
<b>Change in net position of governmental activities</b>		<b>\$ <u>(90,230)</u></b>

**MORRIS-UNION JOINTURE COMMISSION  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2017**

	<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	\$ 15,369,705	\$ 82,594	\$ 15,452,299
Intergovernmental Accounts Receivable	1,084,310	4,629	1,088,939
Inventories	-	5,967	5,967
Total Current Assets	<u>16,454,015</u>	<u>93,190</u>	<u>16,547,205</u>
Capital Assets			
Land	3,064,300		3,064,300
Buildings and Improvements	3,240,183		3,240,183
Furniture, Machinery & Equipment	6,034,834	223,700	6,258,534
Less: Accumulated Depreciation	<u>(6,982,114)</u>	<u>(111,883)</u>	<u>(7,093,997)</u>
Total Capital Assets, Net	<u>5,357,203</u>	<u>111,817</u>	<u>5,469,020</u>
Total Assets	<u>21,811,218</u>	<u>205,007</u>	<u>22,016,225</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>3,198,026</u>	-	<u>3,198,026</u>
Total Assets and Deferred Outflow of Resources	<u>25,009,244</u>	<u>205,007</u>	<u>25,214,251</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	58,223	45,267	103,490
Accrued Salaries and Wages	122,370		122,370
Accrued Liabilities For Insurance Claims	302,012	-	302,012
Unearned Revenue	-	3,357	3,357
Total Current Liabilities	<u>482,605</u>	<u>48,624</u>	<u>531,229</u>
Noncurrent Liabilities			
Net Pension Liability	12,119,499		12,119,499
Compensated Absences	<u>51,555</u>	-	<u>51,555</u>
Total Noncurrent Liabilities	<u>12,171,054</u>	-	<u>12,171,054</u>
Total Liabilities	<u>12,653,659</u>	<u>48,624</u>	<u>12,702,283</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	730,450		730,450
Deferred Commodities Revenue	-	327	327
Total Deferred Inflows of Resources	<u>730,450</u>	<u>327</u>	<u>730,777</u>
Total Liabilities and Deferred Inflows of Resources	<u>13,384,109</u>	<u>48,951</u>	<u>13,433,060</u>
<b>NET POSITION</b>			
Investment in Capital Assets	5,357,203	111,817	5,469,020
Unrestricted	<u>6,267,932</u>	<u>44,239</u>	<u>6,312,171</u>
Total Net Position	<u>\$ 11,625,135</u>	<u>\$ 156,056</u>	<u>\$ 11,781,191</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, 2017**

	<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		\$ 67,131	\$ 67,131
Daily Sales - Non-reimbursable Programs		33,787	33,787
Program Charges and Fees	\$ 8,160,013	-	8,160,013
Miscellaneous Fees	2,446	-	2,446
Total Operating Revenues	<u>8,162,459</u>	<u>100,918</u>	<u>8,263,377</u>
<b>OPERATING EXPENSES</b>			
Instruction			
Salaries	37,853		37,853
Support Services			
Cost of Food - Reimbursable Programs		76,860	76,860
Cost of Food - Non-reimbursable Programs		53,633	53,633
Salaries	4,527,812	87,260	4,615,072
Employee Benefits	2,415,737	20,240	2,435,977
Purchased Professional Education Services	54,169		54,169
Purchased Professional /Technical Services	76,782		76,782
Other Purchased Services	617,059	16,515	633,574
Supplies and Materials	215,476	3,265	218,741
Miscellaneous	37,680	3,812	41,492
Depreciation	507,046	14,913	521,959
Total Operating Expenses	<u>8,489,614</u>	<u>276,498</u>	<u>8,766,112</u>
Operating Loss	<u>(327,155)</u>	<u>(175,580)</u>	<u>(502,735)</u>
<b>Nonoperating Revenues</b>			
State Sources			
State School Lunch Program		1,315	1,315
Federal Sources			
National School Breakfast Program		22,331	22,331
National School Lunch Program		43,459	43,459
Food Distribution Program		13,713	13,713
Interest on Investments	-	104	104
Total Non-Operating Revenues	<u>-</u>	<u>80,922</u>	<u>80,922</u>
Net Loss Before Transfers	(327,155)	(94,658)	(421,813)
Transfers In	-	75,000	75,000
Change in Net Position	(327,155)	(19,658)	(346,813)
Total Net Position - Beginning of Year	<u>11,952,290</u>	<u>175,714</u>	<u>12,128,004</u>
Total Net Position - Ending of Year	<u>\$ 11,625,135</u>	<u>\$ 156,056</u>	<u>\$ 11,781,191</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, 2017**

	<b>Business Type Activities-Enterprise Funds</b>		
	<b>Special Programs Fund</b>	<b>Non-Major Food Service Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 8,051,790	\$ 104,275	\$ 8,156,065
Payments to Employees for Salaries & Benefits	(6,367,129)	(107,500)	(6,474,629)
Payments to Suppliers For Goods and Services	(1,015,697)	(106,379)	(1,122,076)
Net Cash Provided by(Used for) Operating Activities	<u>668,964</u>	<u>(109,604)</u>	<u>559,360</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash Received From State and Federal Subsidy Reimbursements		65,993	65,993
Cash Received from Other Funds	-	75,000	75,000
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>-</u>	<u>140,993</u>	<u>140,993</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of Capital Assets	(204,425)	-	(204,425)
Net Cash Provided by (Used For) Capital and Related Financing Activities	<u>(204,425)</u>	<u>-</u>	<u>(204,425)</u>
<b>CASH FLOWS FROM INVESTMENT AND RELATED FINANCING ACTIVITIES</b>			
Interest on Investments	-	104	104
Net Cash Provided by (Used For) Investment and Related Financing Activities	<u>-</u>	<u>104</u>	<u>104</u>
Net Increase (Decrease) in Cash and Cash Equivalents	464,539	31,493	496,032
Cash and Cash Equivalents- Beginning of Year	14,905,166	51,101	14,956,267
Cash and Cash Equivalents- End of Year	<u>\$ 15,369,705</u>	<u>\$ 82,594</u>	<u>\$ 15,452,299</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating Income(Loss)	\$ (327,155)	\$ (175,580)	\$ (502,735)
Adjustments to Reconcile Operating Income(loss) to Net Cash Provided by (Used For) Operating Activities			
Depreciation Expense	507,046	14,913	521,959
Non-Cash Federal Assistance-Food Distribution Program		13,713	13,713
Change in Assets, Liabilities and Deferred Outflows and Inflows:			
(Increase) Decrease in Accounts Receivable	(110,669)		(110,669)
(Increase) Decrease in Inventories	-	723	723
(Increase) Decrease in Deferred Outflows - Net Pension Liability	(1,960,539)		(1,960,539)
Increase (Decrease) in Accounts Payable	(14,531)	33,796	19,265
Increase (Decrease) in Accrued Salaries and Wages	3,591		3,591
Increase (Decrease) in Accrued Liability for Insurance Claims	12,510		12,510
Increase (Decrease) in Unearned Revenue		3,357	3,357
Increase (Decrease) in Net Pension Liability	2,690,914		2,690,914
Increase (Decrease) in Deferred Inflows - Net Pension Liability	(132,203)		(132,203)
Increase (Decrease) in Deferred Commodities Revenue	-	(526)	(526)
Total Adjustments	<u>996,119</u>	<u>65,976</u>	<u>1,062,095</u>
Net Cash Provided by (Used For) Operating Activities	<u>\$ 668,964</u>	<u>\$ (109,604)</u>	<u>\$ 559,360</u>
Non-Cash Financing Activities			
Valued Received - Food Distribution Program		\$ 13,187	

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

EXHIBIT B-7

MORRIS-UNION JOINTURE COMMISSION  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 AS OF JUNE 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 30,850	\$ 201,089
Total Assets	<u>30,850</u>	<u>\$ 201,089</u>
LIABILITIES		
Intergovernmental Payable - State	9,755	
Payroll Deductions and Withholdings		\$ 196,095
Accrued Salaries and Wages		(157)
Flexible Spending Deposits	<u>-</u>	<u>5,151</u>
Total Liabilities	<u>9,755</u>	<u>\$ 201,089</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 21,095</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, 2017

	<b>Unemployment Compensation <u>Trust</u></b>
ADDITIONS	
Contributions:	
Board Contribution	\$ -
Employee Contribution	<u>42,264</u>
Total Contributions	<u>42,264</u>
Investment Earnings:	
Interest Earnings	<u>55</u>
Net investment earnings	<u>55</u>
Total Additions	<u>42,319</u>
DEDUCTIONS	
Unemployment Claims	<u>45,709</u>
Total Deductions	<u>45,709</u>
Change in Net Position	(3,390)
Net Position, Beginning of Year	<u>24,485</u>
Net Position, End of the Year	<u>\$ 21,095</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, 2017**

**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, before 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 2017, the Commission adopted the following GASB statements:

- 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*. 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. 77, *Tax Abatement Disclosures*. 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.



**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

- GASB No. 80, *Blending Requirements for Certain Component Units* – An Amendment of GASB Statement No. 14. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended.*
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73.* 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.

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

- 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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**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.

**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 programs enterprise funds to be major funds.

The Commission reports the following major governmental funds:

The *general fund* is the School 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, 2017**

**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 fund which is 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 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, 2017**

**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, 2017**

**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 Agreement 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 acquisition 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
Computer Equipment	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 amount on refunding of debt which results from the loss on a debt refunding reported in the Commission-wide statement of net position. Deferred amount 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, 2017**

**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 and related services and program fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item that qualifies for reporting in this category is the deferred commodities revenue reported in both the Commission-wide and the proprietary funds statement 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. The other 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 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; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

***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 or by contractual agreement.

***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, 2017**

**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 debt or new debt whichever is less using the effective interest method. Lease purchase obligations (COP's) payable are reported with the unamortized debt premium. Debt issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize debt premiums, as well as debt 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, 2017**

**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 2017/2018 Commission budget certified for taxes.

**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 revenue items.

**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 the 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, 2017**

**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 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$2,418,795. 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 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), National Credit Union Share Insurance Fund (NCUSIF), 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, 2017**

**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. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$32,602,014 and bank and brokerage firm balances of the Board's deposits amounted to \$33,206,544. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ 33,205,534
Uninsured and Collateralized	<u>1,010</u>
	<u>\$ 33,206,544</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, 2017 the Board's bank balance of \$1,010 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>\$ 1,010</u>
	<u>\$ 1,010</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, 2017, the Board had the following investments:

<b><u>Investment Type:</u></b>	<b><u>Fair Value</u></b>
U.S. Government Securities - Money Market Fund	<u>\$ 1,875,367</u>
	<u>\$ 1,875,367</u>

**MORRIS-UNION JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017, \$1,875,367 of the Board's investments was exposed to custodial credit risk as follows:

	<b><u>Fair Value</u></b>
Uninsured and Collateralized:	
Collateral held by pledging financial institutions' trust department or agent but not in the Board's name	\$ 1,875,367
	<u>\$ 1,875,367</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 provided by the Fiscal Agent.

**B. Receivables**

Receivables as of June 30, 2017 for the Commission's individual major funds and nonmajor in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise Funds Special Programs</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental					
Local	\$ 3,802,665		\$ 1,084,310		\$ 4,886,975
State	26,419			\$ 92	26,511
Federal		97,209		4,537	101,746
Interest	<u>219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219</u>
Gross Receivables	3,829,303	97,209	1,084,310	4,629	5,015,451
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 3,829,303</u>	<u>\$ 97,209</u>	<u>\$ 1,084,310</u>	<u>\$ 4,629</u>	<u>\$ 5,015,451</u>

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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>19,361</u>
 Total Unearned Revenue for Governmental Funds	 \$ <u>19,361</u>

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<u>Balance, July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2017</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,184,000			\$ 7,184,000
Construction in Progress	<u>209,694</u>	\$ 348,024	\$ (209,694)	<u>348,024</u>
Total Capital Assets, Not Being Depreciated	<u>7,393,694</u>	<u>348,024</u>	<u>(209,694)</u>	<u>7,532,024</u>
Capital Assets, Being Depreciated:				
Land Improvements	385,808	466,500		852,308
Buildings	70,070,776	119,499		70,190,275
Machinery and Equipment	<u>1,084,179</u>	<u>57,968</u>	<u>(10,513)</u>	<u>1,131,634</u>
Total Capital Assets Being Depreciated	<u>71,540,763</u>	<u>643,967</u>	<u>(10,513)</u>	<u>72,174,217</u>
Less Accumulated Depreciation for:				
Land Improvements	(194,424)	(29,583)		(224,007)
Buildings	(17,511,360)	(3,372,197)		(20,883,557)
Machinery and Equipment	<u>(791,287)</u>	<u>(80,492)</u>	<u>8,410</u>	<u>(863,369)</u>
Total Accumulated Depreciation	<u>(18,497,071)</u>	<u>(3,482,272)</u>	<u>8,410</u>	<u>(21,970,933)</u>
Total Capital Assets, Being Depreciated, Net	<u>53,043,692</u>	<u>(2,838,305)</u>	<u>(2,103)</u>	<u>50,203,284</u>
Governmental Activities Capital Assets, Net	<u>\$ 60,437,386</u>	<u>\$ (2,490,281)</u>	<u>\$ (211,797)</u>	<u>\$ 57,735,308</u>

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**D. Capital Assets (Continued)**

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2017</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	3,240,183			3,240,183
Machinery and Equipment	6,260,586	\$ 204,425	\$ (206,477)	6,258,534
Total Capital Assets Being Depreciated	<u>9,500,769</u>	<u>204,425</u>	<u>(206,477)</u>	<u>9,498,717</u>
Less Accumulated Depreciation for:				
Buildings	(1,862,705)	(162,009)	-	(2,024,714)
Machinery and Equipment	(4,915,810)	(359,950)	206,477	(5,069,283)
Total Accumulated Depreciation	<u>(6,778,515)</u>	<u>(521,959)</u>	<u>206,477</u>	<u>(7,093,997)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,722,254</u>	<u>(317,534)</u>	<u>-</u>	<u>2,404,720</u>
Business-Type Activities Capital Assets, Net	<u>\$ 5,786,554</u>	<u>\$ (317,534)</u>	<u>\$ -</u>	<u>\$ 5,469,020</u>

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

**Governmental Activities:**

Instruction	
Special	\$ 3,431,450
Total Instruction	<u>3,431,450</u>
Support Services	
Central and Other Support Services	34,875
Plant Operations and Maintenance	15,947
Total Support Services	<u>50,822</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,482,272</u>

**Business-Type Activities:**

Special Programs Fund	\$ 507,046
Food Service Fund	14,913
Total Depreciation Expense - Business-Type Activities	<u>\$ 521,959</u>

**MORRIS-UNION JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments**

The Commission has the following active construction projects as of June 30, 2017:

<u>Project</u>	<u>Remaining Commitment</u>
DLC-New Providence Building Upgrades	\$ 69,162
DLC-New Providence HVAC Upgrades	30,697
DLC-New Providence Interior Building Improvements	621,341
DLC-New Providence Fire Alarm Upgrades	243,000
DLC-New Providence Public Address System Upgrades	<u>84,230</u>
	<u>\$ 1,048,430</u>

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

The composition of interfund balances as of June 30, 2017, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	<u>\$ 42,606</u>

The above balance is to cover cash balances which were in an overdraft position.

The Commission expects all interfund balances to be liquidated within one year.

**Interfund Transfers**

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Enterprise Funds Food Service</u>	<u>Total</u>
Transfer Out:			
General Fund		\$ 75,000	\$ 75,000
Capital Projects Fund	\$ 14,531	-	<u>14,531</u>
Total Transfers Out	<u>\$ 14,531</u>	<u>\$ 75,000</u>	<u>\$ 89,531</u>

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund.

**MORRIS-UNION JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**F. Leases**

**Operating Leases**

The Commission leases copies under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2017 were \$48,744. The future minimum lease payments for these operating leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ 45,296
2019	43,278
2020	43,278
2021	43,278
2022	43,278
	<u>218,408</u>
	\$ 218,408

**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, 2017:

Interest Account	\$200
Principal Account	12
Debt Service Reserve Account	1,875,155

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, 2017.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases (Continued)**

**Lease Purchase Agreements (Continued)**

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

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 2,340,000	\$ 1,322,144	\$ 3,662,144
2019	2,435,000	1,227,118	3,662,118
2020	2,525,000	1,140,094	3,665,094
2021	2,600,000	1,060,343	3,660,343
2022	2,665,000	997,781	3,662,781
2023-2027	15,170,000	3,135,890	18,305,890
2028-2029	<u>7,005,000</u>	<u>264,094</u>	<u>7,269,094</u>
	<u>\$ 34,740,000</u>	<u>\$ 9,147,464</u>	<u>\$ 43,887,464</u>

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance, July 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2017</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Lease Purchase Agreements -					
Certificates of Participation	\$ 36,975,000		\$ 2,235,000	\$ 34,740,000	\$ 2,340,000
Original Issue Premium	<u>1,367,914</u>	<u>-</u>	<u>170,908</u>	<u>1,197,006</u>	<u>-</u>
	38,342,914	-	2,405,908	35,937,006	2,340,000
Compensated Absences	818,903	\$ 75,066	-	893,969	40,000
Net Pension Liability	<u>20,035,742</u>	<u>6,546,216</u>	<u>828,024</u>	<u>25,753,934</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 59,197,559</u>	<u>\$ 6,621,282</u>	<u>\$ 3,233,932</u>	<u>\$ 62,584,909</u>	<u>\$ 2,380,000</u>
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 51,555		-	\$ 51,555	-
Net Pension Liability	<u>9,428,585</u>	<u>\$ 2,998,929</u>	<u>308,015</u>	<u>12,119,499</u>	<u>\$ -</u>
Business-Type activity Long-term liabilities	<u>\$ 9,480,140</u>	<u>\$ 2,998,929</u>	<u>\$ 308,015</u>	<u>\$ 12,171,054</u>	<u>\$ -</u>

For the governmental activities, all long-term liabilities are generally liquidated by the General Fund.



**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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.

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2017, are reported as accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$1,578,713 reported at June 30, 2017 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, 2017 and 2016 are as follows:

<b>Governmental and Business Type Activities:</b>	Fiscal Year Ended June 30,	
	<u>2017</u>	<u>2016</u>
Unpaid claims, beginning of fiscal year	\$ 1,443,883	\$ 1,313,779
Incurred claims (including IBNR's)	5,798,009	5,264,493
Claim Payments	<u>5,663,179</u>	<u>5,134,389</u>
Unpaid claims, end of fiscal year	<u>\$ 1,578,713</u>	<u>\$ 1,443,883</u>
<b>Governmental Activities:</b>		
General Fund		
Accrued Liability for Insurance Claims	\$ 1,276,701	\$ 1,154,381
<b>Business Type Activities:</b>		
Special Programs Enterprise Fund		
Accrued Liability for Insurance Claims	<u>302,012</u>	<u>289,502</u>
	<u>\$ 1,578,713</u>	<u>\$ 1,443,883</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.

**MORRIS-UNION JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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.

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:

<u>Fiscal Year Ended June 30,</u>	<u>Commission Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	None	\$ 42,264	\$ 45,709	\$ 21,095
2016	\$ 19,074	32,467	27,168	24,485
2015	133,936	55,236	181,334	100

**B. Contingent Liabilities**

The Commission is a party defendant in some lawsuits, none of a kind unusual for a 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, 2017, 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.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**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, 2017, 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 districts, 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.

**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).

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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.

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, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 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, 2015 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 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**MORRIS-UNION JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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 7.06% for PERS, 7.06% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**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, 2017 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, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 1,136,039	\$ 807,578	\$ 34,710
2016	1,128,449	609,060	3,262
2015	1,122,344	489,451	25,563

In addition for fiscal year 2016/2017 the Commission contributed \$8,998 for PERS and the State contributed \$461 for TPAF for Long Term Disability Insurance Premiums (LTDI).

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 \$590,589 during the fiscal year ended June 30, 2017 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  
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**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, 2017, the Commission reported in the statement of net position (accrual basis) a liability of \$37,873,433 for its proportionate share of the PERS net pension liability. Of this amount, \$25,753,934 is reported as governmental activities and \$12,119,499 is reported as business-type activities in the statements of net position. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2016, the Commission's proportionate share was 0.12788 percent, which was decrease of 0.00338 percent from its proportionate share measured as of June 30, 2015 of 0.13126 percent.

For the fiscal year ended June 30, 2017, the Commission recognized in the Commission-wide statement of activities (accrual basis) pension expense of \$3,005,329 for PERS. Of this amount, \$2,099,142 is reported as governmental activities in the statement of activities and \$906,187 is reported as business-type activities in both the statement of activities and statement of revenue, expenses and changes in fund net position. At June 30, 2017, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 704,331	
Changes of Assumptions	7,845,352	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,444,148	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	-	\$ 2,282,659
<b>Total</b>	<b><u>\$ 9,993,831</u></b>	<b><u>\$ 2,282,659</u></b>
Governmental Activities	\$ 6,795,805	\$ 1,552,209
Business Type Activities	<u>3,198,026</u>	<u>730,450</u>
	<b><u>\$ 9,993,831</u></b>	<b><u>\$ 2,282,659</u></b>

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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)**

At June 30, 2017, the 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>	<u>Total</u>
2018	\$ 1,636,029
2019	1,636,029
2020	2,015,791
2021	1,804,693
2022	<u>618,630</u>
	<u>\$ 7,711,172</u>

***Actuarial Assumptions***

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

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**MORRIS-UNION JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

***Discount Rate***

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%



**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2034

Municipal Bond Rate \*    From July 1, 2034  
and Thereafter

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.98%, 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 (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
District's Proportionate Share of the PERS Net Pension Liability:			
Governmental Activities	\$ 31,558,440	\$ 25,753,934	\$ 20,961,811
Business Type Activities	<u>14,851,031</u>	<u>12,119,499</u>	<u>9,864,382</u>
	<u>\$ 46,409,472</u>	<u>\$ 37,873,433</u>	<u>\$ 30,826,193</u>

The sensitivity analysis was based on the proportionate share of the Commission's net pension liability at June 30, 2016. A sensitivity analysis specific to the Commission's net pension liability was not provided by the pension system.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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)**

***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).

**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, 2017, the Commission recognized in the Commission-wide statement of activities (accrual basis) pension expense of \$4,496,357 for TPAF. This amount has been included in the Commission-wide statement of activities (accrual basis) as a governmental activities revenue and expense in accordance with GASB No. 24.

At June 30, 2017 the State's proportionate share of the net pension liability attributable to the Commission is \$59,842,837. 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, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the Commission was 0.07607 percent, which was a decrease of 0.01446 percent from its proportionate share measured as of June 30, 2015 of 0.09053 percent.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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**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)**

**Actuarial Assumptions**

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

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

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2016 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%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**MORRIS-UNION JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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)**

***Discount Rate***

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.22% 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 (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	<b>1% Decrease <u>(2.22%)</u></b>	<b>Current Discount Rate <u>(3.22%)</u></b>	<b>1% Increase <u>(4.22%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 71,465,721</u>	<u>\$ 59,842,837</u>	<u>\$ 50,351,252</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the Commission at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the Commission at June 30, 2016 was not provided by the pension system.

**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 including the Commission. 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 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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 Commission 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 Commission 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, 2017**

**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, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 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, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. 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, 2017**

**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, 2016, there were 110,512 , retirees receiving post-retirement medical benefits and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of 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, 2017, 2016 and 2015 were \$672,896, \$725,222 and \$777,003 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, 2017

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources					
Tuition	\$ 25,942,386	-	\$ 25,942,386	\$ 25,484,734	\$ (457,652)
Related Services and Program Fees	3,282,494	-	3,282,494	4,465,520	1,183,026
Rents	73,896	-	73,896	102,274	28,378
Interest on Investments	-	-	-	150,782	150,782
Miscellaneous	-	-	-	49,371	49,371
<b>Total Local Sources</b>	<b>29,298,776</b>	<b>-</b>	<b>29,298,776</b>	<b>30,252,681</b>	<b>953,905</b>
State Sources					
On-Behalf TPAF Contributions (Non-budgeted)	-	-	-	-	-
Pension Benefit Contributions	-	-	-	779,341	779,341
Pension Non-Contributory Group Insurance	-	-	-	28,237	28,237
Long Term Disability Insurance	-	-	-	461	461
Post Retirement Medical Benefits	-	-	-	672,896	672,896
Reimbursed TPAF Social Security Contributions	-	-	-	590,589	590,589
<b>Total State Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,071,524</b>	<b>2,071,524</b>
<b>Total Revenues</b>	<b>29,298,776</b>	<b>-</b>	<b>29,298,776</b>	<b>32,324,205</b>	<b>3,025,429</b>
<b>EXPENDITURES</b>					
Current					
Special Education					
Multiple Disabilities- Instruction					
Salaries of Teachers	56,068	\$ -	56,068	56,068	-
Other Salaries for Instruction	28,504	(17,700)	10,804	-	10,804
Other Purchased Services	258	(258)	-	-	-
General Supplies	3,175	(3,175)	-	-	-
<b>Total Multiple Disabilities</b>	<b>88,005</b>	<b>(21,133)</b>	<b>66,872</b>	<b>56,068</b>	<b>10,804</b>
Autism - Instruction					
Salaries of Teachers	6,236,681	(3,903,906)	2,332,775	2,272,302	60,473
Other Salaries for Instruction	6,045,196	(2,320,931)	3,724,265	3,420,514	303,751
Purchased Prof. - Educ. Service	42,537	(40,269)	2,268	1,236	1,032
Purchased Technical Services	-	-	-	-	-
Other Purchased Services	1,122,141	(1,114,091)	8,050	5,795	2,255
General Supplies	912,063	(812,525)	99,538	76,448	23,090
Other Objects	1,250	(1,250)	-	-	-
<b>Total Autism</b>	<b>14,359,868</b>	<b>(8,192,972)</b>	<b>6,166,896</b>	<b>5,776,295</b>	<b>390,601</b>
Preschool Disabilities - Full-time					
Salaries of Teachers	68,717	(8,250)	60,467	57,438	3,029
Other Salaries for Instruction	49,319	12,000	61,319	55,871	5,448
<b>Total Preschool Disabilities - Full-Time</b>	<b>118,036</b>	<b>3,750</b>	<b>121,786</b>	<b>113,309</b>	<b>8,477</b>
<b>Total Special Education - Instruction</b>	<b>14,565,909</b>	<b>(8,210,355)</b>	<b>6,355,554</b>	<b>5,945,672</b>	<b>409,882</b>
Summer School					
Salaries	720,104	(407,952)	312,152	311,030	1,122
Other Salaries for Instruction	606,009	(98,069)	507,940	507,817	123
Other Purchased Services	70,595	(70,595)	-	-	-
General Supplies	14,912	(13,212)	1,700	1,599	101
<b>Total Summer School - Instruction</b>	<b>1,411,620</b>	<b>(589,828)</b>	<b>821,792</b>	<b>820,446</b>	<b>1,346</b>
<b>Total Instruction</b>	<b>15,977,529</b>	<b>(8,800,183)</b>	<b>7,177,346</b>	<b>6,766,118</b>	<b>411,228</b>
Health Services					
Salaries	-	277,438	277,438	249,485	27,953
Other Salaries for Instruction	-	111,165	111,165	101,757	9,408
Purchased Professional and Technical Services	250	7,000	7,250	4,335	2,915
General Supplies	-	23,426	23,426	13,153	10,273
<b>Total Health Services</b>	<b>250</b>	<b>419,029</b>	<b>419,279</b>	<b>368,730</b>	<b>50,549</b>
Related Services					
Other Salaries for Instruction	-	4,295,123	4,295,123	4,016,812	278,311
<b>Total Related Services</b>	<b>-</b>	<b>4,295,123</b>	<b>4,295,123</b>	<b>4,016,812</b>	<b>278,311</b>
Extraordinary Services					
Other Salaries for Instruction	-	1,373,574	1,373,574	1,373,570	4
<b>Total Extraordinary Services</b>	<b>-</b>	<b>1,373,574</b>	<b>1,373,574</b>	<b>1,373,570</b>	<b>4</b>
Improvement of Instructional Services					
Other Salaries for Instruction	-	43,217	43,217	42,723	494
Purchased Prof. - Educ. Service	250	(250)	-	-	-
<b>Total Improvement of Instructional Services</b>	<b>250</b>	<b>42,967</b>	<b>43,217</b>	<b>42,723</b>	<b>494</b>

MORRIS-UNION JOINTURE COMMISSION  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

EXHIBIT C-1

EXPENDITURES (Continued)	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
Current (Continued)					
Instructional Staff Training Services					
Purchased Professional - Educational Services	\$ 200	-	\$ 200	\$ 19,175	\$ 26,622
Other Purchased Services	-	45,797	45,797		
Total Instructional Staff Training Services	200	45,797	45,997	19,175	26,622
Support Services General Administration					
Salaries	706,654	25,000	731,654	707,327	24,327
Legal Services	50,000	(2,250)	47,750	32,493	15,257
Audit Fees	36,000	1,325	37,325	37,291	34
Other Purchased Professional Services	84,527	4,975	89,502	73,572	15,930
Communications/Telephone	59,970	99,467	159,437	130,121	29,316
Miscellaneous Purchased Services	61,843	(5,300)	56,543	46,198	10,345
Supplies and Materials	28,000	(7,500)	20,500	17,062	3,438
Miscellaneous Expenditures	28,500	(10,000)	18,500	11,309	7,191
Other Employee Benefits	-	30,000	30,000	-	30,000
Total Support Services General Administration	1,055,494	135,717	1,191,211	1,055,373	135,838
Support Services School Administration					
Salaries of Principals	716,971	1	716,972	715,652	1,320
Secretarial/Clerical Salaries	339,276	-	339,276	339,276	-
Other Purchased Services	3,000	6,500	9,500	5,886	3,614
Supplies and Materials	1,000	20,167	21,167	16,960	4,207
Other Objects	2,000	1,250	3,250	1,286	1,964
Total Support Services School Administration	1,062,247	27,918	1,090,165	1,079,060	11,105
Central Services					
Salaries	585,217	-	585,217	583,482	1,735
Purchased Professional Services	53,810	1,720	55,530	41,079	14,451
Interest on Lease Purchases	1,425,344	(6,000)	1,419,344	1,425,344	(6,000)
Supplies and Materials	-	7,500	7,500	4,712	2,788
Miscellaneous Expenditures	-	9,000	9,000	4,421	4,579
Travel	-	4,100	4,100	3,257	843
Total Central Services	2,064,371	16,320	2,080,691	2,062,295	18,396
Administration Information Technology					
Salaries	260,531	-	260,531	230,132	30,399
Purchased Technical Services	195,895	(26,901)	168,994	95,290	73,704
Travel	-	700	700	15	685
General Supplies	38,725	48,880	87,605	73,834	13,771
Total Administration Information Technology	495,151	22,679	517,830	399,271	118,559
Required Maintenance for School Facilities					
Salaries	180,101	74,882	254,983	253,335	1,648
Cleaning, Repair and Maintenance Services	65,407	360,164	425,571	287,377	138,194
General Supplies	14,550	88,188	102,738	67,046	35,692
Required Maintenance	-	19,488	19,488	-	19,488
Total Required Maintenance for School Facilities	260,058	542,722	802,780	607,758	195,022
Custodial Services					
Salaries	19,935	795,607	815,542	719,217	96,325
Cleaning, Repair and Maintenance Services	13,280	73,602	86,882	80,591	6,291
Rental of Land & Building Other than Lease Purchase	5,300	42,817	48,117	43,894	4,223
Other Purchased Property Services	10,885	50,650	61,535	46,640	14,895
Insurance	166,496	(800)	165,696	153,659	12,037
General Supplies	11,800	90,625	102,425	90,790	11,635
Energy (Natural Gas)	17,002	80,667	97,669	61,258	36,411
Energy (Electricity)	90,016	460,199	550,215	439,731	110,484
Total Custodial Services	334,714	1,593,367	1,928,081	1,635,780	292,301
Upkeep of Grounds					
Salaries	41,306	2,250	43,556	42,549	1,007
Cleaning, Repair and Maintenance Services	30,800	5,038	35,838	27,007	8,831
General Supplies	32,400	(10,250)	22,150	10,118	12,032
Total Upkeep of Grounds	104,506	(2,962)	101,544	79,674	21,870
Student Transportation Services					
Travel	-	2,700	2,700	2,259	441
Contracted Services	-	446,148	446,148	380,951	65,197
Total Student Transportation Services	-	448,848	448,848	383,210	65,638

MORRIS-UNION JOINTURE COMMISSION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES (Continued)</b>					
Current (Continued)					
Allocated Benefits - Special Programs					
Social Security Contributions	\$ 444,500	\$ 30,047	\$ 474,547	\$ 446,524	\$ 28,023
Other Retirement Contributions- PERS	838,577	(119,210)	719,367	718,616	751
Unemployment Compensation	120,000	(60,150)	59,850	-	59,850
Workmen's Compensation	350,279	24,800	375,079	374,984	95
Health Benefits	4,815,977	(66,374)	4,749,603	3,644,367	1,105,236
Tuition Reimbursement	21,000	(11,189)	9,811	-	9,811
Other Employee Benefits	32,000	6,969	38,969	32,967	6,002
Total Allocated Benefits - Special Programs - Instruction	6,622,333	(195,107)	6,427,226	5,217,458	1,209,768
Allocated Benefits - Other Instructional Programs					
Social Security Contributions	44,500	(2,917)	41,583	41,199	384
Tuition Reimbursement	-	-	-	-	-
Total Allocated Benefits - Other Instructional Programs - Instruction	44,500	(2,917)	41,583	41,199	384
Unallocated Benefits					
Social Security Contributions	110,000	(250)	109,750	108,585	1,165
Other Retirement Contributions- PERS	143,037	(20,100)	122,937	122,720	217
Unemployment Compensation	17,000	(7,650)	9,350	-	9,350
Workmen's Compensation	23,352	2,500	25,852	24,999	853
Health Benefits	328,277	389,973	718,250	526,347	191,903
Tuition Reimbursement	5,000	(2,566)	2,434	-	2,434
Other Employee Benefits	58,000	(55,000)	3,000	1,400	1,600
Total Unallocated Benefits	684,666	306,907	991,573	784,051	207,522
On-Behalf TPAF Contributions (Non-Budgeted):					
Pension Benefit Contributions	-	-	-	779,341	(779,341)
Pension Non-Contributory Group Insurance	-	-	-	28,237	(28,237)
Long Term Disability Insurance	-	-	-	461	(461)
Post Retirement Medical Benefits	-	-	-	672,896	(672,896)
Reimbursed TPAF Social Security Contributions	-	-	-	590,589	(590,589)
Total TPAF Contributions	-	-	-	2,071,524	(2,071,524)
Total Undistributed Expenditures	12,728,740	9,069,982	21,798,722	21,237,663	560,859
Total Expenditures - Current	28,706,269	269,799	28,976,068	28,003,781	972,087
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed					
Autism	9,463	-	9,463	-	9,463
Instruction	-	3,780	3,780	3,780	-
Administration Information Technology	64,000	27,400	91,400	48,349	43,051
Operations and Maintenance	139,500	20,320	159,820	119,539	40,281
Total Equipment	212,963	51,500	264,463	171,668	92,795
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	-	468,331	468,331	355,524	112,807
Construction Services	10,000	1,296,683	1,306,683	275,816	1,030,867
Lease Purchase Agreements - Principal	2,235,000	-	2,235,000	2,235,000	-
Total Facilities Acquisition and Construction Services	2,245,000	1,765,014	4,010,014	2,866,340	1,143,674
Total Capital Outlay	2,457,963	1,816,514	4,274,477	3,038,008	1,236,469
Total Expenditures	31,164,232	2,086,313	33,250,545	31,041,789	2,208,556
Excess(Deficiency) of Revenues Over(Under) Expenditures					
	(1,865,456)	(2,086,313)	(3,951,769)	1,282,416	5,233,985
Other Financing Sources(Uses):					
Transfer In - Capital Project Fund	-	-	-	14,531	14,531
Transfer Out - Food Service Fund	(95,000)	-	(95,000)	(75,000)	20,000
Total Other Financing Sources(Uses)	(95,000)	-	(95,000)	(60,469)	34,531
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses					
	(1,960,456)	(2,086,313)	(4,046,769)	1,221,947	5,268,516
Fund Balances, July 1	17,500,606	-	17,500,606	17,500,606	-
Fund Balances, June 30	\$ 15,540,150	\$ (2,086,313)	\$ 13,453,837	\$ 18,722,553	\$ 5,268,516
Recapitulation:					
<b>Committed Fund Balance</b>					
Year End Encumbrance				\$ 1,126,824	
<b>Assigned Fund Balance</b>					
Year End Encumbrance				108,967	
Designated for Subsequent Year's Expenditures				2,932,050	
<b>Unassigned Fund Balance</b>					
Undesignated				14,554,712	
				\$ 18,722,553	

**MORRIS-UNION JOINTURE COMMISSION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Federal Sources	\$ -	\$ 299,855	\$ 299,855	\$ 214,950	\$ (84,905)
Local Sources	-	32,627	32,627	13,266	(19,361)
Total Revenues	-	332,482	332,482	228,216	(104,266)
<b>EXPENDITURES</b>					
Instruction					
Other Purchased Services		8,550	8,550	3,259	5,291
General Supplies	-	8,990	8,990	1,407	7,583
Total Instruction	-	17,540	17,540	4,666	12,874
Support Services					
Salaries		164,000	164,000	126,662	37,338
Personnel Services Employee Benefits		86,436	86,436	55,736	30,700
Purchased Professional Education Services		8,950	8,950	6,372	2,578
Travel		2,303	2,303	1,180	1,123
Other Purchased Services		2,751	2,751	1,468	1,283
Supplies and Materials	-	26,942	26,942	15,302	11,640
Miscellaneous Expenditures	-	15,560	15,560	10,991	4,569
Total Support Services	-	306,942	306,942	217,711	89,231
Facilities Acquisition and Construction					
Non-Instructional Equipment	-	8,000	8,000	5,839	2,161
Total Facilities Acquisition and Construction	-	8,000	8,000	5,839	2,161
Total Expenditures	-	332,482	332,482	228,216	104,266
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2017**

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

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	\$ 228,216
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, 2016	-
Encumbrances, June 30, 2017	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 228,216
<b>Uses/Outflows of Resources</b>	
Actual amounts(budgetary basis) "total expenditure" from the budgetary comparison schedule	\$ 228,216
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, 2016	-
Encumbrances, June 30, 2017	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	\$ 228,216

**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 Four Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.12788 %	0.13126 %	0.13614 %	0.14711 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 37,873,433	\$ 29,464,327	\$ 25,489,710	\$ 28,116,664
District's Covered-Employee Payroll	\$ 9,136,655	\$ 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	414.52 %	346.22 %	292.83 %	306.97 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14 %	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 Four Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,136,039	\$ 1,128,449	\$ 1,122,344	\$ 1,108,484
Contributions in Relation to the Contractually Required Contribution	<u>1,136,039</u>	<u>1,128,449</u>	<u>1,122,344</u>	<u>1,108,484</u>
Contribution Deficiently (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 9,136,655	\$ 8,510,397	\$ 8,704,549	\$ 9,159,422
Contributions as a Percentage of Covered-Employee Payroll	12.43%	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 Four Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>59,842,837</u>	<u>57,220,309</u>	<u>52,867,012</u>	<u>51,446,147</u>
Total	<u>\$ 59,842,837</u>	<u>\$ 57,220,309</u>	<u>\$ 52,867,012</u>	<u>\$ 51,446,147</u>
District's Covered-Employee Payroll	\$ 7,285,847	\$ 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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	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, 2017**

**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, 2017

	IDEA IEP Grant	Junior League of Summit	PSE&G Environmental Education Grant	Girl Scout Troop 795	Pacific Health Laboratories	Safety Grant	Havurah Grant	Benevity	Local Drive for Autism	Total
<b>REVENUES</b>										
Intergovernmental										
Federal	\$ 214,950									\$ 214,950
Local	-	\$ 31	\$ 9	\$ 2	\$ 188	\$ 12,264	\$ 7	\$ 8	\$ 757	13,266
Total Revenues	\$ 214,950	\$ 31	\$ 9	\$ 2	\$ 188	\$ 12,264	\$ 7	\$ 8	\$ 757	\$ 228,216
<b>EXPENDITURES</b>										
Instruction										
Other Purchased Services	\$ 3,259									3,259
General Supplies	405	\$ 31	\$ 9	\$ 2	\$ 188	\$ -	\$ 7	\$ 8	\$ 757	\$ 1,407
Total Instruction	3,664	31	9	2	188	-	7	8	757	4,666
Support Services										
Salaries	126,662									126,662
Personnel Services Employee Benefits	55,736									55,736
Purchased Professional Technical Services	-	-	-	-	-	6,372				6,372
Other Purchased Professional Services	1,468									1,468
Travel	1,180									1,180
Supplies and Materials	9,410	-	-	-	-	5,892	-	-	-	15,302
Miscellaneous Expenditures	10,991	-	-	-	-	-	-	-	-	10,991
Total Support Services	205,447	-	-	-	-	12,264	-	-	-	217,711
Facilities Acquisition and Construction										
Non-Instructional Equipment	5,839	-	-	-	-	-	-	-	-	5,839
Total Facilities Acquisition and Construction	5,839	-	-	-	-	-	-	-	-	5,839
Total Expenditures	\$ 214,950	\$ 31	\$ 9	\$ 2	\$ 188	\$ 12,264	\$ 7	\$ 8	\$ 757	\$ 228,216

**MORRIS-UNION JOINTURE COMMISSION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION PROGRAM AID  
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE



**CAPITAL PROJECTS FUND**

**MORRIS-UNION JOINTURE COMMISSION  
CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue/Project Title</u>	<u>Adjusted Appropriation</u>	<u>Expenditures to Date</u>		<u>Prior Years</u>		<u>Balance June 30, 2017</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>						
						\$ -
						1,875,367
						<u>\$ 1,875,367</u>
 <b><u>Recapitulation of Fund Balance</u></b>						
						\$ 1,875,367
						<u>\$ 1,875,367</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, 2017**

**Revenues and Other Financing Sources**

Interest Income	\$ <u>909</u>
Total Revenues and Other Financing Sources	<u>909</u>
 <b>Expenditures and Other Financing Uses</b>	
Operating Transfer Out - General Fund	<u>14,531</u>
Total Expenditures and Other Financing Uses	<u>14,531</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,622)
Fund Balance - Beginning of Year	<u>1,888,989</u>
Fund Balance - End of Year	<u>\$ 1,875,367</u>

Reconciliation to GAAP Basis

Fund Balance, June 30, 2017-Budgetary Basis	\$ <u>1,875,367</u>
Fund Balance, June 30, 2017-GAAP Basis	<u>\$ 1,875,367</u>

**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, 2017**

**NOT APPLICABLE**

**ENTERPRISE FUNDS**

**MORRIS UNION JOINTURE COMMISSION  
SPECIAL PROGRAMS ENTERPRISE FUND  
COMBINING SCHEDULE OF PROGRAM NET POSITION  
AS OF JUNE 30, 2017**

	<u>Professional Development</u>	<u>Transportation Program</u>	<u>Provisional Teaching Program</u>	<u>Recreational Programs</u>	<u>Total</u>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 521,715	\$ 13,791,718	\$ 491,881	564,391	\$ 15,369,705
Intergovernmental Accounts Receivable	6,595	1,060,035	-	17,680	1,084,310
Other Accounts Receivable	-	-	-	-	-
Total Current Assets	<u>528,310</u>	<u>14,851,753</u>	<u>491,881</u>	<u>582,071</u>	<u>16,454,015</u>
<b>Capital Assets</b>					
Land	-	3,064,300	-	-	3,064,300
Buildings and Improvements	-	3,240,183	-	-	3,240,183
Furniture, Machinery and Equipment	-	6,034,834	-	-	6,034,834
Less: Accumulated Depreciation	-	(6,982,114)	-	-	(6,982,114)
Total Capital Assets, Net	<u>-</u>	<u>5,357,203</u>	<u>-</u>	<u>-</u>	<u>5,357,203</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Deferred Amounts on Net Pension Liability	-	3,198,026	-	-	3,198,026
Total Assets and Deferred Outflow of Resources	<u>528,310</u>	<u>23,406,982</u>	<u>491,881</u>	<u>582,071</u>	<u>25,009,244</u>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	-	56,149	-	2,074	58,223
Accrued Salaries and Wages	-	122,370	-	-	122,370
Accrued Liability for Insurance Claims	-	299,567	569	1,876	302,012
Total Current Liabilities	<u>-</u>	<u>478,086</u>	<u>569</u>	<u>3,950</u>	<u>482,605</u>
<b>Noncurrent Liabilities</b>					
Net Pension Liability	-	12,119,499	-	-	12,119,499
Compensated Absences	-	48,298	195	3,062	51,555
Total Noncurrent Liabilities	<u>-</u>	<u>12,167,797</u>	<u>195</u>	<u>3,062</u>	<u>12,171,054</u>
Total Liabilities	<u>-</u>	<u>12,645,883</u>	<u>764</u>	<u>7,012</u>	<u>12,653,659</u>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Deferred Amounts on Net Pension Liability	-	730,450	-	-	730,450
Total Liabilities and Deferred Inflow of Resources	<u>-</u>	<u>13,376,333</u>	<u>764</u>	<u>7,012</u>	<u>13,384,109</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets Unrestricted	<u>528,310</u>	<u>5,357,203</u> <u>4,673,446</u>	<u>-</u> <u>491,117</u>	<u>575,059</u>	<u>5,357,203</u> <u>6,267,932</u>
Total Net Position	<u>528,310</u>	<u>10,030,649</u>	<u>491,117</u>	<u>575,059</u>	<u>11,625,135</u>

**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, 2017**

	<u>Professional Development</u>	<u>Transportation Program</u>	<u>Provisional Teaching Program</u>	<u>Recreational Programs</u>	<u>Total</u>
REVENUES					
OPERATING REVENUES					
Program Fees	\$ 81,218	\$ 7,789,107	\$ 82,200	\$ 207,488	\$ 8,160,013
Miscellaneous Fees	-	2,446	-	-	2,446
Total Operating Revenues	<u>81,218</u>	<u>7,791,553</u>	<u>82,200</u>	<u>207,488</u>	<u>8,162,459</u>
OPERATING EXPENSES					
Instruction					
Salaries			37,853		37,853
Support Services					
Salaries		4,420,445	1,152	106,215	4,527,812
Employee Benefits		2,384,966	2,849	27,922	2,415,737
Purchased Professional Education Services	46,951		7,218		54,169
Purchased Professional /Technical Services		76,782	-		76,782
Other Purchased Services	9,463	590,040	-	17,556	617,059
Supplies and Materials	6,511	203,699	34	5,232	215,476
Miscellaneous		31,540	-	6,140	37,680
Depreciation	-	507,046	-	-	507,046
Total Operating Expenses	<u>62,925</u>	<u>8,214,518</u>	<u>49,106</u>	<u>163,065</u>	<u>8,489,614</u>
Operating Income (Loss)	<u>18,293</u>	<u>(422,965)</u>	<u>33,094</u>	<u>44,423</u>	<u>(327,155)</u>
Change in Net Position	18,293	(422,965)	33,094	44,423	(327,155)
Total Net Position- Beginning of Year	<u>510,017</u>	<u>10,453,614</u>	<u>458,023</u>	<u>530,636</u>	<u>11,952,290</u>
Total Net Position - Ending of Year	<u>\$ 528,310</u>	<u>\$ 10,030,649</u>	<u>\$ 491,117</u>	<u>\$ 575,059</u>	<u>\$ 11,625,135</u>

**MORRIS UNION JOINTURE COMMISSION  
SPECIAL PROGRAMS ENTERPRISE FUND  
COMBINED SCHEDULE OF PROGRAM CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Professional Development	Transportation Program	Provisional Teaching Program	Recreational Programs	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers	\$ 77,173	\$ 7,684,738	\$ 82,200	\$ 207,679	\$ 8,051,790
Payments to Employees and Benefits		(6,191,837)	(41,854)	(133,438)	(6,367,129)
Payments to Suppliers for Goods and Services	(62,925)	(915,939)	(7,252)	(29,581)	(1,015,697)
Net Cash Provided by(Used for) operating activities	14,248	576,962	33,094	44,660	668,964
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of capital assets	-	(204,425)	-	-	(204,425)
Net cash provided by(used for) capital and related financing activities	-	(204,425)	-	-	(204,425)
Net increase (decrease) in cash and cash equivalents	14,248	372,537	33,094	44,660	464,539
Balances - Beginning of Year	507,467	13,419,181	458,787	519,731	14,905,166
Balances - End of Year	\$ 521,715	\$ 13,791,718	\$ 491,881	\$ 564,391	\$ 15,369,705
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income(Loss)	\$ 18,293	\$ (422,965)	\$ 33,094	\$ 44,423	\$ (327,155)
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities					
Depreciation Expense		507,046			507,046
(Increase) Decrease in accounts receivable	(4,045)	(106,815)		191	(110,669)
(Increase) Decrease in deferred outflows of resources on Net pension		(1,960,539)			(1,960,539)
Increase (Decrease) in deferred inflows of resources on Net pension		(132,203)			(132,203)
Increase(decrease) in accounts payable		(13,878)		(653)	(14,531)
Increase (Decrease) in Accrued Salaries and Wages		3,591		-	3,591
Increase(Decrease) Accrued Liabilities for Insurance Claims		11,811		699	12,510
Increase(Decrease) in net pension liability	-	2,690,914	-	-	2,690,914
Total Adjustments	(4,045)	999,927	-	237	996,119
Net Cash Provided (Used) by Operating Activities	\$ 14,248	\$ 576,962	\$ 33,094	\$ 44,660	\$ 668,964



**FIDUCIARY FUNDS**

**AGENCY FUNDS**

**MORRIS-UNION JOINTURE COMMISSION  
AGENCY FUNDS  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AS OF JUNE 30, 2017**

	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 201,089	\$ 201,089
Total Assets	<u>\$ 201,089</u>	<u>\$ 201,089</u>
<b>LIABILITIES</b>		
Payroll Deductions and Withholdings	\$ 196,095	\$ 196,095
Accrued Salaries and Wages	(157)	(157)
Flexible Spending Deposits	<u>5,151</u>	<u>5,151</u>
Total Liabilities	<u>\$ 201,089</u>	<u>\$ 201,089</u>

**MORRIS UNION JOINTURE COMMISSION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

**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, 2017**

	<b>Balance July 1, <u>2016</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance June 30, <u>2017</u></b>
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 188,037	\$ 24,258,118	\$ 24,245,066	\$ 201,089
	<u>\$ 188,037</u>	<u>\$ 24,258,118</u>	<u>\$ 24,245,066</u>	<u>\$ 201,089</u>
<b><u>Liabilities</u></b>				
Payroll Deductions and Withholdings	\$ 181,900	\$ 10,579,041	\$ 10,564,846	\$ 196,095
Accrued Salaries and Wages	2,730	13,660,434	13,663,321	(157)
Flexible, Spending Deposits	<u>3,407</u>	<u>18,643</u>	<u>16,899</u>	<u>5,151</u>
	<u>\$ 188,037</u>	<u>\$ 24,258,118</u>	<u>\$ 24,245,066</u>	<u>\$ 201,089</u>

**LONG-TERM DEBT**

**MORRIS-UNION JOINTURE COMMISSION  
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS  
CERTIFICATES OF PARTICIPATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<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, 2016</u>	<u>Decreased</u>	<u>Balance, June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Series 2013-Certificates of	6/12/2013	\$ 43,830,000	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%			
						\$ 36,975,000	\$ 2,235,000	\$ 34,740,000
						\$ 36,975,000	\$ 2,235,000	\$ 34,740,000
					Paid by Budget Appropriation		\$ 2,235,000	

MORRIS-UNION JOINTURE COMMISSION  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Description</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2017</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, 2017**

**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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Net Investment In Capital Assets	\$ 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	\$ 21,798,302
Restricted	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	1,875,367
Unrestricted	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)	(1,209,674)
<b>Total Governmental Activities Net Position</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>\$ 22,463,995</b>
<b>Business-Type Activities</b>										
Net Investment In Capital Assets	\$ 4,900	\$ 13,190	\$ 16,182	\$ 18,449	\$ 15,372	\$ 8,422,498	\$ 6,638,951	\$ 6,179,769	\$ 5,786,554	\$ 5,469,020
Unrestricted	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	6,312,171
<b>Total Business-Type Activities Net Position</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>\$ 11,781,191</b>
<b>District-Wide</b>										
Net Investment In Capital Assets	\$ 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	\$ 27,267,322
Restricted	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	1,875,367
Unrestricted	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	5,102,497
<b>Total District Net Position</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>	<b>\$ 34,245,186</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Special Education	\$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	\$ 18,326,619
Support Services:										
Student & Instruction Related Services	1,138	369,640	409,080	308,185	232,295	175,898	180,260	689	300	9,468,040
General Administration	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	1,589,428
School Administration Services							1,004,827	1,592,740	1,592,455	1,738,351
Central Services and Other Support Services	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	1,216,542
Plant Operations And Maintenance	203,783	275,322	238,333	407,101	399,001	552,674	755,905	677,935	591,345	2,624,512
Pupil Transportation	397,576	447,864	420,502	427,891	100,165	-	-	-	-	383,210
Capital Outlay	58,571	331,380	117,633							
Unallocated Depreciation	185,492	213,454	229,365	366,202						
Debt Service						1,743,493	1,683,822	1,606,399	1,513,626	1,422,931
<b>Total Governmental Activities Expenses</b>	<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>	<u>36,769,633</u>
<b>Business-Type Activities:</b>										
Special Programs	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	8,489,614
Food Service	308,240	321,382	303,125	314,824	297,956	303,881	297,315	291,364	271,608	276,498
<b>Total Business-Type Activities Expense</b>	<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>	<u>8,766,112</u>
<b>Total District Expenses</b>	<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>	<u>\$45,535,745</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:	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	30,564,822
Operating Grants And Contributions	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	5,982,680
Capital Grants And Contributions						20,031	-	-	-	5,839
<b>Total Governmental Activities Program Revenues</b>	<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>	<u>36,553,341</u>
<b>Business-Type Activities:</b>										
Charges For Services										
Special Programs	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	8,162,459
Food Service	144,644	184,840	149,682	167,235	148,830	134,445	123,399	112,590	112,557	100,918
Operating Grants And Contributions	61,949	65,788	74,391	69,707	81,399	77,717	76,353	79,031	78,123	80,818
Capital Grants And Contributions										
<b>Total Business Type Activities Program Revenues</b>	<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>	<u>8,344,195</u>
<b>Total District Program Revenues</b>	<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>	<u>\$44,897,536</u>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	\$ 1,950,519	\$ 1,487,746	\$ 2,180,377	\$ 1,627,281	\$ 1,370,411	\$ (160,254)	\$ 177,716	\$ (918,948)	\$ 2,566,132	\$ (216,292)
<b>Business-Type Activities</b>	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)	(421,917)
<b>Total District-Wide Net Expense</b>	<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>	<u>\$ (638,209)</u>

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues And Other Changes In Net Position</b>										
<b>Governmental Activities:</b>										
Unrestricted Federal And State Aid					\$ 4,500					
Extraordinary Item			\$ (475,000)							
Investment Earnings	\$ 1,192,361	\$ 2,262,166	41,606	\$ 6,201	2,019	\$ 91,256	\$ 83,803	\$ 93,801	\$ 104,796	\$ 151,691
Miscellaneous Income	951,487	729,434	315,705	896,771	161,687	86,281	88,512	197,502	6,338	49,371
Transfers	(100,000)	1,693,655	1,001,919	590,256	564,900	584,000	510,621	(106,600)	(100,000)	(75,000)
<b>Total Governmental Activities</b>	<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>	<u>126,062</u>
<b>Business-Type Activities:</b>										
Investment Earnings		165	100	54	25	20	18	16	34	104
Cancellation of Prior Year Payables		42,154								
Miscellaneous										
Transfers	100,000	(1,693,655)	(1,001,919)	(590,256)	(564,900)	(584,000)	(510,621)	106,600	100,000	75,000
<b>Total Business-Type Activities</b>	<u>100,000</u>	<u>(1,651,336)</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>	<u>75,104</u>
<b>Total District-Wide</b>	<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>	<u>\$ 201,166</u>
<b>Change In Net Position</b>										
Governmental Activities	\$ 3,994,367	\$ 6,173,001	\$ 3,064,607	\$ 3,120,509	\$ 2,103,517	\$ 601,283	\$ 860,652	\$ (734,245)	\$ 2,577,266	\$ (90,230)
Business-Type Activities	1,415,887	(146,740)	(52,637)	1,676,234	1,528,981	940,436	368,161	1,628,490	(1,390,042)	(346,813)
<b>Total District</b>	<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>	<u>\$ (437,043)</u>

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

	Fiscal Year Ended June 30.									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 59,364	\$ 83,813	\$ 824,250							
Unreserved	15,995,387	18,118,795	17,131,336							
Restricted										
Committed						\$ 658,290			\$ 260,307	\$ 1,126,824
Assigned				\$ 4,033,817	\$ 818,247	731,509	\$ 2,856,491	\$ 1,556,439	1,984,568	3,041,017
Unassigned				14,425,950	12,822,468	12,057,192	10,371,719	12,676,113	15,255,731	14,554,712
<b>Total General Fund</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>	<b>\$ 18,722,553</b>
All Other Governmental Funds										
Reserved	\$ 2,232,504	\$ 2,232,504	\$ 2,053,216							
Unreserved	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	\$ 1,875,367
<b>Total All Other Governmental Funds</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>	<b>\$ 1,875,367</b>

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tuition Charges	\$ 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	\$ 25,484,734
Miscellaneous	2,155,425	3,001,317	383,446	932,089	196,063	219,160	191,341	304,914	4,811,414	4,782,122
State Sources	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	2,071,524
Federal Sources										214,950
<b>Total Revenue</b>	<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>	<u>32,553,330</u>
<b>Expenditures</b>										
Instruction										
Special Education	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	13,043,472
Support Services:										
Student & Inst. Related Services	1,005	246,009	304,978	225,548	188,463	175,898	180,260	641	300	7,334,364
General Administration	965,256	939,628	944,201	944,664	1,226,615	976,796	1,300,550	1,190,728	1,145,321	1,266,533
School Administration							1,004,827	1,346,405	1,335,344	1,311,656
Central Services and Other Support Service	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	1,081,667
Plant Operations And Maintenance	199,422	240,128	220,849	359,587	370,877	552,674	755,905	666,743	577,125	2,406,462
Pupil Transportation										383,210
Unallocated Benefits - Special Educ.	4,068,230	4,607,847	5,513,431	5,986,360	6,089,719					
Unallocated Benefits	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	2,235,000
Interest on Long Term Debt						2,093,203	1,045,206	1,593,422	1,513,044	1,425,344
Cost of Issuance						1,066,077	-			
Advance Refunding Escrow						1,933,239	-			
Capital Outlay	6,333,731	5,513,487	4,844,202	3,522,589	9,033,212	1,367,104	582,855	176,153	367,977	782,297
<b>Total Expenditures</b>	<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>	<u>31,270,005</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<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>	<u>1,283,325</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Other Financing Sources (Uses)</b>										
Capital Leases (Non-Budgeted)	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		3,544,655	1,308,669	664,100	1,668,610	798,451	709,773	102	163	14,531
Transfers Out	(100,000)	(1,851,000)	(306,750)	(73,844)	(1,103,710)	(214,451)	(199,152)	(106,702)	(100,163)	(89,531)
<b>Total Other Financing Sources (Uses)</b>	<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>	<u>(75,000)</u>
<b>Net Change In Fund Balances</b>	<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>	<u>\$ 1,208,325</u>
<b>Debt Service As A Percentage Of</b>										
Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	12.15%	13.75%	13.99%	12.21%	12.01%

\* 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>
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
2017	150,782	102,274	-	25,484,734	4,465,520		49,371	30,252,681

**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,	<u>Governmental Activities</u>		Total District	Population	Per Capita
	Capital Leases	Certificates of Participation			
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
2017		34,740,000	34,740,000	N/A	N/A

Source: District records

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, 2017  
(Unaudited)**

Net Direct Debt of School District as of June 30, 2017	\$ 34,740,000
Net Overlapping Debt of School District	<u>-</u>
Total Direct and Overlapping Debt	<u>\$ 34,740,000</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>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>	<u>2017</u>
Instruction										
Special education	263.0	271.0	254.0	248.0	210.0	195.0	156.0	164.0	149.0	145.0
Support Services:										
Student & Instruction Related Services	70.0	71.0	94.0	96.0	98.0	97.0	73.0	77.0	95.0	98.0
General and Central Administration	14.0	14.0	14.0	15.0	15.0	13.0	14.0	17.0	13.0	13.0
School Administrative Services	18.0	19.0	18.0	15.0	14.0	14.0	13.0	12.0	16.0	16.0
Plant Operations and Maintenance	15.0	15.0	16.0	16.0	14.0	13.0	14.0	11.0	16.0	16.0
Pupil Transportation	127.0	136.0	130.0	113.0	120.0	117.0	124.0	130.0	130.0	132.0
Food Service	1.0	1.0	1.0	1.0	2.0	2.0	1.0	1.0	1.0	1.0
<b>Total</b>	<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>	<u>421.0</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>
2008	336	\$ 25,703,451	\$ 76,498	3.38%	152.00	2.53:1	342	323	2.68%	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%
2017	267	26,827,364	100,477	5.30%	77.72	2.60:1	261	244	-6.45%	93.49%

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<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	112	107	99	99	99	80	66	55	66	47
Development Learning Center 2 (Leased)										
Capacity (students)	126	126	126	126						
Enrollment	91	79	75	63						
Development Learning Center 3 (Leased) (Closed June 30, 2007)										
Capacity (students)										
Enrollment										
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	183,000
Capacity (students)	219	219	219	219	219	280	280	280	280	280
Enrollment	133	171	192	213	239	237	221	214	221	214

Number of Schools at June 30, 2017 = 2

Source: District Records

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

School Facilities	2013	2014	2015	2016	2017
DLC - Warren	113,351	115,679	179,503	174,119	284,603
DLC - New Providence	37,784	38,560	59,835	58,040	323,155
	<u>\$ 151,135</u>	<u>\$ 154,239</u>	<u>\$ 239,338</u>	<u>\$ 232,159</u>	<u>\$ 607,758</u>

Note: GASB required that ten years of statistical data be presented. The District only has five years of information available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Source: District records.

**MORRIS-UNION JOINTURE COMMISSION**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2017**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<u>School Alliance Insurance Fund</u>		
Property & Damage (Buildings and Personal Property)	\$ 68,484,418	\$ 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, PSA

**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, 2017 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 18, 2017.

**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**

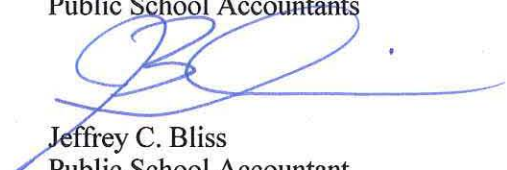
As part of obtaining reasonable assurance about whether the Morris-Union Jointure Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 18, 2017





# 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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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA, PSA

**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, 2017. 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, U.S. Uniform Guidance and New Jersey Circular 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, 2017.

**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 the 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 the 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, 2017 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We issued our report thereon dated October 18, 2017, 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 are presented for purposes of additional analysis and are 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Leach, 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 18, 2017

MORRIS-UNION JOINTURE COMMISSION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	FAIN Number	Grant Number	Grant Period	Award Amount	Balance June 30, 2017							MEMO		
						Balance July 1, 2016	Adjustment	Cash Received	Budgetary Expenditures	Refund Prior Year's Balances	(Accounts Receivable)	Deferred Revenues	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
<b>Enterprise Fund</b>															
School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	\$ 22,331			\$ 20,793	\$ 22,331		\$ (1,538)		\$ (1,538)	\$ 22,331	
School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	21,451	\$ (1,172)		1,172						-	
National School Lunch Program	10.555		N/A											-	
Cash Assistance		171NJ304N1099		7/1/16-6/30/17	43,459			40,460	43,459		(2,999)		(2,999)	43,459	
Cash Assistance		16161NJ304N1099		7/1/15-6/30/16	41,820	(2,274)		2,274						-	
Non-cash Assistance				7/1/16-6/30/17	13,187			13,187	12,860		\$ 327			12,860	
Non-cash Assistance				7/1/15-6/30/16	13,729	853	-	-	853	-	-	-	-	853	
Total Enterprise Fund						(2,593)	-	77,886	79,503	-	(4,537)	327	(4,537)	79,503	
<b>U.S. Department of Education Passed-through State Department of Education</b>															
<b>Special Revenue Fund:</b>															
<b>IDEA Part B-</b>															
IEP's for Life Competitive Grant	84.127A	H127A1601XX	17E00117	9/1/16-8/31/17	299,855	-	-	117,741	214,950	-	(182,114)	84,905	-	(97,209)	214,950
Total Special Revenue Fund						-	-	117,741	214,950	-	(182,114)	84,905	-	(97,209)	214,950
Total Federal Financial Assistance						\$ (2,593)	\$ -	\$ 195,627	\$ 294,453	\$ -	\$ (186,651)	\$ 85,232	\$ -	\$ (101,746)	\$ 294,453

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, 2017

Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Refund Prior Year's Balance	Balance June 30, 2017			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	17-495-034-5094-003	7/1/16-6/30/17	\$ 590,589			\$ 564,170	\$ 590,589		\$ (26,419)				\$ (26,419)	\$ 590,589
Reimbursed Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	584,401	\$ (4,965)		4,965			-				-	-
On-Behalf TPAF Pension Benefit Contributions	17-495-034-5094-002	7/1/16-6/30/17	779,341			779,341	779,341							779,341
On-Behalf TPAF Pension System-NCGI Premium	17-495-034-5094-004	7/1/16-6/30/17	28,237			28,237	28,237							28,237
On-Behalf TPAF Long Term Disability Ins. Premium	17-495-034-5094-004	7/1/16-6/30/17	461			461	461							461
On-Behalf TPAF Post Retirement-Medical Benefits	17-495-034-5094-001	7/1/16-6/30/17	672,896			672,896	672,896							672,896
<b>Total General Fund</b>				<u>(4,965)</u>	<u>-</u>	<u>2,050,070</u>	<u>2,071,524</u>	<u>-</u>	<u>(26,419)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,419)</u>	<u>2,071,524</u>
State Department of Agriculture														
<u>Enterprise Fund</u>														
National School Lunch Program State Share	17-100-010-3350-023	7/1/16-6/30/17	1,315	-		1,223	1,315		(92)				(92)	1,315
National School Lunch Program State Share	16-100-010-3350-023	7/1/15-6/30/16	1,370	(71)		71								
<b>Total Enterprise Fund</b>				<u>(71)</u>	<u>-</u>	<u>1,294</u>	<u>1,315</u>	<u>-</u>	<u>(92)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92)</u>	<u>1,315</u>
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<u>(5,036)</u>	<u>-</u>	<u>2,051,364</u>	<u>2,072,839</u>	<u>-</u>	<u>(26,511)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,511)</u>	<u>2,072,839</u>
<b>State Financial Assistance Not Subject to Major Program Determination</b>														
On-Behalf TPAF Pension Benefit Contributions	17-495-034-5094-002	7/1/16-6/30/17	779,341			(779,341)	(779,341)							(779,341)
On-Behalf TPAF Pension System-NCGI Prem.	17-495-034-5094-004	7/1/16-6/30/17	28,237			(28,237)	(28,237)							(28,237)
On-Behalf TPAF Pension System-Long Term Disability	17-495-034-5094-004	7/1/16-6/30/17	461			(461)	(461)							(461)
On-Behalf TPAF Post Retirement-Medical	17-495-034-5094-001	7/1/16-6/30/17	672,896			(672,896)	(672,896)							(672,896)
<b>Total State Financial Assistance Subject to Major Program Determination</b>				<u>\$ (5,036)</u>	<u>\$ -</u>	<u>\$ 570,429</u>	<u>\$ 591,904</u>	<u>\$ -</u>	<u>\$ (26,511)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,511)</u>	<u>\$ 591,904</u>

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**MORRIS-UNION JOINTURE COMMISSION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Morris-Union Jointure Commission Board of Education. The Commission is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal 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 Title 2 U.S. Code of Federal Regulations Part 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 grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until 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. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting 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		\$ 2,071,524	\$ 2,071,524
Special Revenue Fund	\$ 214,950		214,950
Food Service Fund	<u>79,503</u>	<u>1,315</u>	<u>80,818</u>
Total Financial Assistance	<u>\$ 294,453</u>	<u>\$ 2,072,839</u>	<u>\$ 2,367,292</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, 2017**

**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 \$590,589 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$807,758, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$672,896 and TPAF Long-Term Disability Insurance in the amount of \$461 represents the amount paid by the State on behalf of the Commission for the fiscal year ended June 30, 2017.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance 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.

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

The Commission has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



**MORRIS-UNION JOINTURE COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

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, 2017**

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, 2017**

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. Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

There are none.