

MORRIS-UNION JOINTURE COMMISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2018

**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, 2018

Prepared by

**Morris-Union Jointure Commission
Business Department**

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INTRODUCTORY SECTION



Morris-Union Jointure Commission Board of Education

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Denise A. Smallcomb
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January 22, 2019

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, 2018, 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 • Mendham Township • Millburn • Montville Township •
Mountainside • New Providence • Parsippany-Troy Hills Township • Roselle Park • Scotch Plains-Famwood • 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 30 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 2017-2018 fiscal year with an average daily enrollment of 245 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>
2017-2018	245	-6.13%
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%

2) ECONOMIC CONDITION AND OUTLOOK: The Morris-Union Jointure Commission experienced a -6.13% 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 196 and the DLC – New Providence was 46 as of the October 15, 2017 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 2017-2018 school year, the Commission presented approximately 117 inservice workshops. Approximately 1,116 participants from approximately 115 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 2017-2018 school year, approximately 91 participants were enrolled and graduated from the Commission's ARTP program. 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 18 of 30 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 2017-2018 school year, MUJC's 131 school buses transported approximately 458 general and special education students on 79 contracted routes. In addition, the Commission provided transportation for field, athletic and community trips for our own member districts' students.

During the 2017-2018 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 245 students. These students were from approximately 75 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, 2018.

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, 2018, the Commission's outstanding debt included \$32,400,000 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.

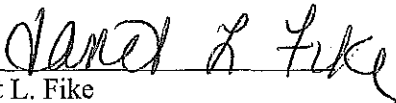
9) RISK MANAGEMENT: The Commission carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Commission's insurance broker, Jay 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 10, 2018 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,

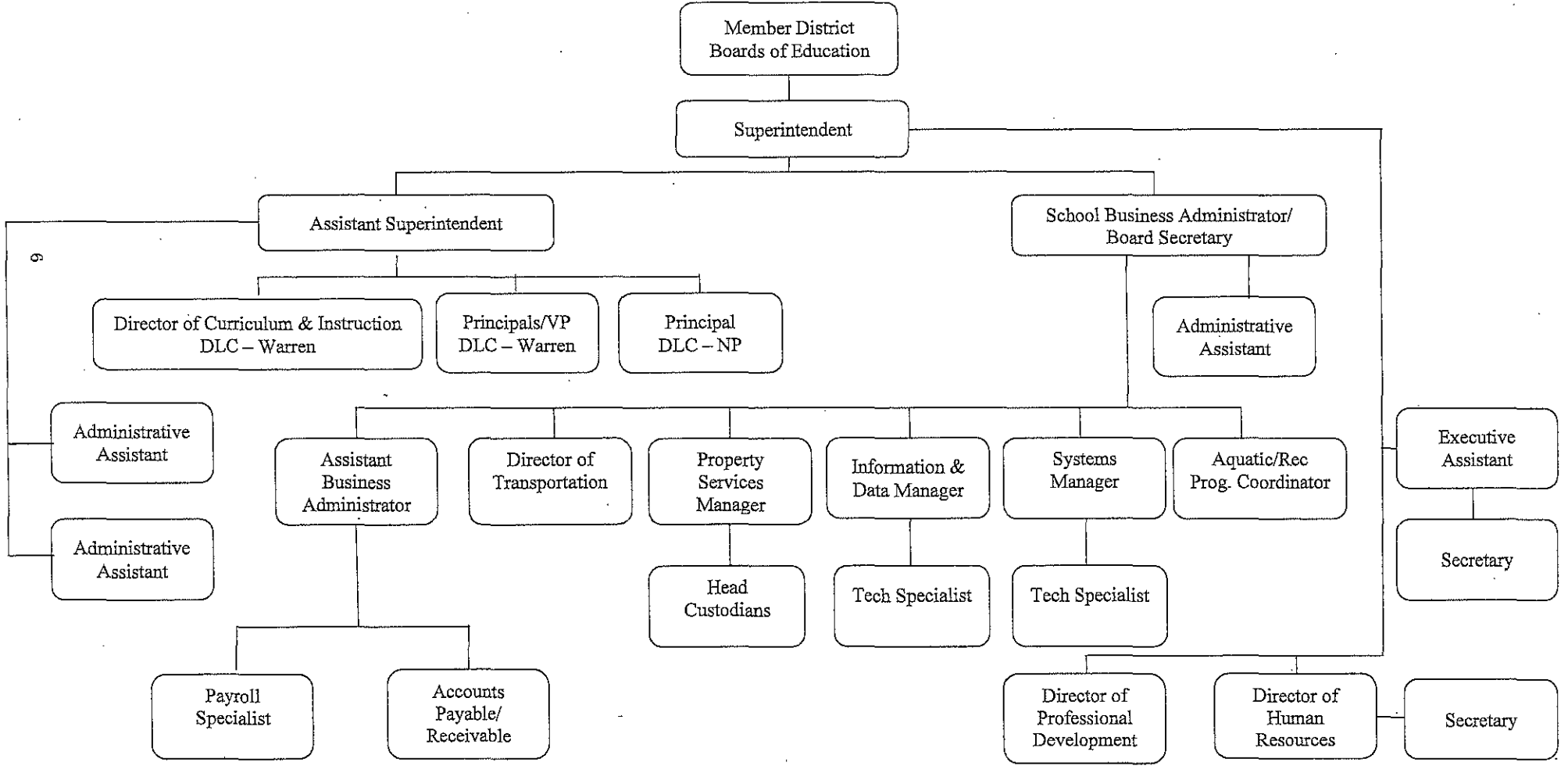


Dr. Janet L. Fike
Superintendent



Michael Davison
Business Administrator/Board Secretary

ORGANIZATION OF THE MORRIS-UNION JOINTURE COMMISSION
June 30, 2018



**MORRIS-UNION JOINTURE COMMISSION BOARD OF EDUCATION
 ROSTER OF OFFICIALS
 June 30, 2018**

Members of the Board of Education

Mrs. Judith Rattner, President
 Mr. Nick Markarian
 Dr. Michael LaSusa
 Mr. Edward Grande
 Dr. Pamela Fiander
 Dr. Scott Rubin
 Dr. Melissa Varley
 Mr. Matthew Spelker
 Mr. Brian Luciani
 Ms. Christina Steffner
 Mr. Edwin Acevedo
 Mr. Mark Schwarz
 Dr. Salvatore Constantino
 Dr. Christine Burton
 Dr. René Rovtar
 Dr. Nancy Lubarsky
 Dr. David Miceli
 Ms. Jennifer Fano
 Mr. Pedro Garrido
 Dr. Margaret W. Hayes
 Dr. Frances Wood
 Dr. Thomas Ficarra
 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

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
 Mendham Township
 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

Other Officials

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

Title

Superintendent
 Assistant Superintendent
 School Administrator/Board Secretary
 Treasurer

**MORRIS-UNION JOINTURE COMMISSION BOARD OF EDUCATION
Consultants and Advisors
2018**

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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris-Union Jointure Commission, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education'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, 2018, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Morris-Union Jointure Commission adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

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, pension information and other postemployment benefits 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.

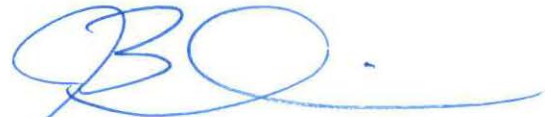
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 22, 2019 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
January 22, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

MORRIS-UNION JOINTURE COMMISSION

Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2018

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, 2018. 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 2017-2018 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 \$34,670,680 (net position). Of this amount \$4,204,602 (unrestricted net position) may be used to meet the Commission's ongoing obligations.
- The Commission's total net position increased by \$425,494 or 1%. Net position from governmental activities decreased \$458,375 or 2% and net position from business-type activities increased \$883,869 or 8%.
- Overall commission revenues were \$47,410,644 which were \$425,494 more than overall commission expenses of \$46,985,150. Program specific revenues in the form of charges for services, grants or contributions accounted for \$47,105,063 of total revenues. General revenues accounted for the remaining \$305,581 of total revenues.
- The Commission had \$38,945,688 in expenses for governmental activities; most of these expenses were offset with program specific revenues from charges for services, grants or contributions of \$38,281,886. General revenues in the amount of \$305,424 helped to offset the remaining expenses.
- The Commission had \$8,039,465 in expenses for business-type activities and \$8,823,177 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 \$22,221,881. Of this amount, \$13,807,428 (62%) is available for spending at the Commission's discretion (unassigned fund balance – General Fund).
- The Commission's total outstanding long-term debt decreased by \$8,548,497 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

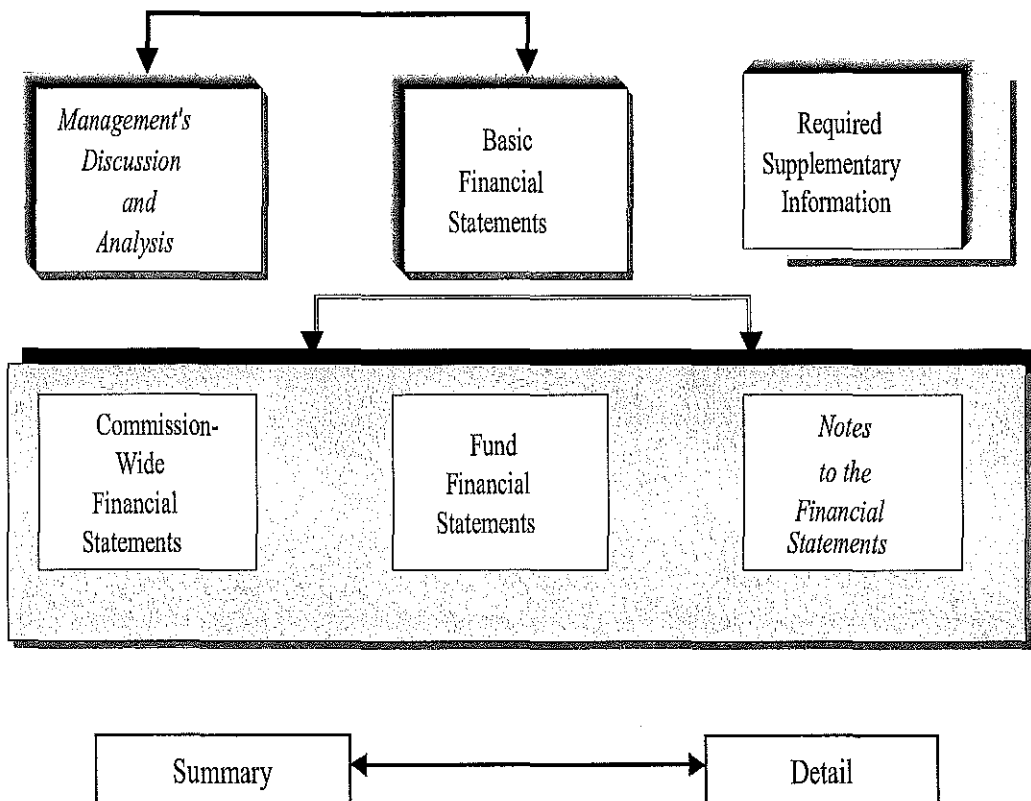
The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include 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, 2018

- 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, 2018

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 there after; 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*.

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Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2018

- 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, 2018

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 and post-retirement medical benefits plan have 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 \$34,670,680 on June 30, 2018 compared to \$34,245,186 on June 30, 2017.

Net Position As of June 30, 2018 and 2017

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets						
Current Assets	\$ 24,083,330	\$ 22,719,655	\$ 16,672,244	\$ 16,547,205	\$ 40,755,574	\$ 39,266,860
Capital Assets	<u>55,484,131</u>	<u>57,735,308</u>	<u>5,281,372</u>	<u>5,469,020</u>	<u>60,765,503</u>	<u>63,204,328</u>
Total Assets	<u>79,567,461</u>	<u>80,454,963</u>	<u>21,953,616</u>	<u>22,016,225</u>	<u>101,521,077</u>	<u>102,471,188</u>
Deferred Outflows of Resources	<u>7,776,322</u>	<u>8,236,802</u>	<u>2,542,534</u>	<u>3,198,026</u>	<u>10,318,856</u>	<u>11,434,828</u>
Total Assets and Deferred Outflows of Resources	<u>87,343,783</u>	<u>88,691,765</u>	<u>24,496,150</u>	<u>25,214,251</u>	<u>111,839,933</u>	<u>113,906,016</u>
Liabilities						
Long-Term Liabilities	57,260,666	62,584,909	8,946,800	12,171,054	66,207,466	74,755,963
Other Liabilities	<u>2,255,675</u>	<u>2,090,652</u>	<u>619,298</u>	<u>531,229</u>	<u>2,874,973</u>	<u>2,621,881</u>
Total Liabilities	<u>59,516,341</u>	<u>64,675,561</u>	<u>9,566,098</u>	<u>12,702,283</u>	<u>69,082,439</u>	<u>77,377,844</u>
Deferred Inflows of Resources	<u>5,821,822</u>	<u>1,552,209</u>	<u>2,264,992</u>	<u>730,777</u>	<u>8,086,814</u>	<u>2,282,986</u>
Total Liabilities and Deferred Inflows of Resources	<u>65,338,163</u>	<u>66,227,770</u>	<u>11,831,090</u>	<u>13,433,060</u>	<u>77,169,253</u>	<u>79,660,830</u>
Net Position						
Net Investment in Capital Assets	23,293,815	21,798,302	5,281,372	5,469,020	28,575,187	27,267,322
Restricted	1,890,891	1,875,367			1,890,891	1,875,367
Unrestricted	<u>(3,179,086)</u>	<u>(1,209,674)</u>	<u>7,383,688</u>	<u>6,312,171</u>	<u>4,204,602</u>	<u>5,102,497</u>
Total Net Position	<u>\$ 22,005,620</u>	<u>\$ 22,463,995</u>	<u>\$ 12,665,060</u>	<u>\$ 11,781,191</u>	<u>\$ 34,670,680</u>	<u>\$ 34,245,186</u>

MORRIS-UNION JOINTURE COMMISSION

Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2018

By far, the largest portion of the Commission's net position (82%) 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 \$1,890,891. The remaining balance of net position of \$4,204,602 (12%) may be used to meet the Commission's ongoing obligations.

Change in Net Position For the Fiscal Years Ended June 30, 2018 and 2017

	Governmental		Business-Type		Total	
	Activities		Activities			
Revenues	2018	2017	2018	2017	2018	2017
Program Revenues						
Charges for Services	\$ 29,305,777	\$ 30,564,822	\$ 7,877,159	\$ 8,263,377	\$ 37,182,936	\$ 38,828,199
Operating Grants and Contributions	8,969,202	5,982,680	946,018	80,818	9,915,220	6,063,498
Capital Grants and Contributions	6,907	5,839			6,907	5,839
General Revenues						
Investment Earnings	262,201	151,691	157	104	262,358	151,795
Miscellaneous	43,223	49,371	-	-	43,223	49,371
Total Revenues	<u>38,587,310</u>	<u>36,754,403</u>	<u>8,823,334</u>	<u>8,344,299</u>	<u>47,410,644</u>	<u>45,098,702</u>
Expenses						
Instruction						
Special Education	16,529,940	15,372,511			16,529,940	15,372,511
Support Services						
Student and Instruction Related Services	11,493,442	11,184,030			11,493,442	11,184,030
General Administrative Services	1,921,933	1,768,390			1,921,933	1,768,390
School Administrative Services	2,194,108	2,056,834			2,194,108	2,056,834
Central and Other Support Services	1,868,212	1,546,075			1,868,212	1,546,075
Plant Operations and Maintenance	3,334,484	3,035,652			3,334,484	3,035,652
Pupil Transportation	295,865	383,210			295,865	383,210
Interest on Long-Term Debt	1,307,701	1,422,931			1,307,701	1,422,931
Special Programs			7,761,872	8,489,614	7,761,872	8,489,614
Food Services	-	-	277,593	276,498	277,593	276,498
Total Expenses	<u>38,945,685</u>	<u>36,769,633</u>	<u>8,039,465</u>	<u>8,766,112</u>	<u>46,985,150</u>	<u>45,535,745</u>
Increase (Decrease) in Net Position Before Transfers	(358,375)	(15,230)	783,869	(421,813)	425,494	(437,043)
Transfers	(100,000)	(75,000)	100,000	75,000	-	-
Increase (Decrease) in Net Position	(458,375)	(90,230)	883,869	(346,813)	425,494	(437,043)
Net Position, Beginning of Year	<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>
Net Position, End of Year	<u>\$ 22,005,620</u>	<u>\$ 22,463,995</u>	<u>\$ 12,665,060</u>	<u>\$ 11,781,191</u>	<u>\$ 34,670,680</u>	<u>\$ 34,245,186</u>

MORRIS-UNION JOINTURE COMMISSION

**Management’s Discussion and Analysis
For The Fiscal Year Ended June 30, 2018**

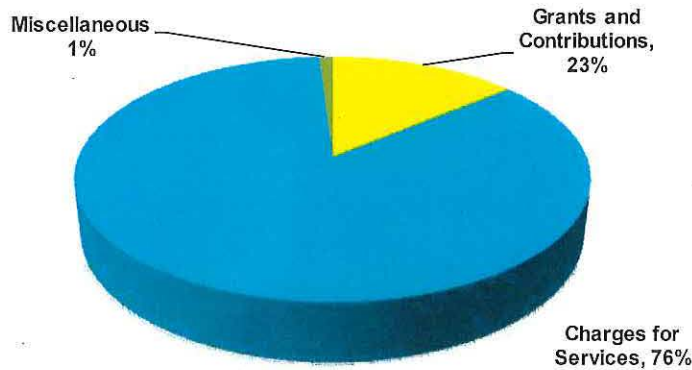
Governmental Activities. The Commission’s total governmental activities revenues were \$38,587,310 for the year ended June 30, 2018, an increase of \$1,832,907 or 5% from the previous year. Charges for services in the form of tuition and fees accounted for 76% of total revenues. Another 24% came from operating grants and contributions and general revenues.

The total cost of all governmental activities programs and services was \$38,945,685 an increase of \$2,176,052 (6%) from the previous year. The Commission’s expenses are predominantly related to educating and caring for students with special needs.

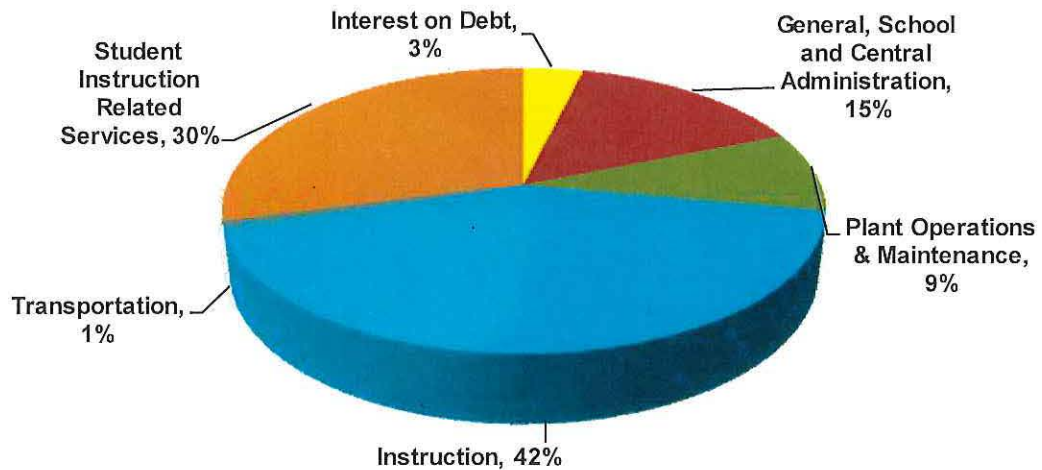
Total governmental activities revenues were less than expenses and transfers out, decreasing net position by \$458,375 from the previous year.

- The cost of all governmental activities this year was \$38,945,685 compared to \$36,769,633 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 \$29,305,777 a decrease of \$1,259,045 (4%) from the previous year.
 - Some of the cost was paid by grants and contributions received through state, federal and local grants and aid for a total of \$8,976,109, an increase of \$2,987,590 (50%) from the previous year, largely due to the enactment of GASB Statement No. 75 other post-employment benefits other than pension reporting requirements for the on-behalf OPEB contributions by the State for the District.

**Revenues by Source- Governmental Activities
For Fiscal Year 2018**



**Expenditures by Type- Governmental Activities
For Fiscal Year 2018**



MORRIS-UNION JOINTURE COMMISSION

**Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2018**

For fiscal year 2018, the Commission's total cost of services was \$38,945,685. After applying program revenues derived from charges for services of \$29,305,777 operating and capital grants and contributions of \$8,976,109 the net expenses of services to the Commission was \$663,799 for the fiscal year ended June 30, 2018.

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2018 and 2017**

	<u>Total Cost of Services</u>		<u>Net (Revenue) Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction				
Special Education	\$ 16,529,940	\$ 15,372,511	\$ (11,298,693)	\$ (12,386,521)
Support Services				
Student and Instruction Related Services	11,493,442	11,184,030	3,117,560	3,506,378
General Administrative Services	1,921,933	1,768,390	1,308,860	1,264,165
School Administrative Services	2,194,108	2,056,834	1,355,645	1,546,676
Central and Other Support Services	1,868,212	1,546,075	1,643,237	1,546,075
Plant Operations and Maintenance	3,334,484	3,035,652	2,933,624	2,933,378
Pupil Transportation	295,865	383,210	295,865	383,210
Interest on Long-Term Debt	1,307,701	1,422,931	1,307,701	1,422,931
	<u>1,307,701</u>	<u>1,422,931</u>	<u>1,307,701</u>	<u>1,422,931</u>
Total	<u>\$ 38,945,685</u>	<u>\$ 36,769,633</u>	<u>\$ 663,799</u>	<u>\$ 216,292</u>

Business-Type Activities --The Commission's total business-type activities revenues were \$8,823,334 for the year ended June 30, 2018, an increase of \$479,035 (6%) from the previous year. Charges for services accounted for 89% of total revenues. Operating grants and contributions and miscellaneous revenue accounted for the remaining 11% 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 more than expenses, increasing net position by \$883,869 over the previous year.

The cost of all business-type activities this year was \$8,039,465. The cost of special program activities was \$7,761,872 (97%) and food services was \$277,593 (3%).

- Some of the cost was paid by the users of the programs for a total of \$7,877,159 a decrease of \$386,218 (5 %) from the previous year.
- On-behalf OPEB contributions for the special programs in the amount of \$873,169 were realized in 2017-2018 due to the enactment of GASB 75.
- The Federal and State governments subsidized the food service program with grants and contributions of \$72,849 a decrease of \$7,969 (10%) from the previous year.
- The Commission transferred in \$100,000 from its governmental activities to subsidize the food service program operations during the year.

MORRIS-UNION JOINTURE COMMISSION

Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2018

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 \$22,221,881 an increase of \$1,623,961 from last year's fund balance of \$20,597,920. This increase is the results of revenues exceeding anticipated budgeted amounts and expenditures below budgeted amounts appropriated for the year. \$13,807,428 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 \$1,890,891; 2) to liquidate unperformed contracts and purchases in the subsequent period \$3,304,375; or 3) assigned to finance subsequent year's budget expenditures of \$3,219,187.

Revenues for the Commission's governmental funds were \$32,670,163 while total expenditures were \$30,946,202. The net amount for other financing uses was \$100,000.

General Fund

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

The following schedule presents a summary of General Fund Revenues.

	<u>Year Ended</u> <u>June 30, 2018</u>	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Local Sources:				
Tuition	\$ 24,917,875	\$ 25,484,734	\$ (566,859)	-2%
Related Services/Program Fees	4,755,340	4,465,520	289,820	6%
Miscellaneous	396,310	302,427	93,883	31%
State Sources	<u>2,285,612</u>	<u>2,071,524</u>	<u>214,088</u>	10%
Total General Fund Revenues	<u>\$ 32,355,137</u>	<u>\$ 32,324,205</u>	<u>\$ 30,932</u>	0%

Total General Fund Revenues increased by \$30,932 or less than 1% from the previous year. Tuition fees which represents 9% of total General Fund revenue for the year decreased less than 2% from the previous year due to a decrease in enrollment in the current year. Related Services and Program Fees which represent 15% of total General Fund revenue for the year increased 6% due to an increase in rates charged and demand for services in the current year. Revenues from State sources increased by \$214,088 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, 2018

The following schedule presents a summary of General Fund expenditures.

	<u>Year Ended</u> <u>June 30, 2018</u>	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Instruction	\$ 9,612,282	\$ 10,084,698	\$ (472,416)	-5%
Support Services	16,132,519	16,520,289	(387,770)	-2%
Debt Service	3,662,144	3,660,344	1,800	0%
Capital Outlay	<u>1,239,966</u>	<u>776,458</u>	<u>463,508</u>	60%
Total Expenditures	<u>\$ 30,646,911</u>	<u>\$ 31,041,789</u>	<u>\$ (394,878)</u>	-1%

Total General Fund expenditures decreased \$394,878 or 1% from the previous year. Notable decreases included special education instruction and student and instruction related support services costs during the current year.

In Fiscal Year 2018 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$1608,437. After deducting assigned and committed fund balances the unassigned fund balance decreased from \$14,554,712 at June 30, 2017 to \$13,807,428 at June 30, 2018. In addition, the amount of fund balance assigned and designated to finance the subsequent year's budget expenditures increased from \$2,932,050 at June 30, 2017 to \$3,219,187 at June 30, 2018.

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 \$299,291 for the year ended June 30, 2018. Federal sources accounted for \$286,966 (96%) and local sources accounted for \$12,325 (4%) of the Special Revenue Funds' revenues.

Total Special Revenue Fund revenues increased \$71,075 from the previous year. This increase was due to an increase in the federal grant awarded to the District under the IDEA grant program.

Expenditures of the Special Revenue Fund were also \$299,291 and also increased \$71,075 from the previous year. Special Education instructional expenditures were \$151,007 or (51%), support services were \$141,377 (47%) and capital outlay was \$6,907 (2%) of the total amount expended for the year ended June 30, 2018.

Capital Projects Fund

The capital projects fund expenditures and other financing uses were less than revenues resulting in a fund balance of \$1,890,891 at June 30, 2018. 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, 2018

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 carried 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 \$3,302,319 during the school year through the use of additional unassigned fund balance. In addition the budget was increased by \$1,235,791 due to the reappropriation of prior year encumbrances.

CAPITAL ASSETS

By the end of June 30, 2018, the Commission had invested \$60,765,503 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 2017-2018 amounted to \$3,498,050 for governmental activities and \$491,211 for business-type activities. The following is a comparison of the June 30, 2018 and 2017 balances.

Capital Assets						
As of June 30, 2018 and 2017						
(Net of Accumulated Depreciation)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land and Land Improvements	\$ 7,771,055	\$ 7,812,301	\$ 3,064,300	\$ 3,064,300	\$ 10,835,355	\$ 10,876,601
Building and Building Improvements	46,619,075	49,306,718	1,053,460	1,215,469	47,672,535	50,522,187
Machinery and Equipment	528,425	268,265	1,163,612	1,189,251	1,692,037	1,457,516
Construction in Progress	565,576	348,024	-	-	565,576	348,024
Total Capital Assets, Net	<u>\$ 55,484,131</u>	<u>\$ 57,735,308</u>	<u>\$ 5,281,372</u>	<u>\$ 5,469,020</u>	<u>\$ 60,765,503</u>	<u>\$ 63,204,328</u>

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, 2018

LONG TERM LIABILITIES

At year-end, the Commission had \$66,207,466 of total outstanding long-term liabilities for its governmental activities and business type activities. For fiscal year 2017/18, total outstanding long-term liabilities decreased by \$8,548,497. The following is a comparison of the June 30, 2018 and 2017 balances.

Outstanding Long-Term Liabilities At June 30, 2018 and 2017

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Lease Purchase Obligation (COP's)	\$ 33,428,695	\$ 35,937,006			\$ 33,428,695	\$ 35,937,006
Compensated Absences	825,915	893,969		\$ 51,555	825,915	945,524
Net Pension Liability	<u>23,006,056</u>	<u>25,753,934</u>	<u>8,946,800</u>	<u>12,119,499</u>	<u>31,952,856</u>	<u>37,873,433</u>
	<u>\$ 57,260,666</u>	<u>\$ 62,584,909</u>	<u>\$ 8,946,800</u>	<u>\$ 12,171,054</u>	<u>\$ 66,207,466</u>	<u>\$ 74,755,963</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the Commission's administration during the process of developing the fiscal year 2017-2018 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 2018-2019. Budgeted expenditures in the General Fund decreased 1.3% from the 2017/2018 adopted budget to \$30,217,684 in fiscal year 2018-2019.

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, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Assets			
Cash and Cash Equivalents	\$ 18,020,143	\$ 15,245,496	\$ 33,265,639
Receivables	4,172,296	1,416,981	5,589,277
Inventories		9,767	9,767
Restricted Assets:			-
Cash and Cash Equivalents with Fiscal Agent	1,890,891		1,890,891
Capital Assets, Not Being Depreciated	7,749,576	3,064,300	10,813,876
Capital Assets, Being Depreciated	<u>47,734,555</u>	<u>2,217,072</u>	<u>49,951,627</u>
Total Assets	<u>79,567,461</u>	<u>21,953,616</u>	<u>101,521,077</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	6,537,943	2,542,534	9,080,477
Deferred Charge on Refunding of Debt	<u>1,238,379</u>	<u>-</u>	<u>1,238,379</u>
Total Deferred Outflows of Resources	<u>7,776,322</u>	<u>2,542,534</u>	<u>10,318,856</u>
Total Assets and Deferred Outflows of Resources	<u>87,343,783</u>	<u>24,496,150</u>	<u>111,839,933</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,704,190	615,829	2,320,019
Accrued Interest Payable	526,518		526,518
Unearned Revenue	24,967	3,469	28,436
Noncurrent Liabilities			
Due Within One Year	2,475,000		2,475,000
Due Beyond One Year	<u>54,785,666</u>	<u>8,946,800</u>	<u>63,732,466</u>
Total Liabilities	<u>59,516,341</u>	<u>9,566,098</u>	<u>69,082,439</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	5,821,822	2,264,042	8,085,864
Deferred Commodities Revenue	<u>-</u>	<u>950</u>	<u>950</u>
Total Deferred Inflows of Resources	<u>5,821,822</u>	<u>2,264,992</u>	<u>8,086,814</u>
Total Liabilities and Deferred Inflows of Resources	<u>65,338,163</u>	<u>11,831,090</u>	<u>77,169,253</u>
NET POSITION			
Net Investment in Capital Assets	23,293,815	5,281,372	28,575,187
Restricted			
Lease-Purchase Obligations	1,890,891		1,890,891
Unrestricted	<u>(3,179,086)</u>	<u>7,383,688</u>	<u>4,204,602</u>
Total Net Position	<u>\$ 22,005,620</u>	<u>\$ 12,665,060</u>	<u>\$ 34,670,680</u>

**MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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
Governmental Activities							
Instruction:							
Special Education	\$ 16,529,940	\$ 24,469,648	\$ 3,352,078	\$ 6,907	\$ 11,298,693		\$ 11,298,693
Support Services:							
Student & Instruction Related Services	11,493,442	4,729,508	3,646,374		(3,117,560)		(3,117,560)
General Administration Services	1,921,933		613,073		(1,308,860)		(1,308,860)
School Administration Services	2,194,108		838,463		(1,355,645)		(1,355,645)
Central and Other Support Services	1,868,212		224,975		(1,643,237)		(1,643,237)
Plant Operations and Maintenance	3,334,484	106,621	294,239		(2,933,624)		(2,933,624)
Pupil Transportation	295,865				(295,865)		(295,865)
Interest on Debt	1,307,701	-	-	-	(1,307,701)		(1,307,701)
Total Governmental Activities	38,945,685	29,305,777	8,969,202	6,907	(663,799)	-	(663,799)
Business - Type Activities							
Special Programs	7,761,872	7,770,562	873,169		-	\$ 881,859	881,859
Food Service	277,593	106,597	72,849		-	(98,147)	(98,147)
Total Business Type Activities	8,039,465	7,877,159	946,018	-	-	783,712	783,712
Total Primary Government	\$ 46,985,150	\$ 37,182,936	\$ 9,915,220	\$ 6,907	(663,799)	783,712	119,913
General Revenues:							
Investment Earnings					262,201	157	262,358
Miscellaneous					43,223		43,223
Transfers					(100,000)	100,000	-
Total General Revenues and Transfers					205,424	100,157	305,581
Change in Net Position					(458,375)	883,869	425,494
Net Position - Beginning of Year					22,463,995	11,781,191	34,245,186
Net Position - End of Year					\$ 22,005,620	\$ 12,665,060	\$ 34,670,680

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

FUND FINANCIAL STATEMENTS

**MORRIS-UNION JOINTURE COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Assets				
Cash and Cash Equivalents	\$ 18,020,143			\$ 18,020,143
Intergovernmental Receivables	4,069,039	\$ 103,257		4,172,296
Due from Other Funds	23,697			23,697
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	<u>-</u>	<u>-</u>	\$ 1,890,891	<u>1,890,891</u>
Total Assets	<u>\$ 22,112,879</u>	<u>\$ 103,257</u>	<u>\$ 1,890,891</u>	<u>\$ 24,107,027</u>
LIABILITIES				
Liabilities				
Accounts Payable	\$ 248,540	\$ 54,593		\$ 303,133
Accrued Salaries and Wages	2,951			2,951
Accrued Liability for Insurance Claims	1,386,153			1,386,153
Due to Other Funds	11,953	23,697		35,650
Unearned Revenue	<u>-</u>	<u>24,967</u>	<u>-</u>	<u>24,967</u>
Total Liabilities	<u>1,649,597</u>	<u>103,257</u>	<u>-</u>	<u>1,752,854</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Tuition and Fees	<u>132,292</u>	<u>-</u>	<u>-</u>	<u>132,292</u>
Total Deferred Inflows of Resources	<u>132,292</u>	<u>-</u>	<u>-</u>	<u>132,292</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,781,889</u>	<u>103,257</u>	<u>-</u>	<u>1,885,146</u>
FUND BALANCES				
Restricted				
Lease-Purchase Obligations (COP's)			\$ 1,890,891	1,890,891
Committed				
Year End Encumbrances	3,247,803			3,247,803
Assigned				
Year End Encumbrances	56,572			56,572
Designated for Subsequent Year's Expenditures	3,219,187			3,219,187
Unassigned	<u>13,807,428</u>	<u>-</u>	<u>-</u>	<u>13,807,428</u>
Total Fund Balances	<u>20,330,990</u>	<u>-</u>	<u>1,890,891</u>	<u>22,221,881</u>
Total Liabilities and Fund Balances	<u>\$ 22,112,879</u>	<u>\$ 103,257</u>	<u>\$ 1,890,891</u>	<u>\$ 24,107,027</u>

Continued

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

**MORRIS-UNION JOINTURE COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

Total Fund Balances - Governmental Funds (Exhibit B-1)		\$ 22,221,881
<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 \$80,953,114 and the accumulated depreciation is \$25,468,983.		55,484,131
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		132,292
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	\$ 6,537,943	
Deferred Inflows of Resources	<u>(5,821,822)</u>	
		716,121
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		1,238,379
The District has financed capital assets through the issuance of COP's. The interest accrual at year end is:		(526,518)
Long term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the fund		
Lease Purchase Obligations (COP's)	\$ (33,428,695)	
Compensated Absences	(825,915)	
Net Pension Liability	<u>(23,006,056)</u>	
		<u>(57,260,666)</u>
Net Position of Governmental Activities (A-1)		\$ <u>22,005,620</u>

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

**MORRIS-UNION JOINTURE COMMISSION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Tuition	\$ 24,917,875			\$ 24,917,875
Related Services and Program Fees	4,755,340			4,755,340
Rents	106,621			106,621
Interest	246,466		\$ 15,735	262,201
Miscellaneous	<u>43,223</u>	<u>\$ 12,325</u>	<u>-</u>	<u>55,548</u>
Total Local Sources	30,069,525	12,325	15,735	30,097,585
Federal Sources		286,966		286,966
State Sources	<u>2,285,612</u>	<u>-</u>	<u>-</u>	<u>2,285,612</u>
Total Revenues	<u>32,355,137</u>	<u>299,291</u>	<u>15,735</u>	<u>32,670,163</u>
EXPENDITURES				
Instruction				
Special Education	9,612,282	151,007		9,763,289
Support Services				
Student and Instruction Related Services	8,497,010	141,377		8,638,387
General Administrative Services	1,518,466			1,518,466
School Administrative Services	1,642,311			1,642,311
Central and Other Support Services	1,403,231			1,403,231
Plant Operations and Maintenance	2,775,636			2,775,636
Pupil Transportation	295,865			295,865
Debt Service				
Principal	2,340,000			2,340,000
Interest	1,322,144			1,322,144
Capital Outlay	<u>1,239,966</u>	<u>6,907</u>	<u>-</u>	<u>1,246,873</u>
Total Expenditures	<u>30,646,911</u>	<u>299,291</u>	<u>-</u>	<u>30,946,202</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,708,226</u>	<u>-</u>	<u>15,735</u>	<u>1,723,961</u>
OTHER FINANCING SOURCES(USES)				
Transfers In	211			211
Transfers Out	<u>(100,000)</u>	<u>-</u>	<u>(211)</u>	<u>(100,211)</u>
Total Other Financing Sources and Uses	<u>(99,789)</u>	<u>-</u>	<u>(211)</u>	<u>(100,000)</u>
Net Change in Fund Balances	1,608,437		15,524	1,623,961
Fund Balance - Beginning of Year	<u>18,722,553</u>	<u>-</u>	<u>1,875,367</u>	<u>20,597,920</u>
Fund Balance - End of Year	<u>\$ 20,330,990</u>	<u>\$ -</u>	<u>\$ 1,890,891</u>	<u>\$ 22,221,881</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, 2018**

Total Net Change in Fund Balances - Governmental Funds (B-2) \$ 1,623,961

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	\$ 1,246,873	
Depreciation Expense	<u>(3,498,050)</u>	(2,251,177)

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

Decrease in Unavailable Revenue		(474,059)
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In the statement of activities, certain operating expenses are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for this item are reported in the amount of financial resources used (paid). When the earned or incurred amount exceeds the paid amount, the difference is a reduction (-); when the paid amount exceeds the earned or incurred amount the difference is an addition to the reconciliation (+).

Decrease in Compensated Absences	68,054	
Increase in Pension Expense	<u>(1,779,597)</u>	(1,711,543)

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	(202,618)	
Deferred Charges - Original Issue Premium	<u>168,311</u>	(34,307)

Principal Repayments:		
COP's		2,340,000

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>48,750</u>
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Change in net position of governmental activities		\$ <u>(458,375)</u>
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**MORRIS-UNION JOINTURE COMMISSION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

	<u>Business Type Activities-Enterprise Funds</u>		
	<u>Special Programs Fund</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 15,174,078	\$ 71,418	\$ 15,245,496
Intergovernmental Accounts Receivable	1,412,136	4,845	1,416,981
Inventories	-	9,767	9,767
Total Current Assets	<u>16,586,214</u>	<u>86,030</u>	<u>16,672,244</u>
Capital Assets			
Land	3,064,300		3,064,300
Buildings and Improvements	3,240,183		3,240,183
Furniture, Machinery & Equipment	5,967,777	223,700	6,191,477
Less: Accumulated Depreciation	<u>(7,087,791)</u>	<u>(126,797)</u>	<u>(7,214,588)</u>
Total Capital Assets, Net	<u>5,184,469</u>	<u>96,903</u>	<u>5,281,372</u>
Total Assets	<u>21,770,683</u>	<u>182,933</u>	<u>21,953,616</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>2,542,534</u>	-	<u>2,542,534</u>
Total Assets and Deferred Outflow of Resources	<u>24,313,217</u>	<u>182,933</u>	<u>24,496,150</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	138,126	20,448	158,574
Accrued Salaries and Wages	132,108		132,108
Accrued Liabilities For Insurance Claims	325,147	-	325,147
Unearned Revenue	-	3,469	3,469
Total Current Liabilities	<u>595,381</u>	<u>23,917</u>	<u>619,298</u>
Noncurrent Liabilities			
Net Pension Liability	<u>8,946,800</u>	-	<u>8,946,800</u>
Total Noncurrent Liabilities	<u>8,946,800</u>	-	<u>8,946,800</u>
Total Liabilities	<u>9,542,181</u>	<u>23,917</u>	<u>9,566,098</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	2,264,042		2,264,042
Deferred Commodities Revenue	-	950	950
Total Deferred Inflows of Resources	<u>2,264,042</u>	<u>950</u>	<u>2,264,992</u>
Total Liabilities and Deferred Inflows of Resources	<u>11,806,223</u>	<u>24,867</u>	<u>11,831,090</u>
NET POSITION			
Investment in Capital Assets	5,184,469	96,903	5,281,372
Unrestricted	<u>7,322,525</u>	<u>61,163</u>	<u>7,383,688</u>
Total Net Position	<u>\$ 12,506,994</u>	<u>\$ 158,066</u>	<u>\$ 12,665,060</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, 2018**

	<u>Business Type Activities-Enterprise Funds</u>		
	<u>Special Programs Fund</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable Programs		\$ 73,688	\$ 73,688
Daily Sales - Non-reimbursable Programs		32,909	32,909
Program Charges and Fees	\$ 7,715,881		7,715,881
Miscellaneous Fees	3,126		3,126
Other	51,555	-	51,555
State - On Behalf OPEB Contribution	873,169	-	873,169
	<u>8,643,731</u>	<u>106,597</u>	<u>8,750,328</u>
Total Operating Revenues			
OPERATING EXPENSES			
Instruction			
Salaries	20,471		20,471
Support Services			
Cost of Food - Reimbursable Programs		105,252	105,252
Cost of Food - Non-reimbursable Programs		20,976	20,976
Salaries	4,386,382	87,131	4,473,513
Employee Benefits	1,819,271	19,973	1,839,244
Purchased Professional Education Services	52,405		52,405
Purchased Professional /Technical Services	65,034		65,034
Other Purchased Services	713,573	22,164	735,737
Supplies and Materials	177,777	1,111	178,888
Miscellaneous	50,662	6,072	56,734
Depreciation	476,297	14,914	491,211
	<u>7,761,872</u>	<u>277,593</u>	<u>8,039,465</u>
Total Operating Expenses			
Operating Income (Loss)	<u>881,859</u>	<u>(170,996)</u>	<u>710,863</u>
Nonoperating Revenues			
State Sources			
State School Lunch Program		1,352	1,352
Federal Sources			
National School Breakfast Program		19,508	19,508
National School Lunch Program		38,264	38,264
Food Distribution Program		13,725	13,725
Interest on Investments	-	157	157
	<u>-</u>	<u>73,006</u>	<u>73,006</u>
Total Non-Operating Revenues			
Net Increase (Loss) Before Transfers	881,859	(97,990)	783,869
Transfers In	-	100,000	100,000
Change in Net Position	881,859	2,010	883,869
Total Net Position - Beginning of Year	<u>11,625,135</u>	<u>156,056</u>	<u>11,781,191</u>
Total Net Position - Ending of Year	<u>\$ 12,506,994</u>	<u>\$ 158,066</u>	<u>\$ 12,665,060</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, 2018**

	<u>Business Type Activities-Enterprise Funds</u>		
	<u>Special Programs Fund</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 7,391,181	\$ 106,709	\$ 7,497,890
Payments to Employees for Salaries & Benefits	(6,303,697)	(107,104)	(6,410,801)
Payments to Suppliers For Goods and Services	(979,548)	(169,846)	(1,149,394)
Net Cash Provided by(Used for) Operating Activities	<u>107,936</u>	<u>(170,241)</u>	<u>(62,305)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received From State and Federal Subsidy Reimbursements		58,908	58,908
Cash Received from Other Funds	-	100,000	100,000
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>-</u>	<u>158,908</u>	<u>158,908</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(303,563)	-	(303,563)
Net Cash Provided by (Used For) Capital and Related Financing Activities	<u>(303,563)</u>	<u>-</u>	<u>(303,563)</u>
CASH FLOWS FROM INVESTMENT AND RELATED FINANCING ACTIVITIES			
Interest on Investments	-	157	157
Net Cash Provided by (Used For) Investment and Related Financing Activities	<u>-</u>	<u>157</u>	<u>157</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(195,627)	(11,176)	(206,803)
Cash and Cash Equivalents- Beginning of Year	<u>15,369,705</u>	<u>82,594</u>	<u>15,452,299</u>
Cash and Cash Equivalents- End of Year	<u>\$ 15,174,078</u>	<u>\$ 71,418</u>	<u>\$ 15,245,496</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating Income(Loss)	\$ 881,859	\$ (170,996)	\$ 710,863
Adjustments to Reconcile Operating Income(loss) to Net Cash Provided by (Used For) Operating Activities			
Depreciation Expense	476,297	14,914	491,211
Non-Cash Federal Assistance-Food Distribution Program		13,725	13,725
Change in Assets, Liabilities and Deferred Outflows and Inflows:			
(Increase) Decrease in Accounts Receivable	(327,826)		(327,826)
(Increase) Decrease in Inventories	-	(3,800)	(3,800)
(Increase) Decrease in Deferred Outflows - Net Pension Liability	655,492		655,492
Increase (Decrease) in Accounts Payable	79,903	(24,819)	55,084
Increase (Decrease) in Accrued Salaries and Wages	9,738		9,738
Increase(decrease) in compensated absences	(51,555)		(51,555)
Increase (Decrease) in Accrued Liability for Insurance Claims	23,135		23,135
Increase (Decrease) in Unearned Revenue		112	112
Increase (Decrease) in Net Pension Liability	(3,172,699)		(3,172,699)
Increase (Decrease) in Deferred Inflows - Net Pension Liability	1,533,592		1,533,592
Increase (Decrease) in Deferred Commodities Revenue	-	623	623
Total Adjustments	<u>(773,923)</u>	<u>755</u>	<u>(773,168)</u>
Net Cash Provided by (Used For) Operating Activities	<u>\$ 107,936</u>	<u>\$ (170,241)</u>	<u>\$ (62,305)</u>
Non-Cash Financing Activities			
Valued Received - Food Distribution Program		\$ 14,348	

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

**MORRIS-UNION JOINTURE COMMISSION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2018**

	Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 6,208	\$ 181,897
Due From Other Funds	<u>15,500</u>	<u>-</u>
Total Assets	<u>21,708</u>	<u>\$ 181,897</u>
LIABILITIES		
Intergovernmental Payable - State	\$ 21,616	
Payroll Deductions and Withholdings		\$ 170,439
Flexible Spending Deposits		7,911
Due to Other Funds	<u>-</u>	<u>3,547</u>
Total Liabilities	<u>21,616</u>	<u>\$ 181,897</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 92</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, 2018

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Board Contribution	\$ 37,337
Employee Contribution	<u>44,273</u>
Total Contributions	<u>81,610</u>
Investment Earnings:	
Interest Earnings	<u>66</u>
Net investment earnings	<u>66</u>
Total Additions	<u>81,676</u>
DEDUCTIONS	
Unemployment Claims	<u>102,679</u>
Total Deductions	<u>102,679</u>
Change in Net Position	(21,003)
Net Position, Beginning of Year	<u>21,095</u>
Net Position, End of the Year	<u>\$ 92</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, 2018**

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 30 constituent school districts. The Board consists of appointed officials made up of a representative from each member school district and is responsible for the fiscal control of the Commission. A superintendent is appointed by the Board and is responsible for the administrative control of the Commission. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the Commission are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Commission. For the Morris-Union Jointure Commission this includes general operations, food service and special programs (transportation services, professional development, provisional teaching program and recreational 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 2018, the Commission adopted the following GASB statements as required:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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. 85, *Omnibus 2017*. 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*. 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.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 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. 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.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

C. Basis of Presentation - Financial Statements

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

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Commission-Wide Financial Statements

The Commission-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. 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 Commissions, 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 special programs enterprise funds to be major funds.

The Commission reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the proceeds from the 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, 2018**

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 funds* are used to account for resources legally held in trust for state unemployment insurance claims. 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.

The *fiduciary agency funds* account for assets held by the Commission as an agent for payroll deductions and withholdings. The payroll funds are held to remit employee withholdings to the respective state, federal and other agencies.

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, 2018**

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, 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 inventory 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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Restricted Assets*

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited under a Lease-Purchase Agreements for the repayment of 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	5-25
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 amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in both the Commission-wide and the proprietary funds statements of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (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, 2018**

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. This amount is 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 statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory 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 also reported in both the Commission-wide and proprietary funds statements of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

7. Compensated Absences

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

8. Pensions

In the Commission-wide financial statements and proprietary fund types in the fund 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, 2018**

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 classified as deferred outflows of resources. Debt premiums are deferred and amortized over the life of the bonds using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Lease Purchase Obligations (COP's) payable are reported with the unamortized premium. Debt issuance costs (other than for prepaid insurance) are treated as an expense.

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

10. Net Position/Fund Balance

Commission-Wide Statements

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

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

Governmental Fund Statements

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

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

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

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 2018/2019 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.

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the Commission's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

11. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$4,620,769. The increase was funded by an additional appropriation of unassigned fund balance (surplus), additional 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.

**MORRIS-UNION JOINTURE COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), 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 and NCUSIF.

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, 2018, the book value of the Board's deposits were \$33,453,744 and bank and brokerage firm balances of the Board's deposits amounted to \$33,839,267. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 33,838,243
Uninsured and Collateralized	<u>1,024</u>
	<u>\$ 33,839,267</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, 2018 the Board's bank balance of \$1,024 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>\$ 1,024</u>
	<u>\$ 1,024</u>

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

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; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school Commissions, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school Commissions; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had the following investments:

<u>Investment Type:</u>	<u>Fair Value</u>
U.S. Government Securities - Money Market Fund	\$ 1,890,891
	<u>\$ 1,890,891</u>

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, 2018, \$1,889,005 of the Board’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
Uninsured and Collateralized:	
Collateral held by pledging financial institutions' trust department or agent but not in the Board's name	\$ 1,890,891
	<u>\$ 1,890,891</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.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

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, 2018 for the Commission’s individual major and nonmajor funds 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	\$ 4,046,785		\$ 1,412,136		\$ 5,458,921
State	22,254			\$ 110	22,364
Federal	<u>-</u>	<u>103,257</u>	<u>-</u>	<u>4,735</u>	<u>107,992</u>
Gross Receivables	4,069,039	103,257	1,412,136	4,845	5,589,277
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 4,069,039</u>	<u>\$ 103,257</u>	<u>\$ 1,412,136</u>	<u>\$ 4,845</u>	<u>\$ 5,589,277</u>

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	
Grant Draw Downs Reserved for Encumbrances	\$ 656
Unencumbered Grant Drawdowns	<u>24,311</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 24,967</u>

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Balance,</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Adjustments</u>	<u>Balance,</u> <u>June 30, 2018</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,184,000			\$ 7,184,000
Construction in Progress	348,024	\$ 379,605	\$ (162,053)	565,576
Total Capital Assets, Not Being Depreciated	<u>7,532,024</u>	<u>379,605</u>	<u>(162,053)</u>	<u>7,749,576</u>
Capital Assets, Being Depreciated:				
Land Improvements	852,308			852,308
Buildings	70,190,275	531,709	162,053	70,884,037
Machinery and Equipment	1,131,634	335,559	-	1,467,193
Total Capital Assets Being Depreciated	<u>72,174,217</u>	<u>867,268</u>	<u>162,053</u>	<u>73,203,538</u>
Less Accumulated Depreciation for:				
Land Improvements	(224,007)	(41,246)		(265,253)
Buildings	(20,883,557)	(3,381,405)		(24,264,962)
Machinery and Equipment	(863,369)	(75,399)	-	(938,768)
Total Accumulated Depreciation	<u>(21,970,933)</u>	<u>(3,498,050)</u>	<u>-</u>	<u>(25,468,983)</u>
Total Capital Assets, Being Depreciated, Net	<u>50,203,284</u>	<u>(2,630,782)</u>	<u>162,053</u>	<u>47,734,555</u>
Governmental Activities Capital Assets, Net	<u>\$ 57,735,308</u>	<u>\$ (2,251,177)</u>	<u>\$ -</u>	<u>\$ 55,484,131</u>

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
Business-Type Activities:				
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	6,258,534	\$ 303,563	\$ (370,620)	6,191,477
Total Capital Assets Being Depreciated	<u>9,498,717</u>	<u>303,563</u>	<u>(370,620)</u>	<u>9,431,660</u>
Less Accumulated Depreciation for:				
Buildings	(2,024,714)	(162,009)	-	(2,186,723)
Machinery and Equipment	(5,069,283)	(329,202)	370,620	(5,027,865)
Total Accumulated Depreciation	<u>(7,093,997)</u>	<u>(491,211)</u>	<u>370,620</u>	<u>(7,214,588)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,404,720</u>	<u>(187,648)</u>	<u>-</u>	<u>2,217,072</u>
Business-Type Activities Capital Assets, Net	<u>\$ 5,469,020</u>	<u>\$ (187,648)</u>	<u>\$ -</u>	<u>\$ 5,281,372</u>

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction	
Special	\$ 3,433,167
Total Instruction	<u>3,433,167</u>
Support Services	
Student and Instruction Related Services	8,440
Central and Other Support Services	40,289
Plant Operations and Maintenance	<u>16,154</u>
Total Support Services	<u>64,883</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,498,050</u>

Business-Type Activities:

Special Programs Fund	\$ 476,297
Food Service Fund	<u>14,914</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 491,211</u>

Construction and Other Significant Commitments

The Commission has the following active construction projects as of June 30, 2018:

<u>Project</u>	<u>Remaining Commitment</u>
DLC-New Providence Building Upgrades	\$ 35,000
DLC-New Providence Interior Building Improvements	30,306
DLC-New Providence HVAC Upgrades	<u>3,158,000</u>
	<u>\$ 3,223,306</u>

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 23,697
Unemployment Trust Fund	General Fund	11,953
Unemployment Trust Fund	Agency Fund	<u>3,547</u>
		<u>\$ 39,197</u>

The above balances are the result of revenues earned or receipts deposited in one fund which are due to another fund or 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		\$ 100,000	\$ 100,000
Capital Projects Fund	\$ 211	-	<u>211</u>
Total Transfers	<u>\$ 211</u>	<u>\$ 100,000</u>	<u>\$ 100,211</u>

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

F. Leases

Operating Leases

The Commission leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2018 were \$45,296. The future minimum lease payments for these operating leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 43,278
2020	43,278
2021	43,278
2022	<u>43,278</u>
	<u>\$ 173,112</u>

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Lease Purchase Agreements

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

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

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

The unexpended proceeds from the sale of the original series 2004 and series 2013 refunding certificates, including interest earned on balances which remain on deposit are held with the respective fiscal agent. The following is a summary of balances by account type as of June 30, 2018:

Interest Account	\$5,912
Principal Account	660
Debt Service Reserve Account	1,884,319

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, 2018.

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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>\$ 32,400,000</u>	<u>\$ 7,825,320</u>	<u>\$ 40,225,320</u>

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Balance, July 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2018</u>	Due Within <u>One Year</u>
Governmental Activities:					
Lease Purchase Agreements -					
Certificates of Participation	\$ 34,740,000		\$ 2,340,000	\$ 32,400,000	\$ 2,435,000
Original Issue Premium	<u>1,197,006</u>	<u>-</u>	<u>168,311</u>	<u>1,028,695</u>	<u>-</u>
	35,937,006	-	2,508,311	33,428,695	2,435,000
Compensated Absences	893,969	\$ 19,254	87,308	825,915	40,000
Net Pension Liability	<u>25,753,934</u>	<u>-</u>	<u>2,747,878</u>	<u>23,006,056</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 62,584,909</u>	<u>\$ 19,254</u>	<u>\$ 5,343,497</u>	<u>\$ 57,260,666</u>	<u>\$ 2,475,000</u>
Business-Type Activities:					
Compensated Absences	\$ 51,555		51,555	-	-
Net Pension Liability	<u>12,119,499</u>	<u>\$ -</u>	<u>3,172,699</u>	<u>\$ 8,946,800</u>	<u>\$ -</u>
Business-Type activity Long-term liabilities	<u>\$ 12,171,054</u>	<u>\$ -</u>	<u>\$ 3,224,254</u>	<u>\$ 8,946,800</u>	<u>\$ -</u>

For the governmental activities, all long-term liabilities are generally liquidated by the general fund.

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

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2018, are reported as accrued liability for insurance claims. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$1,711,300 reported at June 30, 2018 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, prescription drug and dental plan for the fiscal years ended June 30, 2018 and 2017 are as follows:

Governmental and Business Type Activities:	Fiscal Year Ended June 30,	
	<u>2018</u>	<u>2017</u>
Unpaid claims, beginning of fiscal year	\$ 1,578,713	\$ 1,443,883
Incurred claims (including IBNR's)	6,248,820	5,798,009
Claim Payments	<u>6,116,233</u>	<u>5,663,179</u>
Unpaid claims, end of fiscal year	<u>\$ 1,711,300</u>	<u>\$ 1,578,713</u>
Governmental Activities:		
General Fund		
Accrued Liability for Insurance Claims	\$ 1,386,153	\$ 1,276,701
Business Type Activities:		
Special Programs Enterprise Fund		
Accrued Liability for Insurance Claims	<u>325,147</u>	<u>302,012</u>
	<u>\$ 1,711,300</u>	<u>\$ 1,578,713</u>

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

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

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

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

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

Fiscal Year Ended <u>June 30,</u>	<u>Commission Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 37,337	\$ 44,273	\$ 102,679	\$ 92
2017	None	42,264	45,709	21,095
2016	19,074	32,467	27,168	24,485

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Commission.

C. Federal Arbitrage Regulations

The Commission is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2018, the Commission had no estimated arbitrage earnings due to the IRS.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

The following represent the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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 (“Division”), 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.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The 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.us/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of \$90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 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.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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, 2016 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 7.00 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.

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 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2018.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple 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, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, 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 <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 1,271,604	\$ 1,068,753	\$ 24,655
2017	1,136,039	807,578	34,710
2016	1,128,449	609,060	3,262

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

In addition for fiscal years 2017/2018 and 2016/2017 the Commission contributed \$28,304 and \$8,998, respectively for PERS and the State contributed \$680 and \$461, respectively for TPAF for Long Term Disability Insurance Premium (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 Statement No. 85, *Omnibus 2017* (GASB No. 85). 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 \$519,141 during the fiscal year ended June 30, 2018 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. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the Commission reported in the statement of net position (accrual basis) a liability of \$31,952,856 for its proportionate share of the PERS net pension liability. Of this amount, \$23,006,056 is reported as governmental activities and \$8,946,800 is reported as business-type activities in the statements of net position. The net pension liability was measured as of June 30, 2017 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, 2017, the Commission's proportionate share was 0.13726 percent, which was an increase of 0.00938 percent from its proportionate share measured as of June 30, 2016 of 0.12788 percent.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

For the fiscal year ended June 30, 2018, the Commission recognized in the Commission-wide statement of activities (accrual basis) pension expense of \$2,067,586 for PERS. Of this amount, \$2,695,152 is reported as governmental activities in the statement of activities and a credit of \$627,566 is reported as business-type activities in both the statement of activities and statement of revenues, expenses and changes in net position.. The pension contribution made by the Commission during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	2017	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 752,379	
Changes of Assumptions	6,437,399	\$ 6,413,799
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	217,577	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>1,673,122</u>	<u>1,672,065</u>
Total	<u>\$ 9,080,477</u>	<u>\$ 8,085,864</u>
Governmental Activities	\$ 6,537,943	\$ 5,821,822
Business Type Activities	<u>2,542,534</u>	<u>2,264,042</u>
	<u>\$ 9,080,477</u>	<u>\$ 8,085,864</u>

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018, 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:

<u>Year Ending June 30,</u>	<u>Total</u>
2019	\$ 474,827
2020	854,589
2021	643,487
2022	(542,571)
2023	<u>(435,719)</u>
	<u>\$ 994,613</u>

Actuarial Assumptions

The Commission's total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
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, 2016 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, 2018**

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2040

Municipal Bond Rate * From July 1, 2040
and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. 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 5.00%, 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 (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
Commission's Proportionate Share of the PERS Net Pension Liability:			
Governmental Activities	\$ 28,540,574	\$ 23,006,056	\$ 18,395,117
Business Type Activities	<u>11,099,113</u>	<u>8,946,800</u>	<u>7,153,657</u>
	<u>\$ 39,639,686</u>	<u>\$ 31,952,856</u>	<u>\$ 25,548,774</u>

The sensitivity analysis was based on the proportionate share of the Commission's net pension liability at June 30, 2017. A sensitivity analysis specific to the Commission's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**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)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the Commission is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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, 2018, the Commission recognized in the Commission-wide statement of activities (accrual basis) pension expense of \$3,353,485 for TPAF. This amount has been included in the Commission-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the Commission is \$48,408,340. 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, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the Commission was 0.07179 percent, which was a decrease of 0.00428 percent from its proportionate share measured as of June 30, 2016 of 0.07607 percent.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 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, 2018**

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**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)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	4.25%
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, 2036

Municipal Bond Rate * From July 1, 2036 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the Commission calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the Commission that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	<u>1% Decrease (3.25%)</u>	<u>Current Discount Rate (4.25%)</u>	<u>1% Increase (5.25%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the Commission	<u>\$ 57,510,626</u>	<u>\$ 48,408,340</u>	<u>\$ 40,909,837</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the Commission at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the Commission at June 30, 2017 was not provided by the pension system.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school Districts and Commissions.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school Commission employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer 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.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>-</u>
Total	<u>366,078</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 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.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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, 2016, 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.

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, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 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 \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

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, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the Commission for the fiscal years ended June 30, 2018, 2017 and 2016 were \$690,285, \$672,896 and \$725,222, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the Commission was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the Commission is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the Commission. Accordingly, the Commission’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the Commission. Therefore, in addition, the Commission does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the Commission recognized in the Commission-wide statement of activities (accrual basis) OPEB expense of \$5,669,928. Of this amount, \$4,796,759 is reported as government activities in the statement of activities and \$873,169 is reported as business-type activities in both the statement of activities and statement of revenues, expenses and changes in net position. These amounts have been included in the Commission-wide statement of activities (accrual basis) and proprietary fund statement of revenues, expenses and changes in net position (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the Commission is \$53,413,379. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the Commission was 0.09958 percent, which was an increase of 0.00221 percent from its proportionate share measured as of June 30, 2016 of 0.09736 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF and his or her age for PERS.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the Commission for the fiscal year ended June 30, 2018 (measurement June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ 56,307,385
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 4,754,976
Interest on the Total OPEB Liability	1,654,646
Changes of Assumptions	(7,056,680)
Gross Benefit Payments	(2,332,849)
Contributions from the Member	85,901
Net Changes	<u>\$ (2,894,006)</u>
Balance, June 30, 2017 Measurement Date	<u>\$ 53,413,379</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the Commission calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the Commission that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 63,405,534</u>	<u>\$ 53,413,379</u>	<u>\$ 45,487,506</u>

**MORRIS-UNION JOINTURE COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the Commission calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	<u>\$ 43,927,341</u>	<u>\$ 53,413,379</u>	<u>\$ 66,010,726</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**MORRIS-UNION JOINTURE COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Tuition	\$ 24,461,940	39,319	\$ 24,501,259	\$ 24,917,875	\$ 416,616
Related Services and Program Fees	3,083,828		3,083,828	4,755,340	1,671,512
Rents	73,896	-	73,896	106,621	32,725
Interest on Investments	60,000		60,000	246,466	186,466
Miscellaneous	10,300	-	10,300	43,223	32,923
Total Local Sources	27,689,964	39,319	27,729,283	30,069,525	2,340,242
State Sources					
Lead Testing for Schools Aid				6,753	6,753
On-Behalf TPAF Contributions (Non-budgeted)				1,043,432	1,043,432
Pension Benefit Contributions				25,321	25,321
Pension Non-Contributory Group Insurance				680	680
Long Term Disability Insurance				690,285	690,285
Post Retirement Medical Benefits				519,141	519,141
Reimbursed TPAF Social Security Contributions	-	-	-	-	-
Total State Sources	-	-	-	2,285,612	2,285,612
Total Revenues	27,689,964	39,319	27,729,283	32,355,137	4,625,854
EXPENDITURES					
Current					
Special Education					
Multiple Disabilities- Instruction					
Salaries of Teachers	56,823	\$ 1,084	57,907	53,567	4,340
Other Salaries for Instruction	31,437	2,400	33,837	18,776	15,061
Other Purchased Services	50	-	50	-	50
Total Multiple Disabilities	88,310	3,484	91,794	72,343	19,451
Autism - Instruction					
Salaries of Teachers	2,097,584	41,703	2,139,287	2,072,233	67,054
Other Salaries for Instruction	3,601,027	6,175	3,607,202	3,351,116	256,086
Purchased Prof. - Educ. Service	1,260	19,618	20,878	18,177	2,701
Other Purchased Services	3,575	3,111	6,686	5,849	837
General Supplies	130,865	13,630	144,495	86,182	58,313
Total Autism	5,834,311	84,237	5,918,548	5,533,557	384,991
Preschool Disabilities - Full-time					
Salaries of Teachers	57,907	10,731	68,638	68,161	477
Other Salaries for Instruction	33,225	2,408	35,633	27,990	7,643
Total Preschool Disabilities - Full-Time	91,132	13,139	104,271	96,151	8,120
Total Special Education - Instruction	6,013,753	100,860	6,114,613	5,702,051	412,562
Summer School					
Salaries	320,587	(930)	319,657	319,421	236
Other Salaries for Instruction	521,494	(11,324)	510,170	509,838	332
General Supplies	1,421	(1,170)	251	7	244
Total Summer School - Instruction	843,502	(13,424)	830,078	829,266	812
Total Instruction	6,857,255	87,436	6,944,691	6,531,317	413,374
Health Services					
Salaries	284,163	4,297	288,460	282,311	6,149
Purchased Professional and Technical Services	7,750	4,240	11,990	8,325	3,665
General Supplies	56,039	(16,013)	40,026	29,497	10,529
Total Health Services	347,952	(7,476)	340,476	320,133	20,343
Related Services					
Other Salaries for Instruction	3,815,120	(13,170)	3,801,950	3,494,387	307,563
Total Related Services	3,815,120	(13,170)	3,801,950	3,494,387	307,563
Child Study Team					
Salaries of Other Professional Staff	118,218	(5,770)	112,448	93,024	19,424
Total Child Study Team	118,218	(5,770)	112,448	93,024	19,424
Extraordinary Services					
Other Salaries for Instruction	1,251,318	95,895	1,347,213	1,347,159	54
Total Extraordinary Services	1,251,318	95,895	1,347,213	1,347,159	54
Education Media Services/Library					
Supplies and Materials	27,400	-	27,400	23,273	4,127
Total Education Media Services/Library	27,400	-	27,400	23,273	4,127

**MORRIS-UNION JOINTURE COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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	\$ 1,200	\$ (200)	\$ 1,000		\$ 1,000
Other Purchased Services	52,776	-	52,776	11,575	41,201
Total Instructional Staff Training Services	53,976	(200)	53,776	11,575	42,201
Support Services General Administration					
Salaries	760,684	(5,681)	755,003	717,363	37,640
Legal Services	50,000	5,250	55,250	55,246	4
Audit Fees	44,200	-	44,200	37,134	7,066
Other Purchased Professional Services	93,688	7,750	101,438	65,614	35,824
Communications/Telephone	136,543	(3,795)	132,748	97,841	34,907
Miscellaneous Purchased Services	61,806	6,000	67,806	52,249	15,557
Supplies and Materials	28,000	-	28,000	14,973	13,027
Miscellaneous Expenditures	21,000	-	21,000	12,554	8,446
Total Support Services General Administration	1,195,921	9,524	1,205,445	1,052,974	152,471
Support Services School Administration					
Salaries of Principals	665,344	6,688	672,032	671,418	614
Secretarial/Clerical Salaries	303,591	6,088	309,679	309,677	2
Payment for Unused Sick Time		2,100	2,100	2,096	4
Other Purchased Services	7,000	100	7,100	5,586	1,514
Supplies and Materials	29,188	(1,710)	27,478	12,889	14,589
Other Objects	3,900	265	4,165	857	3,308
Total Support Services School Administration	1,009,023	13,531	1,022,554	1,002,523	20,031
Central Services					
Salaries	596,922	5,000	601,922	601,039	883
Payment for Unused Sick Time		3,117	3,117	3,116	1
Purchased Professional Services	54,220	830	55,050	31,848	23,202
Interest on Lease Purchases	1,322,144	-	1,322,144	1,322,144	-
Supplies and Materials	7,500	(365)	7,135	2,012	5,123
Other Purchased Services	4,500	(3,620)	880	880	-
Miscellaneous Expenditures	9,650	(10)	9,640	3,858	5,782
Travel	-	4,865	4,865	3,755	1,110
Total Central Services	1,994,936	9,817	2,004,753	1,968,652	36,101
Administration Information Technology					
Salaries	235,141	-	235,141	233,786	1,355
Purchased Technical Services	82,483	2,842	85,325	36,620	48,705
Travel	1,250	(350)	900	-	900
General Supplies	210,367	(39,000)	171,367	132,070	39,297
Total Administration Information Technology	529,241	(36,508)	492,733	402,476	90,257
Required Maintenance for School Facilities					
Salaries	256,462	4,000	260,462	257,986	2,476
Cleaning, Repair and Maintenance Services	497,732	(27,393)	470,339	342,375	127,964
Other Purchased Services		2,335	2,335	1,085	1,250
General Supplies	73,150	(1,313)	71,837	55,868	15,969
Total Required Maintenance for School Facilities	827,344	(22,371)	804,973	657,314	147,659
Custodial Services					
Salaries	818,126	(26,430)	791,696	764,913	26,783
Cleaning, Repair and Maintenance Services	95,000	(23,031)	71,969	39,714	32,255
Rental of Land & Building Other than Lease Purchase	53,866	(800)	53,066	36,338	16,728
Other Purchased Property Services	75,899	(990)	74,909	45,690	29,219
Insurance	162,728	-	162,728	155,624	7,104
General Supplies	104,000	(7,840)	96,160	87,676	8,484
Energy (Natural Gas)	34,768	40,420	75,188	60,494	14,694
Energy (Electricity)	175,895	272,214	448,109	392,691	55,418
Total Custodial Services	1,520,282	253,543	1,773,825	1,583,140	190,685
Upkeep of Grounds					
Salaries	43,188	1,070	44,258	43,885	373
Cleaning, Repair and Maintenance Services	26,300	(390)	25,910	18,572	7,338
General Supplies	21,100	2,931	24,031	22,444	1,587
Total Upkeep of Grounds	90,588	3,611	94,199	84,901	9,298
Student Transportation Services					
Travel	550	(100)	450	8	442
Contracted Services	465,623	(76,256)	389,367	295,857	93,510
Total Student Transportation Services	466,173	(76,356)	389,817	295,865	93,952

MORRIS-UNION JOINTURE COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Continued)					
Current (Continued)					
Allocated Benefits - Special Programs					
Social Security Contributions	\$ 491,438	\$ 2,776	\$ 494,214	\$ 477,676	\$ 16,538
Other Retirement Contributions- PERS	926,273	(56,810)	869,463	798,136	71,327
Unemployment Compensation	120,000	(34,552)	85,448	29,764	55,684
Workmen's Compensation	408,368	(18,561)	389,807	313,093	76,714
Health Benefits	4,964,129	(104,550)	4,859,579	3,689,549	1,170,030
Tuition Reimbursement	21,000	(10,872)	10,128	7,788	2,340
Other Employee Benefits	30,000	8,823	38,823	32,823	6,000
Total Allocated Benefits - Special Programs - Instruction	6,961,208	(213,746)	6,747,462	5,348,829	1,398,633
Allocated Benefits - Other Instructional Programs					
Social Security Contributions	26,009	18,332	44,341	44,338	3
Total Allocated Benefits - Other Instructional Programs	26,009	18,332	44,341	44,338	3
Allocated Benefits - Related Services					
Other Employee Benefits	-	25,343	25,343	12,842	12,501
Total Allocated Benefits - Related Services	-	25,343	25,343	12,842	12,501
Allocated Benefits - General Administration					
Other Employee Benefits	30,000	-	30,000	-	30,000
Total Allocated Benefits - General Administration	30,000	-	30,000	-	30,000
Allocated Benefits - School Administration					
Other Employee Benefits	-	28,479	28,479	28,479	-
Total Allocated Benefits - School Administration	-	28,479	28,479	28,479	-
Unallocated Benefits					
Social Security Contributions	109,557	(13,679)	95,878	93,074	2,804
Other Retirement Contributions- PERS	158,712	(9,999)	148,713	146,807	1,906
Unemployment Compensation	17,000	(7,500)	9,500	1,175	8,325
Workmen's Compensation	27,225	(1)	27,224	20,873	6,351
Health Benefits	355,906	(4,425)	351,481	253,722	97,759
Tuition Reimbursement	5,000	(3,117)	1,883	-	1,883
Other Employee Benefits	3,000	-	3,000	2,000	1,000
Total Unallocated Benefits	676,400	(38,721)	637,679	517,651	120,028
On-Behalf TPAF Contributions (Non-Budgeted):					
Pension Benefit Contributions				1,043,432	(1,043,432)
Pension Non-Contributory Group Insurance				25,321	(25,321)
Long Term Disability Insurance				680	(680)
Post Retirement Medical Benefits				690,285	(690,285)
Reimbursed TPAF Social Security Contributions				519,141	(519,141)
Total TPAF Contributions				2,278,859	(2,278,859)
Total Undistributed Expenditures	20,941,109	43,757	20,984,866	20,568,394	416,472
Total Expenditures - Current	27,798,364	131,193	27,929,557	27,099,711	829,846
CAPITAL OUTLAY					
Equipment					
Undistributed					
Autism	27,000	(7,500)	19,500	2,060	17,440
Instruction	14,000	-	14,000	11,999	2,001
Instructional Staff	62,000	(48,712)	13,288	-	13,288
School Administration	16,900	855	17,755	-	17,755
Administration Information Technology	134,000	8,780	142,780	102,331	40,449
Required Maintenance	45,000	64,906	109,906	52,789	57,117
Upkeep of Grounds	20,750	614	21,364	16,714	4,650
Total Equipment	319,650	18,943	338,593	185,893	152,700
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		112,807	112,807	53,610	59,197
Construction Services	64,000	4,275,167	4,339,167	967,697	3,371,470
Lease Purchase Agreements - Principal	2,340,000	-	2,340,000	2,340,000	-
Total Facilities Acquisition and Construction Services	2,404,000	4,387,974	6,791,974	3,361,307	3,430,667
Total Capital Outlay	2,723,650	4,406,917	7,130,567	3,547,200	3,583,367
Total Expenditures	30,522,014	4,538,110	35,060,124	30,646,911	4,413,213
Excess(Deficiency) of Revenues Over(Under)					
Expenditures	(2,832,050)	(4,498,791)	(7,330,841)	1,708,226	9,039,067
Other Financing Sources(Uses):					
Transfer In - Capital Project Fund	-	-	-	211	211
Transfer Out - Food Service Fund	(100,000)	-	(100,000)	(100,000)	-
Total Other Financing Sources(Uses)	(100,000)	-	(100,000)	(99,789)	211
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses					
	(2,932,050)	(4,498,791)	(7,430,841)	1,608,437	9,039,278
Fund Balances, July 1	18,722,553	-	18,722,553	18,722,553	-
Fund Balances, June 30	\$ 15,790,503	\$ (4,498,791)	\$ 11,291,712	\$ 20,330,990	\$ 9,039,278
Recapitulation:					
Committed Fund Balance					
Year End Encumbrance				\$ 3,247,803	
Assigned Fund Balance					
Year End Encumbrance				56,572	
Designated for Subsequent Year's Expenditures				3,219,187	
Unassigned Fund Balance					
Undesignated				13,807,428	
				\$ 20,330,990	

**MORRIS-UNION JOINTURE COMMISSION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Federal Sources	\$ 300,000	\$ 45,367	\$ 345,367	\$ 286,966	\$ (58,401)
Local Sources	-	37,292	37,292	12,981	(24,311)
Total Revenues	<u>300,000</u>	<u>82,659</u>	<u>382,659</u>	<u>299,947</u>	<u>(82,712)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	83,666	19,091	102,757	94,166	8,591
Other Purchased Services	10,000	(8,850)	1,150	1,099	51
General Supplies	4,000	7,135	11,135	6,074	5,061
Other Objects	-	924	924	324	600
Total Instruction	<u>97,666</u>	<u>18,300</u>	<u>115,966</u>	<u>101,663</u>	<u>14,303</u>
Support Services					
Salaries	80,079	15,591	95,670	82,003	13,667
Personnel Services Employee Benefits	68,000	54,740	122,740	96,492	26,248
Travel	4,000	(579)	3,421	1,293	2,128
Other Purchased Services	5,255	7,450	12,705	7,391	5,314
Supplies and Materials	20,000	12,157	32,157	4,198	27,959
Miscellaneous Expenditures	15,000	(15,000)	-	-	-
Total Support Services	<u>192,334</u>	<u>74,359</u>	<u>266,693</u>	<u>191,377</u>	<u>75,316</u>
Facilities Acquisition and Construction					
Non-Instructional Equipment	10,000	(10,000)	-	6,907	(6,907)
Total Facilities Acquisition and Construction	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>6,907</u>	<u>(6,907)</u>
Total Expenditures	<u>300,000</u>	<u>82,659</u>	<u>382,659</u>	<u>299,947</u>	<u>82,712</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**MORRIS-UNION JOINTURE COMMISSION
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

	Special Revenue Fund
Source/Inflows of Resources	
Actual Amounts (budgetary basis) "revenue"	
From the budgetary comparison schedule	\$ 299,947
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, 2017	-
Encumbrances, June 30, 2018	<u>(656)</u>
 Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	 \$ <u>299,291</u>
Uses/Outflows of Resources	
Actual amounts(budgetary basis) "total expenditure" from the budgetary comparison schedule	\$ 299,947
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, 2017	-
Encumbrances, June 30, 2018	<u>(656)</u>
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	 \$ <u>299,291</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION INFORMATION
AND
OTHER POST EMPLOYMENT BENEFIT 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 Five Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.13726 %	0.12788 %	0.13126 %	0.13614 %	0.14711 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 31,952,856	\$ 37,873,433	\$ 29,464,327	\$ 25,489,710	\$ 28,116,664
District's Covered-Employee Payroll	\$ 9,202,444	\$ 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	347.22 %	414.52 %	346.22 %	292.83 %	306.97 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10 %	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 Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,271,604	\$ 1,136,039	\$ 1,128,449	\$ 1,122,344	\$ 1,108,484
Contributions in Relation to the Contractually Required Contribution	<u>1,271,604</u>	<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>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 9,202,444	\$ 9,136,655	\$ 8,510,397	\$ 8,704,549	\$ 9,159,422
Contributions as a Percentage of Covered-Employee Payroll	13.82%	12.43%	13.26%	12.89%	12.10%

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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 Five Fiscal Years*

	<u>2018</u>	<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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>48,408,340</u>	<u>59,842,837</u>	<u>57,220,309</u>	<u>52,867,012</u>	<u>51,446,147</u>
Total	<u>\$ 48,408,340</u>	<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	\$ 7,382,172	\$ 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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	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, 2018**

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.

**MORRIS-UNION JOINTURE COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 4,754,976
Interest on Total OPEB Liability	1,654,646
Changes of Assumptions	(7,056,680)
Gross Benefit Payments	(2,332,849)
Contribution from the Member	85,901
Net Change in Total OPEB Liability	(2,894,006)
Total OPEB Liability - Beginning	56,307,385
Total OPEB Liability - Ending	\$ 53,413,379
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	53,413,379
Total OPEB Liability - Ending	\$ 53,413,379
District's Covered-Employee Payroll	\$ 16,584,616
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*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. 75. 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 CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

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, 2018

	(Year 1) IDEA IEP Grant	(Year 2) IDEA IEP Grant	Junior League of Summit	Lowes's Toolbox For Education	In Memory of V. Przyborowski	Pacific Health Laboratories	Safety Grant	Local Drive for Autism	Total
REVENUES									
Intergovernmental									
Federal	\$ 22,352	\$ 264,614							\$ 286,966
Local	-	-	\$ 379	\$ 3,595	\$ 359	\$ 62	\$ 6,907	\$ 1,679	12,981
Total Revenues	<u>\$ 22,352</u>	<u>\$ 264,614</u>	<u>\$ 379</u>	<u>\$ 3,595</u>	<u>\$ 359</u>	<u>\$ 62</u>	<u>\$ 6,907</u>	<u>\$ 1,679</u>	<u>\$ 299,947</u>
EXPENDITURES									
Instruction									
Salaries of Teachers		\$ 94,166							\$ 94,166
Other Purchased Services		1,099							1,099
General Supplies			\$ 379	\$ 3,595	\$ 359	\$ 62		\$ 1,679	\$ 6,074
Other Objects	-	324	-	-	-	-	-	-	324
Total Instruction	-	95,589	379	3,595	359	62	-	1,679	101,663
Support Services									
Salaries	\$ 13,667	68,336							82,003
Personnel Services Employee Benefits	8,596	87,896							96,492
Other Purchased Services		7,391							7,391
Travel	89	1,204							1,293
Supplies and Materials	-	4,198	-	-	-	-	-	-	4,198
Total Support Services	22,352	169,025	-	-	-	-	-	-	191,377
Facilities Acquisition and Construction									
Non-Instructional Equipment	-	-	-	-	-	-	\$ 6,907	-	6,907
Total Facilities Acquisition and Construction	-	-	-	-	-	-	6,907	-	6,907
Total Expenditures	<u>\$ 22,352</u>	<u>\$ 264,614</u>	<u>\$ 379</u>	<u>\$ 3,595</u>	<u>\$ 359</u>	<u>\$ 62</u>	<u>\$ 6,907</u>	<u>\$ 1,679</u>	<u>\$ 299,947</u>

**MORRIS-UNION JOINTURE COMMISSION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

CAPITAL PROJECTS FUND

MORRIS-UNION JOINTURE COMMISSION
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Issue/Project Title</u>	<u>Adjusted Appropriation</u>	<u>Expenditures to Date</u>		<u>Prior Years</u>		<u>Balance June 30, 2018</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	<u>\$ 60,262,159</u>	<u>\$ 58,199,469</u>	<u>-</u>	<u>\$ 129,451</u>	<u>\$ 1,933,239</u>	<u>-</u>
	<u>\$ 60,262,159</u>	<u>\$ 58,199,469</u>	<u>\$ -</u>	<u>\$ 129,451</u>	<u>\$ 1,933,239</u>	<u>\$ -</u>
 <u>Reconciliation to GAAP</u>						
						\$ -
						<u>1,890,891</u>
						<u>\$ 1,890,891</u>
 <u>Recapitulation of Fund Balance</u>						
						<u>\$ 1,890,891</u>
						<u>\$ 1,890,891</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, 2018**

Revenues and Other Financing Sources

Interest Income	\$ 15,735
Total Revenues and Other Financing Sources	<u>15,735</u>

Expenditures and Other Financing Uses

Operating Transfer Out - General Fund	<u>211</u>
Total Expenditures and Other Financing Uses	<u>211</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures	15,524
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Fund Balance - Beginning of Year	<u>1,875,367</u>
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Fund Balance - End of Year	<u>\$ 1,890,891</u>
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Reconciliation to GAAP Basis

Fund Balance, June 30, 2018-Budgetary Basis	\$ 1,890,891
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Fund Balance, June 30, 2018-GAAP Basis	<u>\$ 1,890,891</u>
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**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, 2018**

NOT APPLICABLE

ENTERPRISE FUNDS

**MORRIS UNION JOINTURE COMMISSION
SPECIAL PROGRAMS ENTERPRISE FUND
COMBINING SCHEDULE OF PROGRAM NET POSITION
AS OF JUNE 30, 2018**

	<u>Professional Development</u>	<u>Transportation Program</u>	<u>Provisional Teaching Program</u>	<u>Recreational Programs</u>	<u>Total</u>
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 567,963	\$ 13,455,111	\$ 507,269	643,735	\$ 15,174,078
Intergovernmental Accounts Receivable	5,020	1,394,876	-	12,240	1,412,136
Total Current Assets	<u>572,983</u>	<u>14,849,987</u>	<u>507,269</u>	<u>655,975</u>	<u>16,586,214</u>
Capital Assets					
Land		3,064,300	-		3,064,300
Buildings and Improvements		3,240,183	-		3,240,183
Furniture, Machinery and Equipment		5,967,777	-		5,967,777
Less: Accumulated Depreciation	-	(7,087,791)	-	-	(7,087,791)
Total Capital Assets, Net	<u>-</u>	<u>5,184,469</u>	<u>-</u>	<u>-</u>	<u>5,184,469</u>
Total Assets	<u>572,983</u>	<u>20,034,456</u>	<u>507,269</u>	<u>655,975</u>	<u>21,770,683</u>
DEFERRED OUTFLOW OF RESOURCES					
Deferred Amounts on Net Pension Liability	<u>-</u>	<u>2,542,534</u>	<u>-</u>	<u>-</u>	<u>2,542,534</u>
Total Assets and Deferred Outflow of Resources	<u>572,983</u>	<u>22,576,990</u>	<u>507,269</u>	<u>655,975</u>	<u>24,313,217</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	-	137,816		310	138,126
Accrued Salaries and Wages		132,108			132,108
Accrued Liability for Insurance Claims	-	322,702	569	1,876	325,147
Total Current Liabilities	<u>-</u>	<u>592,626</u>	<u>569</u>	<u>2,186</u>	<u>595,381</u>
Noncurrent Liabilities					
Net Pension Liability	<u>-</u>	<u>8,946,800</u>	<u>-</u>	<u>-</u>	<u>8,946,800</u>
Total Noncurrent Liabilities	<u>-</u>	<u>8,946,800</u>	<u>-</u>	<u>-</u>	<u>8,946,800</u>
Total Liabilities	<u>-</u>	<u>9,539,426</u>	<u>569</u>	<u>2,186</u>	<u>9,542,181</u>
DEFERRED INFLOW OF RESOURCES					
Deferred Amounts on Net Pension Liability	<u>-</u>	<u>2,264,042</u>	<u>-</u>	<u>-</u>	<u>2,264,042</u>
Total Liabilities and Deferred Inflow of Resources	<u>-</u>	<u>11,803,468</u>	<u>569</u>	<u>2,186</u>	<u>11,806,223</u>
NET POSITION					
Net Investment in Capital Assets		5,184,469	-		5,184,469
Unrestricted	572,983	5,589,053	506,700	653,789	7,322,525
Total Net Position	<u>572,983</u>	<u>10,773,522</u>	<u>506,700</u>	<u>653,789</u>	<u>12,506,994</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, 2018**

	<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	\$ 94,155	\$ 7,398,526	\$ 42,180	\$ 181,020	\$ 7,715,881
Miscellaneous Fees		2,576		550	3,126
Other	-	48,298	195	3,062	51,555
State - On Behalf OPEB Contribution	-	873,169	-	-	873,169
	<u>94,155</u>	<u>8,322,569</u>	<u>42,375</u>	<u>184,632</u>	<u>8,643,731</u>
OPERATING EXPENSES					
Instruction					
Salaries			20,471		20,471
Support Services					
Salaries		4,307,702	811	77,869	4,386,382
Employee Benefits		1,813,872	1,600	3,799	1,819,271
Purchased Professional Education Services	48,495		3,910		52,405
Purchased Professional /Technical Services		65,034			65,034
Other Purchased Services	192	704,699		8,682	713,573
Supplies and Materials	795	163,119		13,863	177,777
Miscellaneous		48,973		1,689	50,662
Depreciation	-	476,297	-	-	476,297
	<u>49,482</u>	<u>7,579,696</u>	<u>26,792</u>	<u>105,902</u>	<u>7,761,872</u>
Operating Income (Loss)	<u>44,673</u>	<u>742,873</u>	<u>15,583</u>	<u>78,730</u>	<u>881,859</u>
Change in Net Position	44,673	742,873	15,583	78,730	881,859
Total Net Position- Beginning of Year	<u>528,310</u>	<u>10,030,649</u>	<u>491,117</u>	<u>575,059</u>	<u>11,625,135</u>
Total Net Position - Ending of Year	<u>\$ 572,983</u>	<u>\$ 10,773,522</u>	<u>\$ 506,700</u>	<u>\$ 653,789</u>	<u>\$ 12,506,994</u>

**MORRIS UNION JOINTURE COMMISSION
SPECIAL PROGRAMS ENTERPRISE FUND
COMBINED SCHEDULE OF PROGRAM CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Professional Development</u>	<u>Transportation Program</u>	<u>Provisional Teaching Program</u>	<u>Recreational Programs</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 95,730	\$ 7,066,261	\$ 42,180	\$ 187,010	\$ 7,391,181
Payments to Employees and Benefits		(6,199,147)	(22,882)	(81,668)	(6,303,697)
Payments to Suppliers for Goods and Services	(49,482)	(900,158)	(3,910)	(25,998)	(979,548)
Net Cash Provided by(Used for) operating activities	<u>46,248</u>	<u>(33,044)</u>	<u>15,388</u>	<u>79,344</u>	<u>107,936</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	-	(303,563)	-	-	(303,563)
Net cash provided by(used for) capital and related financing activities	<u>-</u>	<u>(303,563)</u>	<u>-</u>	<u>-</u>	<u>(303,563)</u>
Net increase (decrease) in cash and cash equivalents	46,248	(336,607)	15,388	79,344	(195,627)
Balances - Beginning of Year	<u>521,715</u>	<u>13,791,718</u>	<u>491,881</u>	<u>564,391</u>	<u>15,369,705</u>
Balances - End of Year	<u>\$ 567,963</u>	<u>\$ 13,455,111</u>	<u>\$ 507,269</u>	<u>\$ 643,735</u>	<u>\$ 15,174,078</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income(Loss)	\$ 44,673	\$ 742,873	\$ 15,583	\$ 78,730	\$ 881,859
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities					
Depreciation Expense		476,297			476,297
(Increase) Decrease in accounts receivable	1,575	(334,841)		5,440	(327,826)
(Increase) Decrease in deferred outflows of resources on Net pension		655,492			655,492
Increase (Decrease) in deferred inflows of resources on Net pension		1,533,592			1,533,592
Increase(decrease) in compensated absences		(48,298)	(195)	(3,062)	(51,555)
Increase(decrease) in accounts payable		81,667		(1,764)	79,903
Increase (Decrease) in Accrued Salaries and Wages		9,738			9,738
Increase(Decrease) Accrued Liabilities for Insurance Claims		23,135			23,135
Increase(Decrease) in net pension liability	-	(3,172,699)	-	-	(3,172,699)
Total Adjustments	<u>1,575</u>	<u>(775,917)</u>	<u>(195)</u>	<u>614</u>	<u>(773,923)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 46,248</u>	<u>\$ (33,044)</u>	<u>\$ 15,388</u>	<u>\$ 79,344</u>	<u>\$ 107,936</u>

FIDUCIARY FUNDS

AGENCY FUNDS

**MORRIS-UNION JOINTURE COMMISSION
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2018**

	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 181,897	\$ 181,897
Total Assets	<u>\$ 181,897</u>	<u>\$ 181,897</u>
LIABILITIES		
Payroll Deductions and Withholdings	\$ 170,439	\$ 170,439
Flexible Spending Deposits	7,911	7,911
Due to Unemployment Trust Fund	<u>3,547</u>	<u>3,547</u>
Total Liabilities	<u>\$ 181,897</u>	<u>\$ 181,897</u>

**MORRIS UNION JOINTURE COMMISSION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

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, 2018

	<u>Balance</u> <u>July 1,</u> <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2018</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 201,089	\$ 23,399,905	\$ 23,419,097	\$ 181,897
	<u>\$ 201,089</u>	<u>\$ 23,399,905</u>	<u>\$ 23,419,097</u>	<u>\$ 181,897</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	\$ 196,095	\$ 10,061,146	\$ 10,086,802	\$ 170,439
Accrued Salaries and Wages	(157)	13,316,928	13,316,771	-
Flexible, Spending Deposits	5,151	18,284	15,524	7,911
Due to Other Funds	-	3,547	-	3,547
	<u>\$ 201,089</u>	<u>\$ 23,399,905</u>	<u>\$ 23,419,097</u>	<u>\$ 181,897</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, 2018**

<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, 2017</u>	<u>Decreased</u>	<u>Balance, June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Series 2013-Certificates of	6/12/2013	\$ 43,830,000	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%			
						\$ 34,740,000	\$ 2,340,000	\$ 32,400,000
						\$ 34,740,000	\$ 2,340,000	\$ 32,400,000
							Paid by Budget Appropriation	\$ 2,340,000

MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Description</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2018</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, 2018**

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment In Capital Assets	\$ 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	\$ 23,293,815
Restricted	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	1,890,891
Unrestricted	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)	(3,179,086)
Total Governmental Activities Net Position	<u>\$ 45,352,815</u>	<u>\$ 48,417,422</u>	<u>\$ 51,537,931</u>	<u>\$ 53,641,448</u>	<u>\$ 44,662,025</u>	<u>\$ 20,711,704</u>	<u>\$ 19,976,959</u>	<u>\$ 22,554,225</u>	<u>\$ 22,463,995</u>	<u>\$ 22,005,620</u>
Business-Type Activities										
Net Investment In Capital Assets	\$ 13,190	\$ 16,182	\$ 18,449	\$ 15,372	\$ 8,422,498	\$ 6,638,951	\$ 6,179,769	\$ 5,786,554	\$ 5,469,020	\$ 5,281,372
Unrestricted	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	7,383,688
Total Business-Type Activities Net Position	<u>\$ 8,400,444</u>	<u>\$ 8,347,807</u>	<u>\$ 10,024,041</u>	<u>\$ 11,553,022</u>	<u>\$ 21,383,287</u>	<u>\$ 11,889,556</u>	<u>\$ 13,518,046</u>	<u>\$ 12,128,004</u>	<u>\$ 11,781,191</u>	<u>\$ 12,665,060</u>
District-Wide										
Net Investment In Capital Assets	\$ 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	\$ 28,575,187
Restricted	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	1,890,891
Unrestricted	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	4,204,602
Total District Net Position	<u>\$ 53,753,259</u>	<u>\$ 56,765,229</u>	<u>\$ 61,561,972</u>	<u>\$ 65,194,470</u>	<u>\$ 66,045,312</u>	<u>\$ 32,600,760</u>	<u>\$ 33,495,005</u>	<u>\$ 34,682,229</u>	<u>\$ 34,245,186</u>	<u>\$ 34,670,680</u>

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Special Education	\$ 24,532,101	\$ 25,974,397	\$ 27,423,707	\$ 26,162,286	\$ 26,393,876	\$ 22,168,032	\$ 25,172,540	\$ 27,887,608	\$ 15,372,511	\$ 16,529,940
Support Services:										
Student & Instruction Related Services	369,640	409,080	308,185	232,295	175,898	180,260	689	300	11,184,030	11,493,442
General Administration	986,660	1,263,699	1,126,766	1,282,757	2,042,873	1,300,550	1,419,353	1,396,734	1,768,390	1,921,933
School Administration Services						1,004,827	1,592,740	1,592,455	2,056,834	2,194,108
Central Services and Other Support Services	3,061,093	3,136,273	3,205,627	3,122,308	873,385	1,072,551	1,098,215	994,430	1,546,075	1,868,212
Plant Operations And Maintenance	275,322	238,333	407,101	399,001	552,674	755,905	677,935	591,345	3,035,652	3,334,484
Pupil Transportation	447,864	420,502	427,891	100,165	-	-	-	-	383,210	295,865
Capital Outlay	331,380	117,633	-	-	-	-	-	-	-	-
Unallocated Depreciation	213,454	229,365	366,202	-	-	-	-	-	-	-
Debt Service	-	-	-	-	1,743,493	1,683,822	1,606,399	1,513,626	1,422,931	1,307,701
Total Governmental Activities Expenses	30,217,514	31,789,282	33,265,479	31,298,812	31,782,199	28,165,947	31,567,871	33,976,498	36,769,633	38,945,685
Business-Type Activities:										
Special Programs	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	7,761,872
Food Service	321,382	303,125	314,824	297,956	303,881	297,315	291,364	271,608	276,498	277,593
Total Business-Type Activities Expense	9,286,052	8,570,446	8,519,760	9,189,017	10,411,741	10,435,374	10,220,282	9,203,136	8,766,112	8,039,465
Total District Expenses	\$ 39,503,566	\$ 40,359,728	\$ 41,785,239	\$ 40,487,829	\$ 42,193,940	\$ 38,601,321	\$ 41,788,153	\$ 43,179,634	\$ 45,535,745	\$ 46,985,150
Program Revenues										
Governmental Activities:										
Charges For Services:	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	29,305,777
Operating Grants And Contributions	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	8,969,202
Capital Grants And Contributions	-	-	-	-	20,031	-	-	-	5,839	6,907
Total Governmental Activities Program Revenues	31,705,260	33,969,659	34,892,760	32,669,223	31,621,945	28,343,663	30,648,923	36,542,630	36,553,341	38,281,886
Business-Type Activities:										
Charges For Services										
Special Programs	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	7,770,562
Food Service	184,840	149,682	167,235	148,830	134,445	123,399	112,590	112,557	100,918	106,597
Operating Grants And Contributions	65,788	74,391	69,707	81,399	77,717	76,353	79,031	78,123	80,818	946,018
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	10,790,648	9,519,628	10,786,196	11,282,873	11,936,157	11,314,138	11,742,156	7,713,060	8,344,195	8,823,177
Total District Program Revenues	\$ 42,495,908	\$ 43,489,287	\$ 45,678,956	\$ 43,952,096	\$ 43,558,102	\$ 39,657,801	\$ 42,391,079	\$ 44,255,690	\$ 44,897,536	\$ 47,105,063
Net (Expense)/Revenue										
Governmental Activities	\$ 1,487,746	\$ 2,180,377	\$ 1,627,281	\$ 1,370,411	\$ (160,254)	\$ 177,716	\$ (918,948)	\$ 2,566,132	\$ (216,292)	\$ (663,799)
Business-Type Activities	1,504,596	949,182	2,266,436	2,093,856	1,524,416	878,764	1,521,874	(1,490,076)	(421,917)	783,712
Total District-Wide Net Expense	\$ 2,992,342	\$ 3,129,559	\$ 3,893,717	\$ 3,464,267	\$ 1,364,162	\$ 1,056,480	\$ 602,926	\$ 1,076,056	\$ (638,209)	\$ 119,913

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Unrestricted Federal And State Aid				\$ 4,500						
Extraordinary Item		\$ (475,000)								
Investment Earnings	\$ 2,262,166	41,606	\$ 6,201	2,019	\$ 91,256	\$ 83,803	\$ 93,801	\$ 104,796	\$ 151,691	\$ 262,201
Miscellaneous Income	729,434	315,705	896,771	161,687	86,281	88,512	197,502	6,338	49,371	43,223
Transfers	1,693,655	1,001,919	590,256	564,900	584,000	510,621	(106,600)	(100,000)	(75,000)	(100,000)
Total Governmental Activities	<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>	<u>205,424</u>
Business-Type Activities:										
Investment Earnings	165	100	54	25	20	18	16	34	104	157
Cancellation of Prior Year Payables	42,154									
Miscellaneous										
Transfers	(1,693,655)	(1,001,919)	(590,256)	(564,900)	(584,000)	(510,621)	106,600	100,000	75,000	100,000
Total Business-Type Activities	<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>	<u>100,157</u>
Total District-Wide	<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>	<u>\$ 305,581</u>
Change In Net Position										
Governmental Activities	\$ 6,173,001	\$ 3,064,607	\$ 3,120,509	\$ 2,103,517	\$ 601,283	\$ 860,652	\$ (734,245)	\$ 2,577,266	\$ (90,230)	\$ (458,375)
Business-Type Activities	(146,740)	(52,637)	1,676,234	1,528,981	940,436	368,161	1,628,490	(1,390,042)	(346,813)	883,869
Total District	<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>	<u>\$ 425,494</u>

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 83,813	\$ 824,250								
Unreserved	18,118,795	17,131,336								
Restricted					\$ 658,290			\$ 260,307	\$ 1,126,824	\$ 3,247,803
Committed			\$ 4,033,817	\$ 818,247	731,509	\$ 2,856,491	\$ 1,556,439	1,984,568	3,041,017	3,275,759
Assigned			14,425,950	12,822,468	12,057,192	10,371,719	12,676,113	15,255,731	14,554,712	13,807,428
Unassigned										
Total General Fund	\$ 18,202,608	\$ 17,955,586	\$ 18,459,767	\$ 13,640,715	\$ 13,446,991	\$ 13,228,210	\$ 14,232,552	\$ 17,500,606	\$ 18,722,553	\$ 20,330,990
All Other Governmental Funds										
Reserved	\$ 2,232,504	\$ 2,053,216								
Unreserved	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	\$ 1,890,891
Total All Other Governmental Funds	\$ 3,680,114	\$ 3,515,860	\$ 3,522,061	\$ 2,062,690	\$ 1,896,541	\$ 1,888,931	\$ 1,888,994	\$ 1,888,989	\$ 1,875,367	\$ 1,890,891

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tuition Charges	\$ 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	\$ 24,917,875
Miscellaneous	3,001,317	383,446	932,089	196,063	219,160	191,341	304,914	4,811,414	4,782,122	5,179,710
State Sources	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	2,285,612
Federal Sources									214,950	286,966
Total Revenue	<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>	<u>32,670,163</u>
Expenditures										
Instruction										
Special Education	18,719,983	19,029,563	19,910,251	17,667,964	24,530,708	20,172,645	19,519,480	22,322,155	10,089,364	9,763,289
Support Services:										
Student & Inst. Related Services	246,009	304,978	225,548	188,463	175,898	180,260	641	300	9,050,354	8,638,387
General Administration	939,628	944,201	944,664	1,226,615	976,796	1,300,550	1,190,728	1,145,321	1,445,495	1,518,466
School Administration						1,004,827	1,346,405	1,335,344	1,630,139	1,642,311
Central Services and Other Support Service	2,924,605	2,969,090	3,002,519	2,971,490	815,979	1,072,551	1,056,985	955,334	1,411,200	1,403,231
Plant Operations And Maintenance	240,128	220,849	359,587	370,877	552,674	755,905	666,743	577,125	2,817,602	2,775,636
Pupil Transportation									383,210	295,865
Unallocated Benefits - Special Educ.	4,607,847	5,513,431	5,986,360	6,089,719						
Unallocated Benefits	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	2,340,000
Interest on Long Term Debt					2,093,203	1,045,206	1,593,422	1,513,044	1,425,344	1,322,144
Cost of Issuance					1,066,077	-				
Advance Refunding Escrow					1,933,239	-				
Capital Outlay	<u>5,513,487</u>	<u>4,844,202</u>	<u>3,522,589</u>	<u>9,033,212</u>	<u>1,367,104</u>	<u>582,855</u>	<u>176,153</u>	<u>367,977</u>	<u>782,297</u>	<u>1,246,873</u>
Total Expenditures	<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>	<u>30,946,202</u>
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	<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>	<u>1,723,961</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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)	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	211
Transfers Out	(1,851,000)	(306,750)	(73,844)	(1,103,710)	(214,451)	(199,152)	(106,702)	(100,163)	(89,531)	(100,211)
Total Other Financing Sources (Uses)	<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>	<u>(100,000)</u>
Net Change In Fund Balances	<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>	<u>\$ 1,623,961</u>
Debt Service As A Percentage Of										
Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	12.15%	13.75%	13.99%	12.21%	12.01%	12.33%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	Interest Earned	Rentals	Member Fees	Tuition	Related Services/Program Fees	Prior Year Refunds	Miscellaneous	Total
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
2018	246,466	106,621		24,917,875	4,755,340		43,223	30,069,525

**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)

Governmental Activities

Fiscal Year Ended June 30,	Capital Leases	Certificates of Participation	Total District	Population	Per Capita
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
2018		32,400,000	32,400,000	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, 2018
(Unaudited)**

Net Direct Debt of School District as of June 30, 2018	\$ 32,400,000
Net Overlapping Debt of School District	<u>-</u>
Total Direct and Overlapping Debt	<u>\$ 32,400,000</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>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>	<u>2018</u>
Instruction										
Special education	271.0	254.0	248.0	210.0	195.0	156.0	164.0	149.0	145.0	126.0
Support Services:										
Student & Instruction Related Services	71.0	94.0	96.0	98.0	97.0	73.0	77.0	95.0	98.0	91.0
General and Central Administration	14.0	14.0	15.0	15.0	13.0	14.0	17.0	13.0	13.0	17.0
School Administrative Services	19.0	18.0	15.0	14.0	14.0	13.0	12.0	16.0	16.0	12.0
Plant Operations and Maintenance	15.0	16.0	16.0	14.0	13.0	14.0	11.0	16.0	16.0	15.0
Pupil Transportation	136.0	130.0	113.0	120.0	117.0	124.0	130.0	130.0	132.0	123.0
Food Service	1.0	1.0	1.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Total	<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>	<u>385.0</u>

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment^a</u>	<u>Operating Expenditures^b</u>	<u>Cost Per Pupil^c</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>
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%
2018	245	26,037,185	106,274	5.77%	70.25	2.60:1	243	225	-6.90%	92.59%

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Building</u>										
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	107	99	99	99	80	66	55	66	47	51
Development Learning Center 2 (Leased)										
Capacity (students)	126	126	126							
Enrollment	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	185,000	185,000	185,000	183,000	183,000	183,000
Capacity (students)	219	219	219	219	280	280	280	280	280	280
Enrollment	171	192	213	239	237	221	214	221	214	194

121

Number of Schools at June 30, 2018 = 2

Source: District Records

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

<u>School Facilities</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
DLC - Warren	113,351	115,679	179,503	174,119	284,603	332,687
DLC - New Providence	37,784	38,560	59,835	58,040	323,155	324,627
	<u>\$ 151,135</u>	<u>\$ 154,239</u>	<u>\$ 239,338</u>	<u>\$ 232,159</u>	<u>\$ 607,758</u>	<u>\$ 657,314</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, 2018
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
<u>School Alliance Insurance Fund</u>		
Property & Damage (Buildings and Personal Property)	\$ 70,358,951	\$ 5,000
EDP Hardware and Software	200,043	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>Fireman's Fund Insurance Company</u>		
Catastrophic Excess - Aggregate	50,000,000	
<u>Bollinger Insurance Company</u>		
Student Accident	5,000,000	

Source: Commissions 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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris-Union Jointure Commission as of and for the fiscal year ended June 30, 2018 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 January 22, 2019.

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.

However, we noted a certain matter that is not required to be reported under Government Auditing Standards that we reported to management of the Morris-Union Jointure Commission is a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance", dated January 22, 2019

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
January 22, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Morris-Union Jointure Commission's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Morris-Union Jointure Commission's major state programs for the fiscal year ended June 30, 2018. 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 federal awards and 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, 2018.

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, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated January 22, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Lerch, Vinci & Higgins, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 22, 2019

MORRIS-UNION JOINTURE COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	FAIN Number	Grant Number	Grant Period	Award Amount	Balance July 1, 2017	Adjustment	Cash Received	Budgetary Expenditures	Refund Prior Year's Balances	Balance June 30, 2018			MEMO		
											(Accounts Receivable)	Deferred Revenues	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
Enterprise Fund																
School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	\$ 19,508			\$ 17,914	\$ 19,508						\$ (1,594)	\$ 19,508
School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	22,331	\$ (1,538)		1,538								-
National School Lunch Program	10.555		N/A													-
Cash Assistance		181NJ304N1099		7/1/17-6/30/18	38,264			35,123	38,264						(3,141)	38,264
Cash Assistance		171NJ304N1099		7/1/16-6/30/17	43,459	(2,999)		2,999								-
Non-cash Assistance				7/1/17-6/30/18	14,348			14,348	13,398			\$ 950				13,398
Non-cash Assistance				7/1/16-6/30/17	13,187	327	-	-	327	-	-	-	-	-	-	327
Total Enterprise Fund						(4,210)	-	71,922	71,497	-	-	(4,735)	950	-	(4,735)	71,497
U.S. Department of Education Passed-through State Department of Education																
Special Revenue Fund:																
IDEA Part B-																
IEP's for Life Competitive Grant	84.127A	H127A1601XX	18E00108	9/1/17-8/31/18	323,015		-	161,357	264,614	-		(161,658)	58,401	-	(103,257)	264,614
IEP's for Life Competitive Grant	84.127A	H127A1601XX	17E00117	9/1/16-8/31/17	299,855	(97,209)	-	119,561	22,352	-		-	-	-	-	22,352
Total Special Revenue Fund						(97,209)	-	280,918	286,966	-		(161,658)	58,401	-	(103,257)	286,966
Total Federal Financial Assistance						\$ (101,419)	\$ -	\$ 352,840	\$ 358,463	\$ -	\$ (166,393)	\$ 59,351	\$ -	\$ (107,992)	\$ 358,463	

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The Federal grant programs were 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, 2018

Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Refund Prior Year's Balance	Balance June 30, 2018			MEMO		
									(Accounts Receivable)	Deferred Revenues	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education														
<u>General Fund</u>														
Lead Testing for Schools Aid	18-495-034-5120-104	7/1/17-6/30/18	\$ 6,753			\$ 6,753	\$ 6,753							\$ 6,753
Reimbursed Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	519,141			496,887	519,141		\$ (22,254)				\$ (22,254)	519,141
Reimbursed Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	590,589	\$ (26,419)		26,419								
On-Behalf TPAF Pension Benefit Contributions	18-495-034-5094-002	7/1/17-6/30/18	1,043,432			1,043,432	1,043,432							1,043,432
On-Behalf TPAF Pension System-NCGI Premium	18-495-034-5094-004	7/1/17-6/30/18	25,321			25,321	25,321							25,321
On-Behalf TPAF Long Term Disability Ins. Premium	18-495-034-5094-004	7/1/17-6/30/18	680			680	680							680
On-Behalf TPAF Post Retirement-Medical Benefits	18-495-034-5094-001	7/1/17-6/30/18	690,285			690,285	690,285							690,285
Total General Fund				<u>(26,419)</u>	<u>-</u>	<u>2,283,024</u>	<u>2,278,859</u>	<u>-</u>	<u>(22,254)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,254)</u>	<u>2,278,859</u>
State Department of Agriculture														
<u>Enterprise Fund</u>														
National School Lunch Program State Share	18-100-010-3350-023	7/1/17-6/30/18	1,352			1,242	1,352		(110)				(110)	1,352
National School Lunch Program State Share	17-100-010-3350-023	7/1/16-6/30/17	1,315	(92)		92								
Total Enterprise Fund				<u>(92)</u>	<u>-</u>	<u>1,334</u>	<u>1,352</u>	<u>-</u>	<u>(110)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(110)</u>	<u>1,352</u>
Total State Financial Assistance Subject to Single Audit Determination				<u>(26,511)</u>	<u>-</u>	<u>2,284,358</u>	<u>2,280,211</u>	<u>-</u>	<u>(22,364)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,364)</u>	<u>2,280,211</u>
State Financial Assistance Not Subject to Major Program Determination														
On-Behalf TPAF Pension Benefit Contributions	18-495-034-5094-002	7/1/17-6/30/18	1,043,432			(1,043,432)	(1,043,432)							(1,043,432)
On-Behalf TPAF Pension System-NCGI Prem.	18-495-034-5094-004	7/1/17-6/30/18	25,321			(25,321)	(25,321)							(25,321)
On-Behalf TPAF Pension System-Long Term Disability	18-495-034-5094-004	7/1/17-6/30/18	680			(680)	(680)							(680)
On-Behalf TPAF Post Retirement-Medical	18-495-034-5094-001	7/1/17-6/30/18	690,285			(690,285)	(690,285)							(690,285)
Total State Financial Assistance Subject to Major Program Determination				<u>\$ (26,511)</u>	<u>\$ -</u>	<u>\$ 524,640</u>	<u>\$ 520,493</u>	<u>\$ -</u>	<u>\$ (22,364)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,364)</u>	<u>\$ 520,493</u>

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

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Morris-Union Jointure Commission. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal 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 law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$656 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 funds. 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		\$ 2,285,612	\$ 2,285,612
Special Revenue Fund	\$ 268,966		268,966
Food Service Fund	<u>71,497</u>	<u>1,352</u>	<u>72,849</u>
Total Financial Assistance	<u>\$ 340,463</u>	<u>\$ 2,286,964</u>	<u>\$ 2,627,427</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, 2018**

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 \$519,141 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, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$1,068,753, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$690,285 and TPAF Long-Term Disability Insurance in the amount of \$680 represents the amount paid by the State on behalf of the Commission for the fiscal year ended June 30, 2018.

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 payments 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 8 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
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued on financial statements Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards Section - NOT APPLICABLE

State Awards Section

Internal Control over major programs:

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

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

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

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

Identification of major state programs:

<u>GMIS Number</u>	<u>Name of State Program or Cluster</u>
<u>18-495-034-5094-003</u>	<u>Reimbursed Social Security Contributions</u>
_____	_____
_____	_____

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

Auditee qualified as low-risk auditee? X yes _____ no

**MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

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, 2018**

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, 2018**

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.