

MORRIS-UNION JOINTURE COMMISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2021

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, 2021

Prepared by

**Morris-Union Jointure Commission
Business Department**

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INTRODUCTORY SECTION



Morris-Union Jointure Commission Board of Education

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

Denise A. Smalacomb
Assistant Superintendent

Jason Parenti
Acting School Business Administrator/Board Secretary

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January 31, 2022

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, 2021, 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.

*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-Fanwood • Somerset Hills •
South Orange-Maplewood • Springfield • Summit • Union Township • Warren Township • Watchung Borough • Watchung Hills Regional •
West Orange • Westfield*

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

The 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 six major areas:

- Special Education Programs
- Related Services
- Instructional Services
- Professional Development
- Student Transportation
- Transition Services

The Commission completed the 2020-2021 fiscal year with a student enrollment of 215 students. The following details the changes in the student enrollment of the Commission over the past 10 years.

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2020-2021 | 215 | -3.72% |
| 2019-2020 | 233 | -0.851% |
| 2018-2019 | 235 | -4.10% |
| 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% |

2) ECONOMIC CONDITION AND OUTLOOK: The Morris-Union Jointure Commission experienced a -3.72% decrease in enrollment, which is consistent with annual fluctuations in student population. 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 149 and the DLC – New Providence was 66 as of the October 15, 2020 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 member districts. The Commission rents the recreation facilities at DLC – Warren and DLC – New Providence to various groups during off-hours.

During the 2020-2021 school year, the Commission presented approximately 22 inservice workshops. Due to the pandemic, enrollment was down. Approximately 130 participants from approximately 51 school districts and private schools attended these workshops.

The MUJC continues to provide quality transportation services through its Transportation Department to 16 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. The coronavirus also significantly impacted the department when schools shut down in the spring of 2020. At the beginning of the 2019-2020 school year, prior to the shutdown, MUJC's 113 school buses transported approximately 600 general and special education students on 64 contracted routes. Subsequent to the shutdown, the number of transported students declined. At the beginning of the 2020-2021 school year MUJC's 117 school buses transported 205 students on 53 routes. In addition, the Commission provided transportation for field, athletic, and community trips for our own member districts' students.

During the 2020-2021 school year, approximately 34 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 218 students. These students were from approximately 70 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.

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, 2021.

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, 2021, the Commission's outstanding debt included \$24,840,000 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. 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,



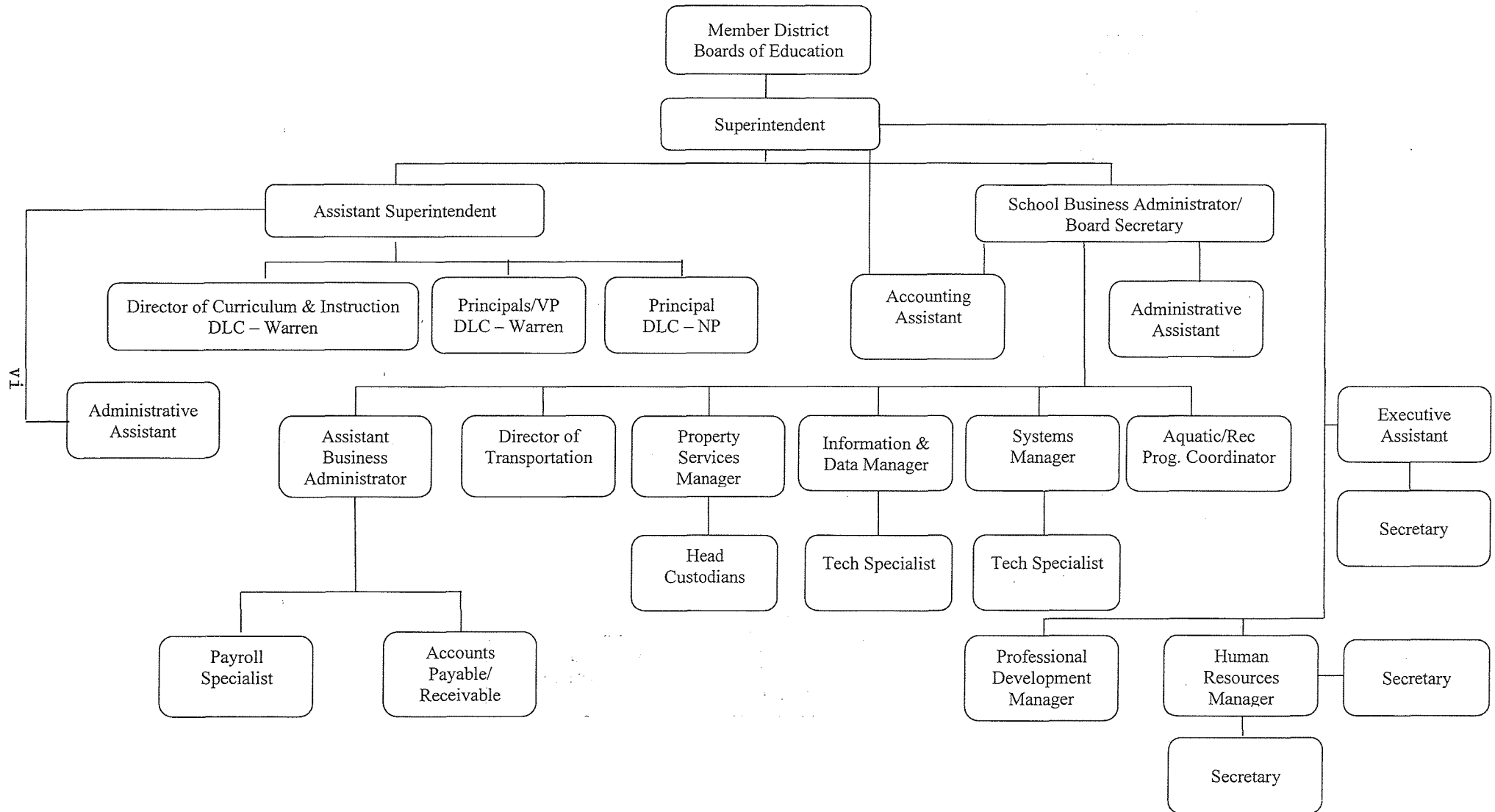
Dr. Janet L. Fike
Superintendent



Jason Parenti
Acting Business Administrator/Board Secretary

ORGANIZATION OF THE MORRIS-UNION JOINTURE COMMISSION

June 30, 2021



**MORRIS-UNION JOINTURE COMMISSION BOARD OF EDUCATION
ROSTER OF OFFICIALS
June 30, 2021**

Members of the Board of Education

Dr. Melissa Varley
Mr. Nick Markarian
Dr. Michael LaSusa, President
Mr. Edward Grande
Dr. Johanna Ruberto
Dr. Scott Rubin
Dr. Steven Caponegro
Dr. Matthew Spelker
Mr. Kyle Arlington
Dr. Matthew Block
Dr. Anne Mucci
Mr. Mark Schwarz
Dr. Salvatore Constantino
Dr. Christine Burton
Dr. René Rovtar
Ms. Janet Walling
Dr. David Miceli
Dr. Barbara Sargent
Mr. Pedro Garrido
Dr. Joan Mast
Dr. Gretchen Dempsey
Dr. Ronald Taylor
Mrs. Rachel Goldberg
Mr. Scott Hough
Mr. Gerry Benaquista
Dr. Matthew Mingle
Mr. George Alexis
Dr. Elizabeth Jewett
Dr. J. Scott Cascone
Dr. Margaret Dolan

Other Officials

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

Superintendent/Board

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

Title

Superintendent
Assistant Superintendent
School Administrator/Board Secretary
Treasurer

**MORRIS-UNION JOINTURE COMMISSION BOARD OF EDUCATION
Consultants and Advisors
2021**

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

Cheryl L. Griffith, SVP | Government Banking
TD Bank, NA
1 Royal Road, 3rd Floor
Flemington NJ 08822

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
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, 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, 2021 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, 2021, 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, 2021, the Morris Union Jointure Commission adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities which provided guidance on identifying fiduciary activities and how they should be reported. The adoption of this standard resulted in a change to how previously reported fiduciary fund activities are currently reported in the financial statements. 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, 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 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 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.

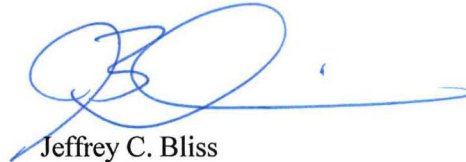
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 31, 2022 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 solely 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

A handwritten signature in blue ink, appearing to read 'Jeffrey C. Bliss', with a long horizontal flourish extending to the right.

Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 31, 2022

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

MORRIS-UNION JOINTURE COMMISSION

Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2021

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, 2021. 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 2020-2021 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 \$33,703,496 (net position). Of this amount \$3,011,914 (unrestricted net position) may be used to meet the Commission's ongoing obligations.
- The Commission's total net position decreased by \$2,616,642 or approximately 7%. Net position from governmental activities decreased \$1,778,980 or 7% and net position from business-type activities decreased \$837,662 or 8%.
- Overall commission revenues were \$39,172,721 which were \$2,616,642 less than overall commission expenses of \$41,789,363. Program specific revenues in the form of charges for services, grants or contributions accounted for \$39,024,173 of total revenues. General revenues accounted for the remaining \$148,548 of total revenues.
- The Commission had \$35,452,181 in expenses for governmental activities; most of these expenses were offset with program specific revenues from charges for services, grants or contributions of \$33,594,653. General revenues in the amount of \$148,548 helped to offset the remaining expenses.
- The Commission had \$6,337,182 in expenses for business-type activities and \$5,429,520 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 \$21,831,392. Of this amount, \$14,217,603 (65%) is available for spending at the Commission's discretion (unassigned fund balance – General Fund).
- The Commission's total outstanding long-term liabilities decreased by \$4,580,782 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

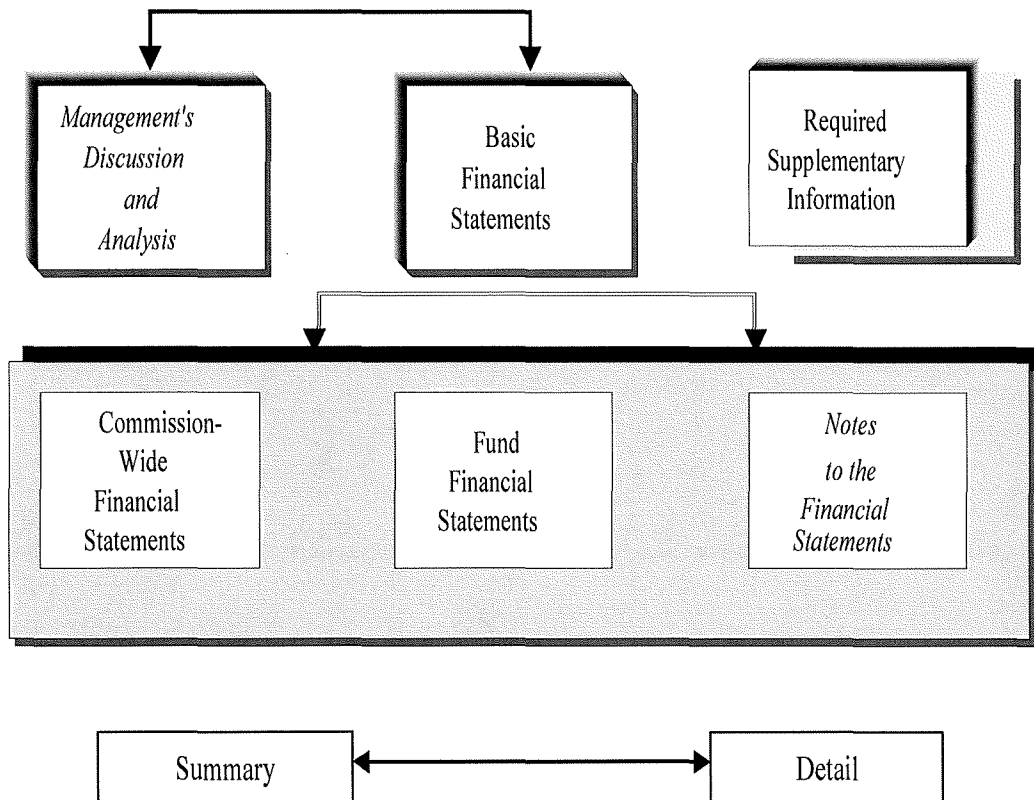
The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include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

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- 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*.

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.



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Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2021

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 |
| 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 |
| 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 |
| Accounting Basis and Measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial focus | Accrual accounting and economic resources focus |
| Type of asset, liability, and deferred outflow/inflow information | All assets, liabilities, and deferred outflows/inflows of resources both financial and capital, short-term and long-term | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets, liabilities, and deferred outflows/inflows of resources both financial and capital, and short-term and long-term |
| 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. |

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, 2021

- 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 two 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.

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.

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Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2021

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 \$33,703,496 on June 30, 2021 compared to \$36,320,138 on June 30, 2020.

Net Position As of June 30, 2021 and 2020

| | <u>Governmental</u> <u>Activities</u> | | <u>Business-Type</u> <u>Activities</u> | | <u>Total</u> | |
|---|--|----------------------|---|----------------------|----------------------|----------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Assets | | | | | | |
| Current Assets | \$ 23,801,832 | \$ 25,237,820 | \$ 13,752,545 | \$ 15,198,988 | \$ 37,554,377 | \$ 40,436,808 |
| Capital Assets | <u>48,373,309</u> | <u>51,897,994</u> | <u>5,014,007</u> | <u>4,642,103</u> | <u>53,387,316</u> | <u>56,540,097</u> |
| Total Assets | <u>72,175,141</u> | <u>77,135,814</u> | <u>18,766,552</u> | <u>19,841,091</u> | <u>90,941,693</u> | <u>96,976,905</u> |
| Deferred Outflows of Resources | <u>2,691,842</u> | <u>3,529,220</u> | <u>804,977</u> | <u>1,033,674</u> | <u>3,496,819</u> | <u>4,562,894</u> |
| Total Assets and Deferred Outflows of Resources | <u>74,866,983</u> | <u>80,665,034</u> | <u>19,571,529</u> | <u>20,874,765</u> | <u>94,438,512</u> | <u>101,539,799</u> |
| Liabilities | | | | | | |
| Long-Term Liabilities | 41,834,923 | 45,890,093 | 6,047,597 | 6,573,209 | 47,882,520 | 52,463,302 |
| Other Liabilities | <u>2,331,430</u> | <u>2,167,033</u> | <u>528,723</u> | <u>426,333</u> | <u>2,860,153</u> | <u>2,593,366</u> |
| Total Liabilities | <u>44,166,353</u> | <u>48,057,126</u> | <u>6,576,320</u> | <u>6,999,542</u> | <u>50,742,673</u> | <u>55,056,668</u> |
| Deferred Inflows of Resources | <u>7,187,758</u> | <u>7,316,056</u> | <u>2,804,585</u> | <u>2,846,937</u> | <u>9,992,343</u> | <u>10,162,993</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>51,354,111</u> | <u>55,373,182</u> | <u>9,380,905</u> | <u>9,846,479</u> | <u>60,735,016</u> | <u>65,219,661</u> |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 23,655,206 | 24,605,507 | 5,014,007 | 4,642,103 | 28,669,213 | 29,247,610 |
| Restricted | 2,022,369 | 1,948,047 | | | 2,022,369 | 1,948,047 |
| Unrestricted | <u>(2,164,703)</u> | <u>(1,261,702)</u> | <u>5,176,617</u> | <u>6,386,183</u> | <u>3,011,914</u> | <u>5,124,481</u> |
| Total Net Position | <u>\$ 23,512,872</u> | <u>\$ 25,291,852</u> | <u>\$ 10,190,624</u> | <u>\$ 11,028,286</u> | <u>\$ 33,703,496</u> | <u>\$ 36,320,138</u> |

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Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2021

By far, the largest portion of the Commission's net position (85%) 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 at June 30, 2021 is restricted for the payment of obligation under lease purchase agreements (COP's) in the amount of \$1,878,347 and for unemployment compensation claims in the amount of \$144,022. The remaining balance of net position of \$3,011,914 (9%) may be used to meet the Commission's ongoing obligations.

Change in Net Position For the Fiscal Years Ended June 30, 2021 and 2020

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 26,642,275 | \$ 30,052,638 | \$ 4,626,281 | \$ 5,209,475 | \$ 31,268,556 | \$ 35,262,113 |
| Operating Grants and Contributions | 6,937,378 | 5,459,484 | 803,239 | 485,967 | 7,740,617 | 5,945,451 |
| Capital Grants and Contributions | 15,000 | | | | 15,000 | - |
| General Revenues | | | | | | |
| Investment Earnings | 109,116 | 377,696 | | | 109,116 | 377,696 |
| Miscellaneous | 39,432 | 43,661 | - | - | 39,432 | 43,661 |
| Total Revenues | 33,743,201 | 35,933,479 | 5,429,520 | 5,695,442 | 39,172,721 | 41,628,921 |
| Expenses | | | | | | |
| Instruction | | | | | | |
| Special Education | 15,720,760 | 14,784,257 | | | 15,720,760 | 14,784,257 |
| Support Services | | | | | | |
| Student and Instruction Related Services | 9,920,481 | 10,439,280 | | | 9,920,481 | 10,439,280 |
| General Administrative Services | 1,728,978 | 1,588,757 | | | 1,728,978 | 1,588,757 |
| School Administrative Services | 2,017,685 | 1,861,502 | | | 2,017,685 | 1,861,502 |
| Central and Other Support Services | 2,044,438 | 1,590,068 | | | 2,044,438 | 1,590,068 |
| Plant Operations and Maintenance | 2,957,679 | 2,725,263 | | | 2,957,679 | 2,725,263 |
| Pupil Transportation | 522 | 235,350 | | | 522 | 235,350 |
| Interest on Long-Term Debt | 1,061,638 | 1,127,632 | | | 1,061,638 | 1,127,632 |
| Special Programs | | | 6,148,867 | 7,193,806 | 6,148,867 | 7,193,806 |
| Food Services | - | - | 188,315 | 224,129 | 188,315 | 224,129 |
| Total Expenses | 35,452,181 | 34,352,109 | 6,337,182 | 7,417,935 | 41,789,363 | 41,770,044 |
| Increase (Decrease) in Net Position Before Transfers | (1,708,980) | 1,581,370 | (907,662) | (1,722,493) | (2,616,642) | (141,123) |
| Transfers | (70,000) | (50,000) | 70,000 | 50,000 | - | - |
| Increase (Decrease) in Net Position | (1,778,980) | 1,531,370 | (837,662) | (1,672,493) | (2,616,642) | (141,123) |
| Net Position, Beginning of Year | 25,291,852 | 23,731,460 | 11,028,286 | 12,700,779 | 36,320,138 | 36,432,239 |
| Prior Period Adjustment | - | 29,022 | - | - | - | 29,022 |
| Net Position, End of Year | \$ 23,512,872 | \$ 25,291,852 | \$ 10,190,624 | \$ 11,028,286 | \$ 33,703,496 | \$ 36,320,138 |

Governmental Activities. The Commission's total governmental activities revenues were \$33,743,201 for the year ended June 30, 2021, a decrease of \$2,190,278 or 6% from the previous year. Charges for services in the form of tuition and fees accounted for 79% of total revenues. Another 21% came from operating grants and contributions and general revenues.

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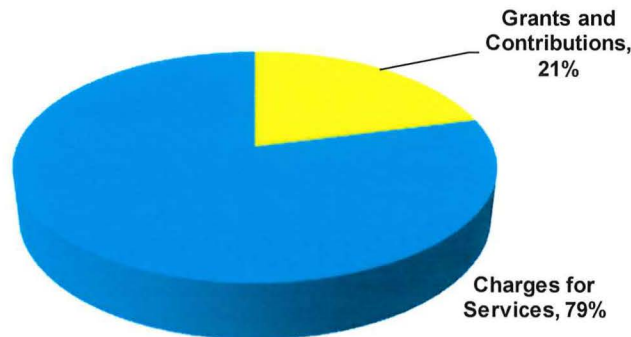
Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2021

The total cost of all governmental activities programs and services was \$35,452,181 an increase of \$1,100,072 (3%) from the previous year. The Commission's expenses are predominantly related to educating and caring for students with special needs.

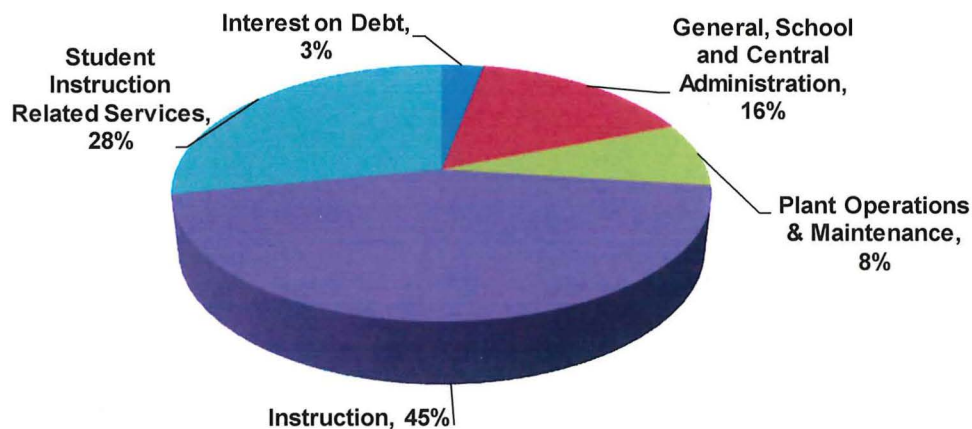
Total governmental activities revenues were less than expenses and transfers out, decreasing net position by \$1,778,980 from the previous year.

- The cost of all governmental activities this year was \$35,452,181 compared to \$34,352,109 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 \$26,642,275 a decrease of \$3,410,363 (11%) from the previous year. The decrease was the result of revenues lost due to the COVID-19 pandemic school closures.
 - Some of the cost was paid by grants and contributions received through state, federal and local grants and aid for a total of \$6,952,378, an increase of \$1,492,894 (27%) from the previous year, largely due to an increase of revenues reported under GASB Statement No. 68 and 75 for on-behalf TPAF pension and post-retirement medical benefit contributions made by the State for the District.

**Revenues by Source- Governmental Activities
For Fiscal Year 2021**



**Expenses by Type- Governmental Activities
For Fiscal Year 2021**



MORRIS-UNION JOINTURE COMMISSION

Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2021

For fiscal year 2021, the Commission's total cost of services was \$35,452,181. After applying program revenues derived from charges for services of \$26,642,275 operating and capital grants and contributions of \$6,952,378 the net cost of services provided by the Commission was \$1,857,528 for the fiscal year ended June 30, 2021.

Total and Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2021 and 2020

| | <u>Total Cost of Services</u> | | <u>Net (Revenue) Cost of Services</u> | |
|--|-----------------------------------|-----------------------------|---|------------------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Instruction | | | | |
| Special Education | \$ 15,720,760 | \$ 14,784,257 | \$ (8,707,680) | \$ (10,485,658) |
| Support Services | | | | |
| Student and Instruction Related Services | 9,920,481 | 10,439,280 | 2,470,995 | 1,487,316 |
| General Administrative Services | 1,728,978 | 1,588,757 | 1,263,409 | 1,186,656 |
| School Administrative Services | 2,017,685 | 1,861,502 | 1,343,358 | 1,288,697 |
| Central and Other Support Services | 2,044,438 | 1,590,068 | 1,832,480 | 1,493,861 |
| Plant Operations and Maintenance | 2,957,679 | 2,725,263 | 2,592,806 | 2,506,133 |
| Pupil Transportation | 522 | 235,350 | 522 | 235,350 |
| Interest on Long-Term Debt | 1,061,638 | 1,127,632 | 1,061,638 | 1,127,632 |
| Total | <u>\$ 35,452,181</u> | <u>\$ 34,352,109</u> | <u>\$ 1,857,528</u> | <u>\$ (1,160,013)</u> |

Business-Type Activities –The Commission's total business-type activities revenues were \$5,429,520 for the year ended June 30, 2021, a decrease of \$265,922 (5%) from the previous year. Charges for services accounted for 85% of total revenues. Operating grants and contributions accounted for the remaining 15% of total revenue for the year.

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

Total business-type activities revenues and transfers in were less than expenses, decreasing net position by \$837,662 over the previous year.

The cost of all business-type activities this year was \$6,337,182 The cost of special program activities was \$6,148,867 (97%) and food services was \$188,315 (3%).

- Some of the cost was paid by the users of the programs for a total of \$4,626,281 a decrease of \$583,194 (11%) from the previous year. This decrease was the result of revenues lost due to the COVID-19 pandemic school closures.
- On-behalf post-retirement medical benefit contributions for the special programs in the amount of \$708,183 were realized in the current year in accordance with GASB 75, an increase of \$280,749 (66%) from the previous year.
- The Federal and State governments subsidized the food service program with grants and contributions of \$95,056 an increase of \$36,523 (62%) from the previous year.
- The Commission transferred in \$70,000 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, 2021

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 \$21,831,392 a decrease of \$1,091,285 from last year's fund balance of \$22,922,677. This decrease is mainly the results of a reduction in revenues earned from tuition and related services/program fees due to school closures related to the COVID-19 pandemic. \$14,217,603 of fund balance at year-end is available as fund resources for future use. The remainder of fund balance is restricted, committed 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 \$1,878,347; 2) the payment of future unemployment claims in the amount of \$144,022; 3) to liquidate unperformed contracts and purchases in the subsequent period of \$1,087,325; or 4) assigned to finance subsequent year's budget expenditures of \$4,504,095.

Revenues for the Commission's governmental funds were \$30,207,821 while total expenditures were \$31,229,106. The net amount for other financing uses was \$70,000.

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, 2021</u> | <u>Year Ended</u> <u>June 30, 2020</u> | <u>Amount of</u> <u>Increase</u> <u>(Decrease)</u> | <u>Percent</u> <u>Change</u> |
|-------------------------------|---|---|--|---------------------------------|
| Local Sources: | | | | |
| Tuition | \$ 22,052,706 | \$ 23,044,198 | \$ (991,492) | -4% |
| Related Services/Program Fees | 5,047,462 | 6,540,879 | (1,493,417) | -23% |
| Miscellaneous | 223,640 | 505,320 | (281,680) | -56% |
| State Sources | 2,828,371 | 2,382,132 | 446,239 | 19% |
| Federal Sources | <u>37,148</u> | <u>-</u> | <u>37,148</u> | 100% |
| Total General Fund Revenues | <u>\$ 30,189,327</u> | <u>\$ 32,472,529</u> | <u>\$ (2,283,202)</u> | -7% |

Total General Fund Revenues decreased 7% from the previous year. Tuition fees which represents 73% of total General Fund revenue for the year decreased 4% from the previous year due to a decrease in enrollment for the current year. Related Services and Program Fees which represent 17% of total General Fund revenue for the year decreased 23% due to a decrease in demand for services during the current year. Revenues from State sources increased by \$446,239 largely due to an increase in the on-behalf TPAF pension system and post-retirement medical benefits contributions made by the State for the Commission's teaching professionals. Revenues from federal services increased due to a reimbursement from FEMA relating to COVID-19 pandemic expenditures.

MORRIS-UNION JOINTURE COMMISSION

Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2021

The following schedule presents a summary of General Fund expenditures.

| | <u>Year Ended</u> <u>June 30, 2021</u> | <u>Year Ended</u> <u>June 30, 2020</u> | <u>Amount of</u> <u>Increase</u> <u>(Decrease)</u> | <u>Percent</u> <u>Change</u> |
|--------------------|---|---|--|---------------------------------|
| Instruction | \$ 10,784,177 | \$ 10,308,459 | \$ 475,718 | 5% |
| Support Services | 16,576,678 | 16,701,175 | (124,497) | -1% |
| Debt Service | 3,660,313 | 3,665,094 | (4,781) | 0% |
| Capital Outlay | <u>189,850</u> | <u>372,688</u> | <u>(182,838)</u> | -49% |
| Total Expenditures | <u>\$ 31,211,018</u> | <u>\$ 31,047,416</u> | <u>\$ 163,602</u> | 1% |

Total General Fund expenditures increased \$163,602 or 1% from the previous year. Notable increases included special education instructional costs and general, school and central administrative support service costs which were offset by decreases in student and instruction related support service costs. In addition there was a reduction in capital outlay expenditures for the current year.

In Fiscal Year 2021 General Fund revenues and other financing sources were less than expenditures and other financing uses by \$1,050,607. After deducting restricted, assigned and committed fund balances the unassigned fund balance decreased from \$16,210,447 at June 30, 2020 to \$14,217,603 at June 30, 2021. In addition, the amount of fund balance assigned and designated to finance the subsequent year's budget expenditures decreased from \$4,653,888 at June 30, 2020 to \$4,504,095 at June 30, 2021. Also committed and assigned fund balances for year end encumbrances increased significantly from \$110,295 at June 30, 2020 to \$1,087,325 at June 30, 2021, mainly due to year end contract awards for capital outlay projects.

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 \$18,088 for the year ended June 30, 2021. Federal sources accounted for 66% and local sources accounted for 34% of the Special Revenue Funds' revenues.

Total Special Revenue Fund revenues increased \$8,301 from the previous year. This increase was mainly due to a federal grant awarded to the District under the CARES grant program from Union County.

Expenditures of the Special Revenue Fund were also \$18,088 and also increased \$8,301 from the previous year. Special Education instructional expenditures were \$6,138 or (34%) and support services were \$11,950 (66%) of the total amount expended for the year ended June 30, 2021. Mainly due to a year end contract awards for capital outlay projects.

Capital Projects Fund

The capital projects fund revenues were less than expenditures and other financing uses resulting in a fund balance of \$1,878,347 at June 30, 2021. This amount is restricted for the payment of the 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, 2021

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 revenues 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 \$125,731 during the school year through the anticipation of additional tuition revenue and grant awards. In addition the budget was increased by \$110,295 due to the reappropriation of prior year encumbrances.

CAPITAL ASSETS

By the end of June 30, 2021, the Commission had invested \$53,387,316 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 2020-2021 amounted to \$3,726,330 for governmental activities and \$428,191 for business-type activities. The following is a comparison of the June 30, 2021 and 2020 balances.

| Capital Assets | | | | | | |
|--|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|
| As of June 30, 2021 and 2020 | | | | | | |
| (Net of Accumulated Depreciation) | | | | | | |
| | Governmental | | Business-Type | | Total | |
| | Activities | | Activities | | | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land and Land Improvements | \$ 7,673,663 | \$ 7,711,717 | \$ 3,064,300 | \$ 3,064,300 | \$ 10,737,963 | \$ 10,776,017 |
| Building and Building Improvements | 40,088,001 | 43,606,423 | 578,450 | 741,089 | 40,666,451 | 44,347,512 |
| Machinery and Equipment | 539,698 | 579,854 | 1,371,257 | 836,714 | 1,910,955 | 1,416,568 |
| Construction in Progress | 71,947 | - | - | - | 71,947 | - |
| Total Capital Assets, Net | \$ 48,373,309 | \$ 51,897,994 | \$ 5,014,007 | \$ 4,642,103 | \$ 53,387,316 | \$ 56,540,097 |

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, 2021

LONG TERM LIABILITIES

At year-end, the Commission had \$47,882,520 of total outstanding long-term liabilities for its governmental activities and business type activities. For fiscal year 2020/21, total outstanding long-term liabilities decreased by \$4,580,782. The following is a comparison of the June 30, 2021 and 2020 balances.

Outstanding Long-Term Liabilities At June 30, 2021 and 2020

| | <u>Governmental Activities</u> | | <u>Business Type Activities</u> | | <u>Total</u> | |
|-----------------------------------|--------------------------------|----------------------|---------------------------------|---------------------|----------------------|----------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Lease Purchase Obligation (COP's) | \$ 25,438,019 | \$ 28,163,691 | | | \$ 25,438,019 | \$ 28,163,691 |
| Compensated Absences | 845,939 | 823,865 | | | 845,939 | 823,865 |
| Net Pension Liability | <u>15,550,965</u> | <u>16,902,537</u> | <u>\$ 6,047,597</u> | <u>\$ 6,573,209</u> | <u>21,598,562</u> | <u>23,475,746</u> |
| | <u>\$ 41,834,923</u> | <u>\$ 45,890,093</u> | <u>\$ 6,047,597</u> | <u>\$ 6,573,209</u> | <u>\$ 47,882,520</u> | <u>\$ 52,463,302</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 2020-2021 budget. The primary factors were the Commission's projected student population, demand for program services, as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2021-2022. Budgeted expenditures in the General Fund decreased 3% from the 2020/2021 adopted budget to \$32,841,115 in fiscal year 2021-2022.

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.

COMMISSION-WIDE FINANCIAL STATEMENTS

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

| | <u>Governmental</u> <u>Activities</u> | <u>Business-Type</u> <u>Activities</u> | <u>Total</u> |
|---|--|---|----------------------|
| ASSETS | | | |
| Assets | | | |
| Cash and Cash Equivalents | \$ 18,522,075 | \$ 12,514,253 | \$ 31,036,328 |
| Receivables | 3,405,651 | 1,225,356 | 4,631,007 |
| Inventories | | 8,695 | 8,695 |
| Internal Balances | (4,241) | 4,241 | - |
| Restricted Assets: | | | |
| Cash and Cash Equivalents with Fiscal Agent | 1,878,347 | | 1,878,347 |
| Capital Assets, Not Being Depreciated | 7,255,947 | 3,064,300 | 10,320,247 |
| Capital Assets, Being Depreciated | <u>41,117,362</u> | <u>1,949,707</u> | <u>43,067,069</u> |
| Total Assets | <u>72,175,141</u> | <u>18,766,552</u> | <u>90,941,693</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Amounts on Net Pension Liability | 1,971,926 | 804,977 | 2,776,903 |
| Deferred Charge on Refunding of Debt | <u>719,916</u> | <u>-</u> | <u>719,916</u> |
| Total Deferred Outflows of Resources | <u>2,691,842</u> | <u>804,977</u> | <u>3,496,819</u> |
| Total Assets and Deferred Outflows of Resources | <u>74,866,983</u> | <u>19,571,529</u> | <u>94,438,512</u> |
| LIABILITIES | | | |
| Accounts Payable and Other Current Liabilities | 1,804,591 | 521,499 | 2,326,090 |
| Accrued Interest Payable | 429,706 | | 429,706 |
| Unearned Revenue | 97,133 | 7,224 | 104,357 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 2,695,000 | | 2,695,000 |
| Due Beyond One Year | <u>39,139,923</u> | <u>6,047,597</u> | <u>45,187,520</u> |
| Total Liabilities | <u>44,166,353</u> | <u>6,576,320</u> | <u>50,742,673</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Amounts on Net Pension Liability | 7,187,758 | 2,802,367 | 9,990,125 |
| Deferred Commodities Revenue | <u>-</u> | <u>2,218</u> | <u>2,218</u> |
| Total Deferred Inflows of Resources | <u>7,187,758</u> | <u>2,804,585</u> | <u>9,992,343</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>51,354,111</u> | <u>9,380,905</u> | <u>60,735,016</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 23,655,206 | 5,014,007 | 28,669,213 |
| Restricted | | | |
| Unemployment Compensation | 144,022 | | 144,022 |
| Lease-Purchase Obligations | 1,878,347 | | 1,878,347 |
| Unrestricted | <u>(2,164,703)</u> | <u>5,176,617</u> | <u>3,011,914</u> |
| Total Net Position | <u>\$ 23,512,872</u> | <u>\$ 10,190,624</u> | <u>\$ 33,703,496</u> |

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

**MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| 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 | \$ 15,720,760 | \$ 21,671,712 | \$ 2,756,728 | | \$ 8,707,680 | | \$ 8,707,680 |
| Support Services: | | | | | | | |
| Student & Instruction Related Services | 9,920,481 | 4,895,065 | 2,554,421 | | (2,470,995) | | (2,470,995) |
| General Administration Services | 1,728,978 | | 465,569 | | (1,263,409) | | (1,263,409) |
| School Administration Services | 2,017,685 | | 674,327 | | (1,343,358) | | (1,343,358) |
| Central and Other Support Services | 2,044,438 | | 211,958 | | (1,832,480) | | (1,832,480) |
| Plant Operations and Maintenance | 2,957,679 | 75,498 | 274,375 | 15,000 | (2,592,806) | | (2,592,806) |
| Pupil Transportation | 522 | | | | (522) | | (522) |
| Interest on Debt | 1,061,638 | - | - | - | (1,061,638) | - | (1,061,638) |
| Total Governmental Activities | 35,452,181 | 26,642,275 | 6,937,378 | 15,000 | (1,857,528) | - | (1,857,528) |
| Business - Type Activities | | | | | | | |
| Special Programs | 6,148,867 | 4,622,438 | 708,183 | | - | \$ (818,246) | (818,246) |
| Food Service | 188,315 | 3,843 | 95,056 | - | - | (89,416) | (89,416) |
| Total Business Type Activities | 6,337,182 | 4,626,281 | 803,239 | - | - | (907,662) | (907,662) |
| Total Primary Government | \$ 41,789,363 | \$ 31,268,556 | \$ 7,740,617 | \$ 15,000 | (1,857,528) | (907,662) | (2,765,190) |
| General Revenues: | | | | | | | |
| Investment Earnings | | | | | 109,116 | | 109,116 |
| Miscellaneous | | | | | 39,432 | | 39,432 |
| Transfers | | | | | (70,000) | 70,000 | - |
| Total General Revenues and Transfers | | | | | 78,548 | 70,000 | 148,548 |
| Change in Net Position | | | | | (1,778,980) | (837,662) | (2,616,642) |
| Net Position - Beginning of Year (Restated) | | | | | 25,291,852 | 11,028,286 | 36,320,138 |
| Net Position - End of Year | | | | | \$ 23,512,872 | \$ 10,190,624 | \$ 33,703,496 |

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, 2021**

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|---|-------------------------|---------------------------------|--------------------------------------|---|
| ASSETS | | | | |
| Assets | | | | |
| Cash and Cash Equivalents | \$ 18,424,942 | \$ 97,133 | | \$ 18,522,075 |
| Intergovernmental Receivables | 3,405,651 | | | 3,405,651 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents with Fiscal Agent | - | - | \$ 1,878,347 | 1,878,347 |
| Total Assets | <u>\$ 21,830,593</u> | <u>\$ 97,133</u> | <u>\$ 1,878,347</u> | <u>\$ 23,806,073</u> |
| LIABILITIES | | | | |
| Liabilities | | | | |
| Accounts Payable | \$ 262,930 | | | \$ 262,930 |
| Accrued Salaries and Wages | 267 | | | 267 |
| Payroll Deductions and Withholdings Payable | 182,538 | | | 182,538 |
| Accrued Liability for Insurance Claims | 1,343,085 | | | 1,343,085 |
| Other Liabilities | 15,771 | | | 15,771 |
| Due to Other Funds | 4,241 | | | 4,241 |
| Unearned Revenue | - | \$ 97,133 | - | 97,133 |
| Total Liabilities | <u>1,808,832</u> | <u>97,133</u> | <u>-</u> | <u>1,905,965</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable Revenue - Tuition and Fees | 68,716 | - | - | 68,716 |
| Total Deferred Inflows of Resources | <u>68,716</u> | <u>-</u> | <u>-</u> | <u>68,716</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>1,877,548</u> | <u>97,133</u> | <u>-</u> | <u>1,974,681</u> |
| FUND BALANCES | | | | |
| Restricted | | | | |
| Unemployment Compensation Reserve | 144,022 | | | 144,022 |
| Lease-Purchase Obligations (COP's) | | | \$ 1,878,347 | 1,878,347 |
| Committed | | | | |
| Year End Encumbrances | 720,300 | | | 720,300 |
| Assigned | | | | |
| Year End Encumbrances | 367,025 | | | 367,025 |
| Designated for Subsequent Year's Expenditures | 4,504,095 | | | 4,504,095 |
| Unassigned | 14,217,603 | - | - | 14,217,603 |
| Total Fund Balances | <u>19,953,045</u> | <u>-</u> | <u>1,878,347</u> | <u>21,831,392</u> |
| Total Liabilities and Fund Balances | <u>\$ 21,830,593</u> | <u>\$ 97,133</u> | <u>\$ 1,878,347</u> | <u>\$ 23,806,073</u> |

Continued

**MORRIS-UNION JOINTURE COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2021**

Total Fund Balances - Governmental Funds (Exhibit B-1) **\$ 21,831,392**

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$84,732,087 and the accumulated depreciation is \$36,358,778. 48,373,309

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds 68,716

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 719,916

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 | \$ 1,971,926 | |
| Deferred Inflows of Resources | <u>(7,187,758)</u> | (5,215,832) |

The District has financed capital assets through the issuance of COP's. The interest accrual at year end is: (429,706)

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) (Incl. Original Issue Premium) | (25,438,019) | |
| Compensated Absences | (845,939) | |
| Net Pension Liability | <u>(15,550,965)</u> | <u>(41,834,923)</u> |

Net Position of Governmental Activities (A-1) **\$ 23,512,872**

MORRIS-UNION JOINTURE COMMISSION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|---|-------------------------|-------------------------------------|--------------------------------------|---|
| REVENUES | | | | |
| Local Sources | | | | |
| Tuition | \$ 22,052,706 | | | \$ 22,052,706 |
| Related Services and Program Fees | 5,047,462 | | | 5,047,462 |
| Rents | 75,498 | | | 75,498 |
| Interest | 108,710 | | \$ 406 | 109,116 |
| Miscellaneous | 39,432 | \$ 6,138 | - | 45,570 |
| | <u>27,323,808</u> | <u>6,138</u> | <u>406</u> | <u>27,330,352</u> |
| Total Local Sources | 27,323,808 | 6,138 | 406 | 27,330,352 |
| State Sources | 2,828,371 | - | - | 2,828,371 |
| Federal Sources | 37,148 | 11,950 | - | 49,098 |
| | <u>30,189,327</u> | <u>18,088</u> | <u>406</u> | <u>30,207,821</u> |
| Total Revenues | 30,189,327 | 18,088 | 406 | 30,207,821 |
| EXPENDITURES | | | | |
| Instruction | | | | |
| Special Education | 10,784,177 | 6,138 | | 10,790,315 |
| Support Services | | | | |
| Student and Instruction Related Services | 8,666,379 | | | 8,666,379 |
| General Administrative Services | 1,514,864 | | | 1,514,864 |
| School Administrative Services | 1,710,957 | | | 1,710,957 |
| Central and Other Support Services | 1,875,854 | | | 1,875,854 |
| Plant Operations and Maintenance | 2,808,102 | 11,950 | | 2,820,052 |
| Pupil Transportation | 522 | | | 522 |
| Debt Service | | | | |
| Principal | 2,600,000 | | | 2,600,000 |
| Interest | 1,060,313 | | | 1,060,313 |
| Capital Outlay | 189,850 | - | - | 189,850 |
| | <u>31,211,018</u> | <u>18,088</u> | <u>-</u> | <u>31,229,106</u> |
| Total Expenditures | 31,211,018 | 18,088 | - | 31,229,106 |
| Excess (Deficiency) of Revenues over Expenditures | (1,021,691) | - | 406 | (1,021,285) |
| OTHER FINANCING SOURCES(USES) | | | | |
| Transfers In | 41,084 | | | 41,084 |
| Transfers Out | (70,000) | - | (41,084) | (111,084) |
| | <u>(28,916)</u> | <u>-</u> | <u>(41,084)</u> | <u>(70,000)</u> |
| Total Other Financing Sources and Uses | (28,916) | - | (41,084) | (70,000) |
| Net Change in Fund Balances | (1,050,607) | | (40,678) | (1,091,285) |
| Fund Balance - Beginning of Year, (Restated) | 21,003,652 | - | 1,919,025 | 22,922,677 |
| Fund Balance - End of Year | \$ 19,953,045 | \$ - | \$ 1,878,347 | \$ 21,831,392 |

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, 2021**

Total Net Change in Fund Balances - Governmental Funds (B-2) **\$ (1,091,285)**

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 | \$ 189,850 | |
| Depreciation Expense | <u>(3,726,330)</u> | |
| | | (3,536,480) |

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals, donations) is to decrease net position. These transactions are not reported in the governmental fund financial statements.

| | | |
|------------------------------------|----------------|--------|
| Donation of Capital Assets | 15,000 | |
| Loss on Disposal of Capital Assets | <u>(3,205)</u> | |
| | | 11,795 |

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 | | (533,391) |
|---------------------------------|--|-----------|

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

| | | |
|----------------------------------|----------------|---------|
| Increase in Compensated Absences | (22,074) | |
| Decrease in Pension Expense | <u>793,780</u> | |
| | | 771,706 |

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 | (151,288) | |
| Deferred Charges - Original Issue Premium | <u>125,672</u> | |
| | | (25,616) |
| Principal Repayments: | | |
| COP's | | 2,600,000 |

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>24,291</u> |
|------------------------------|--|---------------|

| | | |
|--|--|------------------------------|
| Change in net position of governmental activities | | <u>\$ (1,778,980)</u> |
|--|--|------------------------------|

**MORRIS-UNION JOINTURE COMMISSION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021**

| | Business Type Activities-Enterprise Funds | | |
|---|--|--|---------------|
| | Special Programs Fund | Non-Major Food Service Fund | Total |
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$ 12,491,927 | \$ 22,326 | \$ 12,514,253 |
| Intergovernmental Accounts Receivable | 1,207,435 | 17,921 | 1,225,356 |
| Due from Other Funds | | 4,241 | 4,241 |
| Inventories | - | 8,695 | 8,695 |
| Total Current Assets | 13,699,362 | 53,183 | 13,752,545 |
| Capital Assets | | | |
| Land | 3,064,300 | | 3,064,300 |
| Buildings and Improvements | 3,252,773 | | 3,252,773 |
| Furniture, Machinery & Equipment | 6,216,472 | 221,217 | 6,437,689 |
| Less: Accumulated Depreciation | (7,580,610) | (160,145) | (7,740,755) |
| Total Capital Assets, Net | 4,952,935 | 61,072 | 5,014,007 |
| Total Assets | 18,652,297 | 114,255 | 18,766,552 |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Deferred Amounts on Net Pension Liability | 804,977 | - | 804,977 |
| Total Assets and Deferred Outflow of Resources | 19,457,274 | 114,255 | 19,571,529 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 65,436 | 31,449 | 96,885 |
| Accrued Salaries and Wages | 109,568 | | 109,568 |
| Accrued Liabilities For Insurance Claims | 315,046 | | 315,046 |
| Unearned Revenue | - | 7,224 | 7,224 |
| Total Current Liabilities | 490,050 | 38,673 | 528,723 |
| Noncurrent Liabilities | | | |
| Net Pension Liability | 6,047,597 | - | 6,047,597 |
| Total Noncurrent Liabilities | 6,047,597 | - | 6,047,597 |
| Total Liabilities | 6,537,647 | 38,673 | 6,576,320 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Amounts on Net Pension Liability | 2,802,367 | | 2,802,367 |
| Deferred Commodities Revenue | - | 2,218 | 2,218 |
| Total Deferred Inflows of Resources | 2,802,367 | 2,218 | 2,804,585 |
| Total Liabilities and Deferred Inflows of Resources | 9,340,014 | 40,891 | 9,380,905 |
| NET POSITION | | | |
| Investment in Capital Assets | 4,952,935 | 61,072 | 5,014,007 |
| Unrestricted | 5,164,325 | 12,292 | 5,176,617 |
| Total Net Position | \$ 10,117,260 | \$ 73,364 | \$ 10,190,624 |

MORRIS-UNION JOINTURE COMMISSION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| | <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 | | | \$ - |
| Daily Sales - Non-reimbursable Programs | | \$ 3,843 | 3,843 |
| Program Charges and Fees | \$ 4,619,361 | | 4,619,361 |
| Miscellaneous Revenues and Fees | 3,077 | | 3,077 |
| State - On Behalf OPEB Contribution | 708,183 | - | 708,183 |
| | <u>5,330,621</u> | <u>3,843</u> | <u>5,334,464</u> |
| Total Operating Revenues | | | |
| OPERATING EXPENSES | | | |
| Support Services | | | |
| Cost of Food - Reimbursable Programs | | 51,249 | 51,249 |
| Cost of Food - Non-reimbursable Programs | | 2,543 | 2,543 |
| Salaries | 3,045,081 | 63,519 | 3,108,600 |
| Employee Benefits | 1,994,672 | 16,297 | 2,010,969 |
| Purchased Professional /Technical Services | 37,163 | 15,773 | 52,936 |
| COVID-19 Emergency Costs | | 7,758 | 7,758 |
| Other Purchased Services | 384,026 | 9,563 | 393,589 |
| Supplies and Materials | 249,989 | - | 249,989 |
| Miscellaneous | 23,189 | 6,979 | 30,168 |
| Depreciation | 414,747 | 13,444 | 428,191 |
| | <u>6,148,867</u> | <u>187,125</u> | <u>6,335,992</u> |
| Total Operating Expenses | | | |
| Operating Income (Loss) | <u>(818,246)</u> | <u>(183,282)</u> | <u>(1,001,528)</u> |
| Nonoperating Revenues (Expenses) | | | |
| State Sources | | | |
| State School Lunch Program | | 3,036 | 3,036 |
| Federal Sources | | | |
| National School Breakfast Program | | 25,613 | 25,613 |
| National School Lunch Program | | 58,809 | 58,809 |
| Food Distribution Program | - | 7,598 | 7,598 |
| Loss on Disposal of Capital Assets | - | (1,190) | (1,190) |
| | <u>-</u> | <u>93,866</u> | <u>93,866</u> |
| Total Non-Operating Revenues (Expenses) | | | |
| Income (Loss) Before Transfers | (818,246) | (89,416) | (907,662) |
| Transfers In | - | 70,000 | 70,000 |
| Change in Net Position | (818,246) | (19,416) | (837,662) |
| Total Net Position - Beginning of Year | <u>10,935,506</u> | <u>92,780</u> | <u>11,028,286</u> |
| Total Net Position - Ending of Year | <u>\$ 10,117,260</u> | <u>\$ 73,364</u> | <u>\$ 10,190,624</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, 2021**

| | Business Type Activities-Enterprise Funds | | |
|--|--|--|----------------|
| | Special Programs Fund | Non-Major Food Service Fund | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from Customers | \$ 3,866,637 | \$ 8,390 | \$ 3,875,027 |
| Payments to Employees for Salaries & Benefits | (4,619,232) | (79,816) | (4,699,048) |
| Payments to Suppliers For Goods and Services | (668,413) | (66,182) | (734,595) |
| Net Cash Provided by(Used for) Operating Activities | (1,421,008) | (137,608) | (1,558,616) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Cash Received From State and Federal Subsidy Reimbursements | - | 69,804 | 69,804 |
| Cash Received from Other Funds | - | 65,759 | 65,759 |
| Net Cash Provided by (Used For) Noncapital Financing Activities | - | 135,563 | 135,563 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchases of Capital Assets | (801,285) | - | (801,285) |
| Net Cash Provided by (Used For) Capital and Related Financing Activities | (801,285) | - | (801,285) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (2,222,293) | (2,045) | (2,224,338) |
| Cash and Cash Equivalents- Beginning of Year | 14,714,220 | 24,371 | 14,738,591 |
| Cash and Cash Equivalents- End of Year | \$ 12,491,927 | \$ 22,326 | \$ 12,514,253 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | | |
| Operating Income(Loss) | \$ (818,246) | \$ (183,282) | \$ (1,001,528) |
| Adjustments to Reconcile Operating Income(loss) to Net Cash Provided by (Used For) Operating Activities | | | |
| Depreciation Expense | 414,747 | 13,444 | 428,191 |
| Non-Cash Federal Assistance-Food Distribution Program | | 7,598 | 7,598 |
| Change in Assets, Liabilities and Deferred Outflows and Inflows: | | | |
| (Increase) Decrease in Accounts Receivable | (755,801) | - | (755,801) |
| (Increase) Decrease in Inventories | - | (199) | (199) |
| (Increase) Decrease in Deferred Outflows - Net Pension Liability | 228,697 | | 228,697 |
| Increase (Decrease) in Accounts Payable | 25,954 | 19,870 | 45,824 |
| Increase (Decrease) in Accrued Salaries and Wages | 50,371 | | 50,371 |
| Increase (Decrease) in Accrued Liability for Insurance Claims | 1,648 | | 1,648 |
| Increase (Decrease) in Unearned Revenue | | 4,547 | 4,547 |
| Increase (Decrease) in Net Pension Liability | (525,612) | | (525,612) |
| Increase (Decrease) in Deferred Inflows - Net Pension Liability | (42,766) | | (42,766) |
| Increase (Decrease) in Deferred Commodities Revenue | - | 414 | 414 |
| Total Adjustments | (602,762) | 45,674 | (557,088) |
| Net Cash Provided by (Used For) Operating Activities | \$ (1,421,008) | \$ (137,608) | \$ (1,558,616) |
| Non-Cash Financing Activities | | | |
| Valued Received - Food Distribution Program | | \$ 8,012 | \$ 8,012 |
| 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, 2021**

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. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions 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 provides programs for students between the ages of 3 and 21 with autism or autistic-like behavior.

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 Superintendent is the Chief Administrative Officer of the Commission who is responsible for general supervision of all schools, planning and operational functions of the Commission. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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

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

B. New Accounting Standards

During fiscal year 2021, the Commission adopted the following GASB statement:

- GASB No. 84, *Fiduciary Activities*. 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. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. 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. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the Commission will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

The financial statements include both Commission-wide financial statements (based on the Commission as a whole) and fund financial statements (based on specific Commission activities or objectives). Both the commission-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate Commission-wide and fund financial statements are presented, they are interrelated. In the commission-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the Commission's enterprise funds. Fiduciary funds are excluded from the commission-wide financial statements. Currently the District has no fiduciary funds.

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 districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted state aid and other 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 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 program enterprise fund to be major funds.

The Commission reports the following major governmental funds:

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

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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 administrators, teachers and special events.

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. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations 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, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

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

4. *Restricted Assets*

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

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 a debt refunding reported in the Commission-wide statement of net position. Deferred amounts on debt refunding result from the difference 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, 2021**

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 service 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 are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in both the Commission-wide and the proprietary funds statements of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. Another type of item which arises only under the accrual basis of accounting 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.

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, 2021**

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

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

10. Net Position/Fund Balance

Commission-Wide Statements

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

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

Governmental Fund Statements

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

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

Unemployment Compensation Reserve – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the Commission's election for payment in lieu of contributions (benefit reimbursement method). (See Note 4A).

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, 2021**

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 2021/2022 Commission budget.

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 (special revenue, 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, 2021**

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 revenues.

2. Proprietary Funds, Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the special programs and food service enterprise funds 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. On behalf OPEB contributions for the special programs operations are considered both operating 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 2020/2021. Also, during 2020/2021 the Board increased the original budget by \$416,443. The increase was funded by the additional tuition revenue, grant awards and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriation resulted in an unfavorable variance.

| | <u>Final Budget</u> | <u>Actual</u> | <u>Unfavorable Variance</u> |
|---|-------------------------|---------------|---------------------------------|
| General Fund | | | |
| Central Services | | | |
| Interest on Lease Purchases | \$1,022,980 | \$1,060,313 | \$(37,333) |
| Facilities Acquisition and Construction Services | | | |
| Lease Purchase Agreement – Principal | 2,596,281 | 2,600,000 | (3,719) |

The above overexpenditures were a result of an audit adjustment. The above variances were offset with other available resources.

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, 2021, the book value of the Board's deposits were \$31,036,328 and bank and brokerage firm balances of the Board's deposits amounted to \$31,395,581. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

| | |
|------------------------------|----------------------|
| Insured | \$ 31,394,518 |
| Uninsured and Collateralized | <u>1,063</u> |
| | <u>\$ 31,395,581</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, 2021 the Board's bank balance of \$1,063 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 | \$ 1,063 |
| | <u>\$ 1,063</u> |

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021, the Board had the following investments:

| <u>Investment Type:</u> | <u>Fair Value</u> |
|--|--------------------------|
| U.S. Government Securities - Money Market Fund | \$ 1,878,347 |
| | <u>\$ 1,878,347</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, 2021, \$1,878,347 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 | \$ 1,878,347 |
| | <u>\$ 1,878,347</u> |

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board's investment in a single issuer. The Board places no limit in the amount the Commission may invest in any one issuer.

Fair Value of Investments. The Morris Union Jointure Commission measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by the Fiscal Agent. Since the value is not obtained from a quoted price in an active market the investments held by the District at June 30, 2021 are categorized as Level 2.

B. Receivables

Receivables as of June 30, 2021 for the Commission's individual major funds and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

| | <u>Enterprise Funds</u> | | | |
|---------------------------------------|-------------------------|-----------------------------|-------------------------|---------------------|
| | <u>General</u> | <u>Special Programs</u> | <u>Food Service</u> | <u>Total</u> |
| Receivables: | | | | |
| Intergovernmental | | | | |
| Local | \$ 3,357,283 | \$ 1,207,435 | | \$ 4,564,718 |
| State | 11,220 | - | \$ 757 | 11,977 |
| Federal | 37,148 | - | 17,164 | 54,312 |
| Gross Receivables | 3,405,651 | 1,207,435 | 17,921 | 4,631,007 |
| Less: Allowance for Uncollectibles | - | - | - | - |
| Net Total Receivables | <u>\$ 3,405,651</u> | <u>\$ 1,207,435</u> | <u>\$ 17,921</u> | <u>\$ 4,631,007</u> |

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

| | <u>Total</u> |
|---|---------------|
| Special Revenue Fund | |
| Unencumbered Grant Drawdowns | \$ 97,133 |
| Total Unearned Revenue for Governmental Funds | \$ 97,133 |

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

| | <u>Balance, July 1, 2020</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance, June 30, 2021</u> |
|--|----------------------------------|-----------------------|-------------------|-----------------------------------|
| Governmental Activities: | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 7,184,000 | | | \$ 7,184,000 |
| Construction in Progress | - | \$ 71,947 | - | 71,947 |
| Total Capital Assets, Not Being Depreciated | <u>7,184,000</u> | <u>71,947</u> | <u>-</u> | <u>7,255,947</u> |
| Capital Assets, Being Depreciated: | | | | |
| Land Improvements | 870,477 | | | 870,477 |
| Buildings | 74,744,724 | 53,129 | | 74,797,853 |
| Machinery and Equipment | <u>1,733,234</u> | <u>79,774</u> | \$ (5,198) | <u>1,807,810</u> |
| Total Capital Assets Being Depreciated | <u>77,348,435</u> | <u>132,903</u> | <u>(5,198)</u> | <u>77,476,140</u> |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | (342,760) | (38,054) | | (380,814) |
| Buildings | (31,138,301) | (3,571,551) | | (34,709,852) |
| Machinery and Equipment | <u>(1,153,380)</u> | <u>(116,725)</u> | 1,993 | <u>(1,268,112)</u> |
| Total Accumulated Depreciation | <u>(32,634,441)</u> | <u>(3,726,330)</u> | <u>1,993</u> | <u>(36,358,778)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>44,713,994</u> | <u>(3,593,427)</u> | <u>(3,205)</u> | <u>41,117,362</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 51,897,994</u> | <u>\$ (3,521,480)</u> | <u>\$ (3,205)</u> | <u>\$ 48,373,309</u> |

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

| | <u>July 1, 2020</u> | <u>Increases</u> | <u>Decreases</u> | <u>June 30, 2021</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 | 3,252,773 | | | 3,252,773 |
| Machinery and Equipment | <u>5,646,004</u> | \$ 801,285 | \$ (9,600) | <u>6,437,689</u> |
| Total Capital Assets Being Depreciated | <u>8,898,777</u> | <u>801,285</u> | <u>(9,600)</u> | <u>9,690,462</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | (2,511,684) | (162,639) | - | (2,674,323) |
| Machinery and Equipment | <u>(4,809,290)</u> | <u>(265,552)</u> | <u>8,410</u> | <u>(5,066,432)</u> |
| Total Accumulated Depreciation | <u>(7,320,974)</u> | <u>(428,191)</u> | <u>8,410</u> | <u>(7,740,755)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>1,577,803</u> | <u>373,094</u> | <u>(1,190)</u> | <u>1,949,707</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 4,642,103</u> | <u>\$ 373,094</u> | <u>\$ (1,190)</u> | <u>\$ 5,014,007</u> |

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

| | |
|---|---------------------|
| Governmental Activities: | |
| Instruction | |
| Special Education | \$ 3,627,887 |
| Total Instruction | <u>3,627,887</u> |
| Support Services | |
| Student and Instruction Related Services | 16,136 |
| Central and Other Support Services | 58,334 |
| Plant Operations and Maintenance | <u>23,973</u> |
| Total Support Services | <u>98,443</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 3,726,330</u> |
| Business-Type Activities: | |
| Special Programs Fund | \$ 414,747 |
| Food Service Fund | <u>13,444</u> |
| Total Depreciation Expense - Business-Type Activities | <u>\$ 428,191</u> |

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The Commission has the following active construction projects as of June 30, 2021:

| <u>Project</u> | <u>Remaining Commitment</u> |
|---|---------------------------------|
| DLC-Warren - Pool HVAC Unit Replacement | \$ <u>720,300</u> |

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2021, is as follows:

Due To/From Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|-----------------|
| Food Service Fund | General Fund | \$ <u>4,241</u> |

The above balances are the result of revenues earned or receipts deposited in one fund which are due to another fund.

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 | | \$ 70,000 | \$ 70,000 |
| Capital Projects Fund | \$ 41,084 | - | 41,084 |
| Total Transfers | \$ <u>41,084</u> | \$ <u>70,000</u> | \$ <u>111,084</u> |

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

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The Commission leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2021 were \$50,778. The future minimum lease payments for these operating leases are as follows:

| <u>Year Ending June 30</u> | <u>Amount</u> |
|----------------------------|------------------|
| 2022 | \$ 50,778 |
| 2023 | <u>5,625</u> |
| | <u>\$ 56,403</u> |

Lease Purchase Agreements

The Commission 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 | <u>1,874,344</u> |

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, 2021:

| | |
|------------------------------|--------------------|
| Interest Account | \$ 3,745 |
| Principal Account | 14 |
| Debt Service Reserve Account | <u>1,874,588</u> |
| | <u>\$1,878,347</u> |

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, 2021.

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Lease Purchase Agreements (Continued)

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

Governmental Activities:

| Fiscal Year Ending June 30, | <u>Certificates of Participation</u> | | <u>Total</u> |
|-----------------------------------|--------------------------------------|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2022 | \$ 2,665,000 | \$ 997,781 | \$ 3,662,781 |
| 2023 | 2,765,000 | 895,344 | 3,660,344 |
| 2024 | 2,905,000 | 753,594 | 3,658,594 |
| 2025 | 3,025,000 | 633,703 | 3,658,703 |
| 2026 | 3,155,000 | 507,563 | 3,662,563 |
| 2027-2029 | <u>10,325,000</u> | <u>609,781</u> | <u>10,934,781</u> |
| | <u>\$ 24,840,000</u> | <u>\$ 4,397,766</u> | <u>\$ 29,237,766</u> |

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

| | Balance, July 1, <u>2020</u> | <u>Additions</u> | <u>Reductions</u> | Balance, June 30, <u>2021</u> | Due Within <u>One Year</u> |
|---|------------------------------------|------------------|---------------------|-------------------------------------|----------------------------------|
| Governmental Activities: | | | | | |
| Lease Purchase Agreements - | | | | | |
| Certificates of Participation | \$ 27,440,000 | | \$ 2,600,000 | \$ 24,840,000 | \$ 2,665,000 |
| Original Issue Premium | <u>723,691</u> | <u>-</u> | <u>125,672</u> | <u>598,019</u> | <u>-</u> |
| | 28,163,691 | - | 2,725,672 | 25,438,019 | 2,665,000 |
| Compensated Absences | 823,865 | \$ 36,844 | 14,770 | 845,939 | 30,000 |
| Net Pension Liability | <u>16,902,537</u> | <u>-</u> | <u>1,351,572</u> | <u>15,550,965</u> | <u>-</u> |
| Governmental activity Long-term liabilities | <u>\$ 45,890,093</u> | <u>\$ 36,844</u> | <u>\$ 4,092,014</u> | <u>\$ 41,834,923</u> | <u>\$ 2,695,000</u> |
| Business-Type Activities: | | | | | |
| Net Pension Liability | \$ 6,573,209 | \$ - | \$ 525,612 | \$ 6,047,597 | \$ - |
| Business-Type activity Long-term liabilities | <u>\$ 6,573,209</u> | <u>\$ -</u> | <u>\$ 525,612</u> | <u>\$ 6,047,597</u> | <u>\$ -</u> |

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

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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.

Estimates of claims incurred, but not reported (IBNR) at June 30, 2021, 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 \$1,658,131 reported at June 30, 2021 is based on the requirements of the Governmental Accounting Standards Board 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, 2021 and 2020 are as follows:

Governmental and Business Type Activities:

| | Fiscal Year Ended June 30, | |
|---|----------------------------|---------------------|
| | 2021 | 2020 |
| Unpaid claims, beginning of fiscal year | \$ 1,649,460 | \$ 1,657,123 |
| Incurred claims (including IBNR's) | 5,762,067 | 5,687,934 |
| Claim Payments | (5,753,396) | (5,695,597) |
| Unpaid claims, end of fiscal year | <u>\$ 1,658,131</u> | <u>\$ 1,649,460</u> |

Governmental Activities:

General Fund

| | | |
|--|--------------|--------------|
| Accrued Liability for Insurance Claims | \$ 1,343,085 | \$ 1,336,062 |
|--|--------------|--------------|

Business Type Activities:

Special Programs Enterprise Fund

| | | |
|--|----------------|----------------|
| Accrued Liability for Insurance Claims | <u>315,046</u> | <u>313,398</u> |
|--|----------------|----------------|

| | | |
|--|---------------------|---------------------|
| | <u>\$ 1,658,131</u> | <u>\$ 1,649,460</u> |
|--|---------------------|---------------------|

The Commission is a member of the New Jersey School Board Insurance Group (NJSBAIG or Group) and the School Alliance Insurance Fund (SAIF or Group). 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 Groups 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 Groups, to report claims on a timely basis, cooperate with the management of the Groups, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Groups. Members have a contractual obligation to fund any deficit of the Groups attributable to a membership year during which they were a member.

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

| <u>Fiscal Year Ended June 30,</u> | <u>Commission Contributions</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|---|-------------------------------------|-----------------------------------|------------------------------|---------------------------|
| 2021 | \$ 115,000 | \$ 36,447 | \$ 20,676 | \$ 144,022 |
| 2020 | 6,157 | 73,569 | 70,366 | 29,022 |
| 2019 | 128,273 | 43,894 | 152,597 | 19,662 |

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2021, 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, 2021, 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, 2021**

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 Board employees who are eligible for pension coverage:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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 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, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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, 2021**

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 reaching 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 and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. 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, 2021**

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 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. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32%. The collective net pension liability of the State funded TPAF at June 30, 2020 is \$66.0 billion and the plan fiduciary net position as a percentage of total pension liability is 24.60%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the July 1, 2019 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2021.

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2021 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2021, 2020 and 2019 were equal to the required contributions.

During the fiscal years ended June 30, 2021, 2020 and 2019 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

| <u>Fiscal Year Ended June 30,</u> | <u>PERS</u> | <u>On-behalf TPAF</u> | <u>DCRP</u> |
|---|--------------|---------------------------|-------------|
| 2021 | \$ 1,448,899 | \$ 1,780,315 | \$ 19,840 |
| 2020 | 1,267,316 | 1,364,017 | 32,302 |
| 2019 | 1,315,258 | 1,436,400 | 67,323 |

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2021, 2020 and 2019 the Commission contributed \$-0-, \$7,205 and \$8,835, respectively for PERS and the State contributed \$365, \$391 and \$670, 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 \$482,993 during the fiscal year ended June 30, 2021 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 both 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. 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 measurement period July 1, 2019 through June 30, 2020. 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 (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) 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, 2020 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2020.

At June 30, 2021, the Commission reported in the statement of net position (accrual basis) a liability of \$21,598,562 for its proportionate share of the PERS net pension liability. Of this amount, \$15,550,965 is reported as governmental activities and \$6,047,597 is reported as business-type activities in the statements of net position. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The Commission's proportionate share of the net pension liability was based on the ratio of the Commission's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2020. At June 30, 2020, the Commission's proportionate share was .13245 percent, which was an increase of .00217 percent from its proportionate share measured as of June 30, 2019 of .13028 percent.

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021, the Commission recognized in the Commission-wide statement of activities (accrual basis) pension expense of \$315,438 for PERS. Of this amount \$292,894 is reported as governmental activities in the statement of activities and \$22,544 is reported as business-type activities in both the statement of activities and statement of revenues, expenses of changes in net position. The pension contribution made by the Commission during the current 2020/2021 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, 2021 with a measurement date of the prior fiscal year end of June 30, 2020. 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, 2021 for contributions made subsequent to the measurement date. At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

| | <u>2020</u> | |
|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference Between Expected and Actual Experience | \$ 393,274 | \$ 76,382 |
| Changes of Assumptions | 700,682 | 9,043,522 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 738,256 | |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>944,691</u> | <u>870,221</u> |
| Total | <u>\$ 2,776,903</u> | <u>\$ 9,990,125</u> |
| Governmental Activities | \$ 1,971,926 | \$ 7,187,758 |
| Business Type Activities | <u>804,977</u> | <u>2,802,367</u> |
| | <u>\$ 2,776,903</u> | <u>\$ 9,990,125</u> |

At June 30, 2021, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

| <u>Year Ending June 30,</u> | <u>Total</u> |
|-------------------------------------|-----------------------|
| 2022 | \$ (2,577,097) |
| 2023 | (2,470,245) |
| 2024 | (1,538,953) |
| 2025 | (515,085) |
| 2026 | <u>(111,842)</u> |
| | <u>\$ (7,213,222)</u> |

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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)

Actuarial Assumptions

The Commission's total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | <u>PERS</u> |
|---------------------------|---|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 2.00-6.00% Based on Years of Service |
| Thereafter | 3.00%-7.00% Based on Years of Service |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | Pub-2010 |

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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 rates 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 PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------------|--------------------------|---|
| Risk Mitigation Strategies | 3.00% | 3.40% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Investment Grade Credit | 8.00% | 2.67% |
| US Equity | 27.00% | 7.71% |
| Non-US Developed Markets Equity | 13.50% | 8.57% |
| Emerging Markets Equity | 5.50% | 10.23% |
| High Yield | 2.00% | 5.95% |
| Real Assets | 3.00% | 9.73% |
| Private Credit | 8.00% | 7.59% |
| Real Estate | 8.00% | 9.56% |
| Private Equity | 13.00% | 11.42% |

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> |
|--------------------|-------------------------|----------------------|
| 2021 | June 30, 2020 | 7.00% |
| 2020 | June 30, 2019 | 6.28% |

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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)

There was no crossover period for the PERS defined benefit plan. Therefore the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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 7.00%, 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

| | 1% Decrease <u>6.00%</u> | Current Discount Rate <u>7.00%</u> | 1% Increase <u>8.00%</u> |
|---|---|---|---|
| Commission's Proportionate Share of the PERS Net Pension Liability | | | |
| Governmental Activities | \$ 19,576,071 | \$ 15,550,965 | \$ 12,135,553 |
| Business Type Activities | <u>7,612,916</u> | <u>6,047,597</u> | <u>4,719,381</u> |
| | <u>\$ 27,188,986</u> | <u>\$ 21,598,562</u> | <u>\$ 16,854,934</u> |

The sensitivity analysis was based on the proportionate share of the Commission's net pension liability at as of the measurement date of June 30, 2020. A sensitivity analysis specific to the Commission's net pension liability at June 30, 2020 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2019 through June 30, 2020. 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, 2020, 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, 2021, the Commission recognized in the Commission-wide statement of activities (accrual basis) pension expense of \$2,501,604 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, 2021 the State's proportionate share of the net pension liability attributable to the Commission is \$40,228,893. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the Commission adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2020. At June 30, 2020, the State's share of the net pension liability attributable to the Commission was .06109 percent, which was a decrease of .01045 percent from its proportionate share measured as of June 30, 2019 of .07154 percent.

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | <u>TPAF</u> |
|---------------------------|---|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through 2026 | 1.55-4.55% Based on Years of Service |
| Thereafter | 2.75%-5.65% Based on Years of Service |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | Pub-2010 |

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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 TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------------|--------------------------|---|
| Risk Mitigation Strategies | 3.00% | 3.40% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Investment Grade Credit | 8.00% | 2.67% |
| US Equity | 27.00% | 7.71% |
| Non-US Developed Markets Equity | 13.50% | 8.57% |
| Emerging Markets Equity | 5.50% | 10.23% |
| High Yield | 2.00% | 5.95% |
| Real Assets | 3.00% | 9.73% |
| Private Credit | 8.00% | 7.59% |
| Real Estate | 8.00% | 9.56% |
| Private Equity | 13.00% | 11.42% |

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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> |
|-------------------------------|--------------------------------|-----------------------------|
| 2021 | June 30, 2020 | 5.40% |
| 2020 | June 30, 2019 | 5.60% |

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, 2062 |
| Municipal Bond Rate * | From July 1, 2062 and Thereafter |

* The municipal bond return rate used is 2.21% as of the measurement date of June 30, 2020. 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 5.40%, 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 (4.40 percent) or 1-percentage-point higher (6.40 percent) than the current rate:

| | <u>1% Decrease (4.40%)</u> | <u>Current Discount Rate (5.40%)</u> | <u>1% Increase (6.40%)</u> |
|--|---|---|---|
| State's Proportionate Share of the TPAF Net Pension Liability Attributable to the Commission | <u>\$ 47,253,546</u> | <u>\$ 40,228,893</u> | <u>\$ 34,396,098</u> |

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the Commission as of the measurement date of June 30, 2020. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the Commission at June 30, 2020 was not provided by the pension system.

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 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 for the fiscal year ended June 30, 2020. In addition, the plan is administered on a pay-as-you-go basis. 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 multiple-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 Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. 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.

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2019:

| | |
|---|--------------------|
| Active Plan Members | 216,804 |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 149,304 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | <u> -</u> |
| Total | <u>366,108</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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2020 is \$67.8 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2019 which were rolled forward to June 30, 2020.

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.18 billion to the OPEB plan in fiscal year 2020.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School Commission for the fiscal years ended June 30, 2021, 2020 and 2019 were \$557,923, \$506,025 and \$651,549, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School 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.

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 Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. 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 measurement period July 1, 2019 through June 30, 2020. 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, 2021, the Commission recognized in the Commission-wide statement of activities (accrual basis) OPEB expense of \$4,598,588. Of this amount, \$3,890,405 is reported as governmental activities in the statement of activities and \$708,183 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 and proprietary funds 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, 2021 the State's proportionate share of the OPEB liability attributable to the Commission is \$68,674,323. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the Commission at June 30, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the Commission was .10127 percent, which was an increase of .00072 percent from its proportionate share measured as of June 30, 2019 of .10055 percent.

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

The OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | |
|-------------------------------------|--|
| Inflation Rate | 2.50% |
| Salary Increases* | |
| PERS: | |
| Initial Fiscal Year Applied Through | 2026 |
| Rate | 2.00% to 6.00% |
| Rate Thereafter | 3.00% to 7.00% |
| TPAF: | |
| Initial Fiscal Year Applied Through | 2026 |
| Rate | 1.55% to 4.45% |
| Rate Thereafter | 1.55% to 4.45% |
| Mortality: | |
| PERS | Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. |
| TPAF | Pre-retirement and Post-retirement based on Pub-2010 Healthy "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2020. |

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

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> |
|-------------------------------|--------------------------------|-----------------------------|
| 2021 | June 30, 2020 | 2.21% |
| 2020 | June 30, 2019 | 3.50% |

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, 2021**

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, 2021 (measurement date June 30, 2020) is as follows:

| | Liability (State Share 100%) |
|--|---------------------------------|
| Balance, June 30, 2019 Measurement Date | \$ 41,957,832 |
| Changes Recognized for the Fiscal Year: | |
| Service Cost | 2,804,730 |
| Interest on the Total OPEB Liability | 1,546,576 |
| Differences Between Expected and Actual Experience | 10,980,072 |
| Changes of Assumptions | 12,544,439 |
| Gross Benefit Payments | (1,195,563) |
| Contributions from the Member | 36,237 |
| Net Changes | \$ 26,716,491 |
| Balance, June 30, 2020 Measurement Date | \$ 68,674,323 |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 % percent in 2019 to 2.21% percent in 2020.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the Commission at June 30, 2020.

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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 District calculated using the discount rate of 2.21%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

| | 1% Decrease <u>(1.21%)</u> | Current Discount Rate <u>(2.21%)</u> | 1% Increase <u>(3.21%)</u> |
|--|---|---|---|
| State's Proportionate Share of the OPEB Liability Attributable to the District | <u>\$ 82,790,441</u> | <u>\$ 68,674,323</u> | <u>\$ 57,636,878</u> |

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 District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease <u></u> | Healthcare Cost Trend Rates <u></u> | 1% Increase <u></u> |
|--|------------------------------------|--|------------------------------------|
| Total OPEB Liability (School Retirees) | <u>\$ 55,436,229</u> | <u>\$ 68,674,323</u> | <u>\$ 84,437,950</u> |

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 were not provided by the pension system.

NOTE 5 RESTATEMENT

On July 1, 2020, the Morris Union Jointure Commission implemented GASB Statement No. 84 "Fiduciary Activities". The Morris Union Jointure Commission has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2020 are as follows:

Governmental Activities

The financial statements of the governmental activities as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation and payroll related activities which were previously reported as fiduciary activities to governmental activities. The effect of this restatement is to increase net position of governmental activities by \$29,022 from \$25,262,830 as previously reported to \$25,291,852 as of June 30, 2020.

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 RESTATEMENT (Continued)

Governmental Funds

The financial statements of the governmental funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation and payroll activities previously reported as fiduciary funds to governmental funds. The effect of this restatement is to increase fund balances of governmental funds by \$29,022 from \$22,893,655 as previously reported to \$22,922,677 as of June 30, 2020. General Fund fund balance increased \$29,022 from \$20,974,630 to \$21,003,652 at June 30, 2020.

Fiduciary Funds

The financial statements of the fiduciary funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities to governmental funds as noted above. The effect of this restatement is to decrease total fiduciary net position by \$29,022 from \$29,022 as previously reported to \$-0- as of June 30, 2020.

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and has been affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

Governor Phil Murphy (the “Governor”) of the State of New Jersey (the “State”) declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread to the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

Recently, the United States Congress has passed relief and stimulus legislations including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Commission. It is too early to predict if the legislation will have its intended affect.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the Commission. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in revenue, State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**MORRIS-UNION JOINTURE COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT C-1

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|--------------------|-------------------------|---------------|-------------------------------------|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Tuition | \$ 22,911,474 | \$ 118,956 | \$ 23,030,430 | \$ 22,052,706 | \$ (977,724) |
| Related Services and Program Fees | 5,784,702 | | 5,784,702 | 5,047,462 | (737,240) |
| Rents | 100,500 | | 100,500 | 75,498 | (25,002) |
| Interest on Investments | 360,000 | | 360,000 | 108,710 | (251,290) |
| Miscellaneous | 37,842 | - | 37,842 | 39,432 | 1,590 |
| Total Local Sources | 29,194,518 | 118,956 | 29,313,474 | 27,323,808 | (1,989,666) |
| State Sources | | | | | |
| School Security Grant (Alyssa's Law) | | 6,775 | 6,775 | 6,775 | - |
| On-Behalf TPAF Contributions (Non-budgeted) | | | | | |
| Pension Benefit Contributions | | | | 1,747,075 | 1,747,075 |
| Pension Non-Contributory Group Insurance | | | | 33,240 | 33,240 |
| Long Term Disability Insurance | | | | 365 | 365 |
| Post Retirement Medical Benefits | | | | 557,923 | 557,923 |
| Reimbursed TPAF Social Security Contributions | - | - | - | 482,993 | 482,993 |
| Total State Sources | - | 6,775 | 6,775 | 2,828,371 | 2,821,596 |
| Federal Sources | | | | | |
| FEMA Reimbursement (COVID Pandemic) | - | - | - | 37,148 | 37,148 |
| Total Revenues | 29,194,518 | 125,731 | 29,320,249 | 30,189,327 | 869,078 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Special Education | | | | | |
| Behavioral Disabilities- Instruction | | | | | |
| Salaries of Teachers | 167,846 | 13,460 | 181,306 | 181,053 | 253 |
| Other Salaries for Instruction | 255,163 | (21,160) | 234,003 | 189,381 | 44,622 |
| Other Purchased Services | 19,200 | (8,500) | 10,700 | - | 10,700 |
| General Supplies | 20,005 | (12,682) | 7,323 | 7,137 | 186 |
| Other Objects | 7,090 | (5,890) | 1,200 | 1,200 | - |
| Total Behavioral Disabilities | 469,304 | (34,772) | 434,532 | 378,771 | 55,761 |
| Multiple Disabilities- Instruction | | | | | |
| Salaries of Teachers | 76,681 | - | 76,681 | 38,509 | 38,172 |
| Other Salaries for Instruction | 18,893 | - | 18,893 | | 18,893 |
| Other Purchased Services | 540 | - | 540 | | 540 |
| General Supplies | 6,185 | - | 6,185 | - | 6,185 |
| Total Multiple Disabilities | 102,299 | - | 102,299 | 38,509 | 63,790 |
| Autism - Instruction | | | | | |
| Salaries of Teachers | 1,986,392 | 503,540 | 2,489,932 | 2,367,198 | 122,734 |
| Other Salaries for Instruction | 3,740,958 | (308,384) | 3,432,574 | 3,099,220 | 333,354 |
| Purchased Prof. - Educ. Service | 942 | - | 942 | | 942 |
| Purchased Technical Services | 58,550 | - | 58,550 | 50,587 | 7,963 |
| Other Purchased Services | 6,250 | - | 6,250 | 565 | 5,685 |
| General Supplies | 208,131 | 32,792 | 240,923 | 136,970 | 103,953 |
| Total Autism | 6,001,223 | 227,948 | 6,229,171 | 5,654,540 | 574,631 |
| Total Special Education - Instruction | 6,572,826 | 193,176 | 6,766,002 | 6,071,820 | 694,182 |
| Summer School | | | | | |
| Other Salaries for Instruction | 327,917 | 61,000 | 388,917 | 303,768 | 85,149 |
| General Supplies | 726,425 | (60,530) | 665,895 | 139,729 | 526,166 |
| Total Summer School - Instruction | 1,054,342 | 470 | 1,054,812 | 443,497 | 611,315 |
| Summer School | | | | | |
| Salaries | 40,000 | (12,120) | 27,880 | 9,689 | 18,191 |
| Total Summer School - Support Services | 40,000 | (12,120) | 27,880 | 9,689 | 18,191 |
| Total Instruction | 7,667,168 | 181,526 | 7,848,694 | 6,525,006 | 1,323,688 |

**MORRIS-UNION JOINTURE COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT C-1

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|--------------------|-------------------------|---------------|-------------------------------------|
| EXPENDITURES (Continued) | | | | | |
| Current (Continued) | | | | | |
| Health Services | | | | | |
| Salaries | \$ 349,550 | \$ (33,600) | \$ 315,950 | \$ 257,104 | \$ 58,846 |
| Purchased Professional and Technical Services | 15,300 | 19,390 | 34,690 | 20,481 | 14,209 |
| General Supplies | 51,212 | 121,404 | 172,616 | 142,705 | 29,911 |
| Total Health Services | 416,062 | 107,194 | 523,256 | 420,290 | 102,966 |
| Related Services | | | | | |
| Other Salaries for Instruction | 3,384,150 | 122,500 | 3,506,650 | 2,801,627 | 705,023 |
| Total Related Services | 3,384,150 | 122,500 | 3,506,650 | 2,801,627 | 705,023 |
| Extraordinary Services | | | | | |
| Other Salaries for Instruction | 2,053,637 | (52,000) | 2,001,637 | 1,836,459 | 165,178 |
| Total Extraordinary Services | 2,053,637 | (52,000) | 2,001,637 | 1,836,459 | 165,178 |
| Child Study Team | | | | | |
| Salaries of Other Professional Staff | 174,953 | (85,000) | 89,953 | 86,232 | 3,721 |
| Total Child Study Team | 174,953 | (85,000) | 89,953 | 86,232 | 3,721 |
| Instructional Staff Training Services | | | | | |
| Purchased Professional - Educational Services | 2,500 | 180 | 2,680 | 1,320 | 1,360 |
| Other Purchased Services | 47,185 | (5,000) | 42,185 | 8,663 | 33,522 |
| Total Instructional Staff Training Services | 49,685 | (4,820) | 44,865 | 9,983 | 34,882 |
| Support Services General Administration | | | | | |
| Salaries | 713,230 | (10,246) | 702,984 | 658,965 | 44,019 |
| Legal Services | 55,000 | (3,000) | 52,000 | 22,618 | 29,382 |
| Audit Fees | 46,000 | (4,000) | 42,000 | 41,362 | 638 |
| Other Purchased Professional Services | 87,800 | 7,200 | 95,000 | 80,987 | 14,013 |
| Communications/Telephone | 117,301 | (6,330) | 110,971 | 98,412 | 12,559 |
| Miscellaneous Purchased Services | 60,630 | 17,063 | 77,693 | 69,284 | 8,409 |
| Supplies and Materials | 20,000 | (792) | 19,208 | 11,638 | 7,570 |
| Miscellaneous Expenditures | 20,000 | 40,483 | 60,483 | 25,823 | 34,660 |
| Total Support Services General Administration | 1,119,961 | 40,378 | 1,160,339 | 1,009,089 | 151,250 |
| Support Services School Administration | | | | | |
| Salaries of Principals | 707,757 | - | 707,757 | 703,604 | 4,153 |
| Secretarial/Clerical Salaries | 307,735 | - | 307,735 | 253,368 | 54,367 |
| Other Purchased Services | 7,350 | - | 7,350 | 278 | 7,072 |
| Supplies and Materials | 16,500 | (2,755) | 13,745 | 11,278 | 2,467 |
| Other Objects | 6,090 | 4,502 | 10,592 | 7,926 | 2,666 |
| Total Support Services School Administration | 1,045,432 | 1,747 | 1,047,179 | 976,454 | 70,725 |
| Central Services | | | | | |
| Salaries | 671,495 | 11,641 | 683,136 | 682,316 | 820 |
| Payment for Unused Sick Time | | 6,200 | 6,200 | - | 6,200 |
| Purchased Professional Services | 53,000 | (3,475) | 49,525 | 39,532 | 9,993 |
| Interest on Lease Purchases | 1,060,344 | (37,364) | 1,022,980 | 1,060,313 | (37,333) |
| Supplies and Materials | 6,000 | - | 6,000 | 1,394 | 4,606 |
| Other Purchased Services | 9,660 | (8,700) | 960 | 960 | - |
| Travel | 4,380 | 4,380 | 4,380 | 1,605 | 2,775 |
| Miscellaneous Expenditures | 7,500 | - | 7,500 | 4,018 | 3,482 |
| Total Central Services | 1,807,999 | (27,318) | 1,780,681 | 1,790,138 | (9,457) |
| Administration Information Technology | | | | | |
| Salaries | 238,267 | 13,290 | 251,557 | 251,557 | - |
| Purchased Technical Services | 154,727 | 75,250 | 229,977 | 176,744 | 53,233 |
| Travel | 2,240 | (783) | 1,457 | - | 1,457 |
| General Supplies | 185,455 | 106,514 | 291,969 | 139,947 | 152,022 |
| Total Administration Information Technology | 580,689 | 194,271 | 774,960 | 568,248 | 206,712 |

**MORRIS-UNION JOINTURE COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT C-1

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|--------------------|-------------------------|---------------|-------------------------------------|
| EXPENDITURES (Continued) | | | | | |
| Current (Continued) | | | | | |
| Required Maintenance for School Facilities | | | | | |
| Salaries | \$ 273,122 | \$ 2,942 | \$ 276,064 | \$ 274,328 | \$ 1,736 |
| Cleaning, Repair and Maintenance Services | 479,448 | (2,272) | 477,176 | 322,038 | 155,138 |
| General Supplies | 78,300 | 69,950 | 148,250 | 121,116 | 27,134 |
| Total Required Maintenance for School Facilities | 830,870 | 70,620 | 901,490 | 717,482 | 184,008 |
| Custodial Services | | | | | |
| Salaries | 822,132 | (48,227) | 773,905 | 653,317 | 120,588 |
| Cleaning, Repair and Maintenance Services | 61,000 | - | 61,000 | 40,061 | 20,939 |
| Rental of Land & Building Other than Lease Purchase | 39,500 | (17,495) | 22,005 | 534 | 21,471 |
| Other Purchased Property Services | 62,700 | (1,750) | 60,950 | 40,601 | 20,349 |
| Insurance | 190,080 | 1,720 | 191,800 | 191,799 | 1 |
| General Supplies | 102,275 | 3,895 | 106,170 | 104,701 | 1,469 |
| Other Purchased Services | 1,500 | - | 1,500 | 725 | 775 |
| Energy (Natural Gas) | 67,000 | (12,750) | 54,250 | 21,613 | 32,637 |
| Energy (Electricity) | 421,000 | 43,000 | 464,000 | 361,726 | 102,274 |
| Total Custodial Services | 1,767,187 | (31,607) | 1,735,580 | 1,415,077 | 320,503 |
| Upkeep of Grounds | | | | | |
| Salaries | 47,184 | 5,000 | 52,184 | 35,061 | 17,123 |
| Cleaning, Repair and Maintenance Services | 26,780 | 11,500 | 38,280 | 27,122 | 11,158 |
| General Supplies | 33,050 | (13,000) | 20,050 | 10,965 | 9,085 |
| Total Upkeep of Grounds | 107,014 | 3,500 | 110,514 | 73,148 | 37,366 |
| Security | | | | | |
| Other Objects | 85,000 | (85,000) | - | - | - |
| Total Security | 85,000 | (85,000) | - | - | - |
| Student Transportation Services | | | | | |
| Contracted Services | 438,140 | (195,249) | 242,891 | 86 | 242,805 |
| Travel | - | 2,350 | 2,350 | 436 | 1,914 |
| Total Student Transportation Services | 438,140 | (192,899) | 245,241 | 522 | 244,719 |
| Allocated Benefits - Special Programs | | | | | |
| Social Security Contributions | 637,000 | 122,750 | 759,750 | 599,348 | 160,402 |
| Other Retirement Contributions- PERS | 949,840 | 6,040 | 955,880 | 953,608 | 2,272 |
| Unemployment Compensation | 115,000 | - | 115,000 | - | 115,000 |
| Workmen's Compensation | 497,262 | - | 497,262 | 431,184 | 66,078 |
| Health Benefits | 5,091,047 | (31,050) | 5,059,997 | 4,765,181 | 294,816 |
| Tuition Reimbursement | 10,000 | (2,822) | 7,178 | 3,459 | 3,719 |
| Other Employee Benefits | 117,000 | 17,167 | 134,167 | 72,339 | 61,828 |
| Total Allocated Benefits - Special Programs - Instruction | 7,417,149 | 112,085 | 7,529,234 | 6,825,119 | 704,115 |
| Allocated Benefits - Transportation | | | | | |
| Social Security Contributions | - | 9,000 | 9,000 | - | 9,000 |
| Total Allocated Benefits - Transportation | - | 9,000 | 9,000 | - | 9,000 |
| Allocated Benefits - Central Services | | | | | |
| Social Security Contributions | - | 4,000 | 4,000 | 3,600 | 400 |
| Total Allocated Benefits - Central Services | - | 4,000 | 4,000 | 3,600 | 400 |
| Allocated Benefits - General Administration | | | | | |
| Other Employee Benefits | - | 10,000 | 10,000 | 10,000 | - |
| Total Allocated Benefits - General Administration | - | 10,000 | 10,000 | 10,000 | - |
| Allocated Benefits - School Administration | | | | | |
| Other Employee Benefits | 25,000 | (10,000) | 15,000 | - | 15,000 |
| Total Allocated Benefits - School Administration | 25,000 | (10,000) | 15,000 | - | 15,000 |

**MORRIS-UNION JOINTURE COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

EXHIBIT C-1

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|--------------------|-------------------------|---------------|-------------------------------------|
| EXPENDITURES (Continued) | | | | | |
| Current (Continued) | | | | | |
| Unallocated Benefits | | | | | |
| Social Security Contributions | \$ 102,000 | \$ (102,000) | | | - |
| Other Retirement Contributions- PERS | 143,258 | 22 | \$ 143,280 | \$ 143,280 | \$ - |
| Unemployment Compensation | 17,706 | (17,706) | | | - |
| Workmen's Compensation | 33,151 | - | 33,151 | 28,746 | 4,405 |
| Health Benefits | 327,407 | 32,256 | 359,663 | 352,297 | 7,366 |
| Tuition Reimbursement | 5,000 | (5,000) | - | - | - |
| Total Unallocated Benefits | 628,522 | (92,428) | 536,094 | 524,323 | 11,771 |
| On-Behalf TPAF Contributions (Non-Budgeted): | | | | | |
| Pension Benefit Contributions | | | | 1,747,075 | (1,747,075) |
| Pension Non-Contributory Group Insurance | | | | 33,240 | (33,240) |
| Long Term Disability Insurance | | | | 365 | (365) |
| Post Retirement Medical Benefits | | | | 557,923 | (557,923) |
| Reimbursed TPAF Social Security Contributions | - | - | - | 482,993 | (482,993) |
| Total TPAF Contributions | - | - | - | 2,821,596 | (2,821,596) |
| Total Undistributed Expenditures | 21,931,450 | 94,223 | 22,025,673 | 21,889,387 | 136,286 |
| Total Expenditures - Current | 29,598,618 | 275,749 | 29,874,367 | 28,414,393 | 1,459,974 |
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Undistributed | | | | | |
| Autism | 3,000 | 3,000 | 6,000 | 2,265 | 3,735 |
| Instruction | 2,650 | - | 2,650 | | 2,650 |
| Security | | 6,775 | 6,775 | 6,775 | - |
| Administration Information Technology | 107,000 | (35,690) | 71,310 | 32,044 | 39,266 |
| Required Maintenance | 85,700 | 69,252 | 154,952 | 87,340 | 67,612 |
| Upkeep of Grounds | 9,500 | - | 9,500 | 6,911 | 2,589 |
| Total Equipment | 207,850 | 43,337 | 251,187 | 135,335 | 115,852 |
| Facilities Acquisition and Construction Services | | | | | |
| Architectural/Engineering Services | 117,638 | 7,999 | 125,637 | 61,290 | 64,347 |
| Construction Services | 1,224,300 | (92,240) | 1,132,060 | | 1,132,060 |
| Lease Purchase Agreements - Principal | 2,600,000 | (3,719) | 2,596,281 | 2,600,000 | (3,719) |
| Total Facilities Acquisition and Construction Services | 3,941,938 | (87,960) | 3,853,978 | 2,661,290 | 1,192,688 |
| Total Capital Outlay | 4,149,788 | (44,623) | 4,105,165 | 2,796,625 | 1,308,540 |
| Total Expenditures | 33,748,406 | 231,126 | 33,979,532 | 31,211,018 | 2,768,514 |
| Excess(Deficiency) of Revenues Over(Under) Expenditures | (4,553,888) | (105,395) | (4,659,283) | (1,021,691) | 3,637,592 |
| Other Financing Sources(Uses): | | | | | |
| Transfer In - Capital Project Fund | - | | - | 41,084 | 41,084 |
| Transfer Out - Food Service Fund | (100,000) | (4,900) | (104,900) | (70,000) | 34,900 |
| Total Other Financing Sources/(Uses) | (100,000) | (4,900) | (104,900) | (28,916) | 75,984 |
| Net Change in Fund Balances | (4,653,888) | (110,295) | (4,764,183) | (1,050,607) | 3,713,576 |
| Fund Balances, July 1, (Restated) | 21,003,652 | - | 21,003,652 | 21,003,652 | - |
| Fund Balances, June 30 | \$ 16,349,764 | \$ (110,295) | \$ 16,239,469 | \$ 19,953,045 | \$ 3,713,576 |
| Recapitulation: | | | | | |
| Restricted Fund Balance | | | | | |
| Unemployment Compensation Reserve | | | | \$ 144,022 | |
| Committed Fund Balance | | | | | |
| Year End Encumbrance | | | | 720,300 | |
| Assigned Fund Balance | | | | | |
| Year End Encumbrance | | | | 367,025 | |
| Designated for Subsequent Year's Expenditures | | | | 4,504,095 | |
| Unassigned Fund Balance | | | | | |
| Undesignated | | | | 14,217,603 | |
| | | | | \$ 19,953,045 | |

**MORRIS-UNION JOINTURE COMMISSION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|----------------------------|--------------------|-------------------------|---------------|-------------------------------------|
| REVENUES | | | | | |
| Federal Sources | | \$ 77,370 | \$ 77,370 | \$ 11,950 | \$ (65,420) |
| Local Sources | - | 103,047 | 103,047 | 6,138 | (96,909) |
| Total Revenues | - | 180,417 | 180,417 | 18,088 | (162,329) |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Purchased Professional Services | | 8,332 | 8,332 | - | 8,332 |
| General Supplies | - | 56,138 | 56,138 | 6,138 | 50,000 |
| Total Instruction | - | 64,470 | 64,470 | 6,138 | 58,332 |
| Support Services | | | | | |
| Purchased Professional Education Services | | 12,000 | 12,000 | - | 12,000 |
| Supplies and Materials | - | 46,859 | 46,859 | 11,950 | 34,909 |
| Total Support Services | - | 58,859 | 58,859 | 11,950 | 46,909 |
| Facilities Acquisition and Construction | | | | | |
| Instructional Equipment | - | 57,088 | 57,088 | - | 57,088 |
| Total Facilities Acquisition and Construction | - | 57,088 | 57,088 | - | 57,088 |
| Total Expenditures | - | 180,417 | 180,417 | 18,088 | 162,329 |
| Net Change in Fund Balances | - | - | - | - | - |
| 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, 2021**

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 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 | \$ <u>18,088</u> |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds. | \$ <u>18,088</u> |
| Uses/Outflows of Resources | |
| Actual amounts(budgetary basis) "total expenditure" from the budgetary comparison schedule | \$ <u>18,088</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds. | \$ <u>18,088</u> |

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POST EMPLOYMENT BENEFIT INFORMATION

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

Public Employees Retirement System

Last Eight Fiscal Years*

| | <u>2021</u> | | <u>2020</u> | | <u>2019</u> | | <u>2018</u> | | <u>2017</u> | | <u>2016</u> | | <u>2015</u> | | <u>2014</u> | |
|---|----------------------|---|----------------------|---|----------------------|---|----------------------|---|----------------------|---|----------------------|---|----------------------|---|----------------------|---|
| Commission's Proportion of the Net Position Liability (Asset) | 0.13245 | % | 0.13028 | % | 0.13223 | % | 0.13726 | % | 0.12788 | % | 0.13126 | % | 0.13614 | % | 0.14711 | % |
| Commission's Proportionate Share of the Net Pension Liability (Asset) | <u>\$ 21,598,562</u> | | <u>\$ 23,475,746</u> | | <u>\$ 26,035,363</u> | | <u>\$ 31,952,856</u> | | <u>\$ 37,873,433</u> | | <u>\$ 29,464,327</u> | | <u>\$ 25,489,710</u> | | <u>\$ 28,116,664</u> | |
| Commission's Covered-Employee Payroll | <u>\$ 9,629,203</u> | | <u>\$ 9,031,211</u> | | <u>\$ 8,885,157</u> | | <u>\$ 9,202,444</u> | | <u>\$ 9,136,655</u> | | <u>\$ 8,510,397</u> | | <u>\$ 8,704,549</u> | | <u>\$ 9,159,422</u> | |
| Commission's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 224.30 | % | 259.94 | % | 293.02 | % | 347.22 | % | 414.52 | % | 346.22 | % | 292.83 | % | 306.97 | % |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 58.32 | % | 56.27 | % | 53.60 | % | 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 Commission will only present information for those years for which information is available.

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

Public Employees Retirement System

Last Eight Fiscal Years

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually Required Contribution | \$ 1,448,899 | \$ 1,267,316 | \$ 1,315,258 | \$ 1,271,604 | \$ 1,136,039 | \$ 1,128,449 | \$ 1,122,344 | \$ 1,108,484 |
| Contributions in Relation to the Contractually Required Contribution | <u>1,448,899</u> | <u>1,267,316</u> | <u>1,315,258</u> | <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> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Commission's Covered-Employee Payroll | <u>\$ 9,167,207</u> | <u>\$ 9,629,903</u> | <u>\$ 9,031,211</u> | <u>\$ 8,885,157</u> | <u>\$ 9,202,444</u> | <u>\$ 9,136,655</u> | <u>\$ 8,510,397</u> | <u>\$ 8,704,549</u> |
| Contributions as a Percentage of Covered-Employee Payroll | 15.81% | 13.16% | 14.56% | 14.31% | 12.34% | 12.35% | 13.19% | 12.73% |

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 Commission will only present information for those years for which information is available.

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

Teachers Pension and Annuity Fund

Last Eight Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Commission's Proportion of the Net Position Liability (Asset) | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Commission's Proportionate Share of the Net Pension Liability (Asset) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District | <u>40,228,893</u> | <u>43,902,609</u> | <u>45,075,886</u> | <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>\$ 40,228,893</u> | <u>\$ 43,902,609</u> | <u>\$ 45,075,886</u> | <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> |
| Commission's Covered Payroll | <u>\$ 6,607,764</u> | <u>\$ 6,374,778</u> | <u>\$ 6,662,971</u> | <u>\$ 7,382,172</u> | <u>\$ 7,285,847</u> | <u>\$ 7,165,815</u> | <u>\$ 7,773,906</u> | <u>\$ 9,080,271</u> |
| Commission's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 24.60% | 26.95% | 26.49% | 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 Commission will only present information for those years for which information is available.

**MORRIS-UNION JOINTURE COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF COMMISSION CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 COMMISSION'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last Four Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Total OPEB Liability | | | | |
| Service Cost | \$ 2,804,730 | \$ 3,318,334 | \$ 3,814,302 | \$ 4,754,976 |
| Interest on Total OPEB Liability | 1,546,576 | 1,897,076 | 2,027,535 | 1,654,646 |
| Differences Between Expected and Actual Experiences | 10,980,072 | (8,954,061) | (6,423,205) | - |
| Changes of Assumptions | 12,544,439 | 625,595 | (5,315,531) | (7,056,680) |
| Gross Benefit Payments | (1,195,563) | (1,287,980) | (1,238,599) | (2,332,849) |
| Contribution from the Member | 36,237 | 38,179 | 42,808 | 85,901 |
| Net Change in Total OPEB Liability | 26,716,491 | (4,362,857) | (7,092,690) | (2,894,006) |
| Total OPEB Liability - Beginning | 41,957,832 | 46,320,689 | 53,413,379 | 56,307,385 |
| Total OPEB Liability - Ending | <u>\$ 68,674,323</u> | <u>\$ 41,957,832</u> | <u>\$ 46,320,689</u> | <u>\$ 53,413,379</u> |
| Commission's Proportionate Share of OPEB Liability | \$ - | \$ - | \$ - | \$ - |
| State's Proportionate Share of OPEB Liability | 68,674,323 | 41,957,832 | 46,320,689 | 53,413,379 |
| Total OPEB Liability - Ending | <u>\$ 68,674,323</u> | <u>\$ 41,957,832</u> | <u>\$ 46,320,689</u> | <u>\$ 53,413,379</u> |
| Commission's Covered Payroll | <u>\$ 16,236,967</u> | <u>\$ 15,405,989</u> | <u>\$ 15,694,182</u> | <u>\$ 16,267,329</u> |
| Commission's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll | 0% | 0% | 0% | 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 Commission will only present information for those years for which information is available.

**MORRIS-UNION JOINTURE COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COMMISSION'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF COMMISSION PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021**

| | <u>Coronavirus Relief Fund</u> | <u>Investors Foundation Grant</u> | <u>Union County Stem Scholars</u> | <u>Local Drive for Autism</u> | <u>Total</u> |
|---|------------------------------------|---|---|---------------------------------------|------------------|
| REVENUES | | | | | |
| Intergovernmental | | | | | |
| Federal | \$ 11,950 | | | | \$ 11,950 |
| Local | <u>-</u> | <u>\$ 3,500</u> | <u>\$ 500</u> | <u>\$ 2,138</u> | <u>6,138</u> |
| Total Revenues | <u>\$ 11,950</u> | <u>\$ 3,500</u> | <u>\$ 500</u> | <u>\$ 2,138</u> | <u>\$ 18,088</u> |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| General Supplies | <u>-</u> | <u>\$ 3,500</u> | <u>\$ 500</u> | <u>\$ 2,138</u> | <u>6,138</u> |
| Total Instruction | <u>-</u> | <u>3,500</u> | <u>500</u> | <u>2,138</u> | <u>6,138</u> |
| Support Services | | | | | |
| Supplies and Materials | <u>11,950</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,950</u> |
| Total Support Services | <u>11,950</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,950</u> |
| Facilities Acquisition and Construction | | | | | |
| Non-Instructional Equipment | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Facilities Acquisition and Construction | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>\$ 11,950</u> | <u>\$ 3,500</u> | <u>\$ 500</u> | <u>\$ 2,138</u> | <u>\$ 18,088</u> |

**MORRIS-UNION JOINTURE COMMISSION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**MORRIS-UNION JOINTURE COMMISSION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| <u>Issue/Project Title</u> | <u>Adjusted Appropriation</u> | <u>Expenditures to Date</u> | | <u>Prior Years</u> | | <u>Balance June 30, 2021</u> |
|--|-----------------------------------|-----------------------------|---------------------|---|---|----------------------------------|
| | | <u>Prior Years</u> | <u>Current Year</u> | <u>Transferred General Fund</u> | <u>Reserve Fund Utilized in Refunding</u> | |
| Construction of a New School - Warren DLC | \$ 60,262,159 | \$ 58,199,469 | - | \$ 129,451 | \$ 1,933,239 | - |
| | <u>\$ 60,262,159</u> | <u>\$ 58,199,469</u> | <u>\$ -</u> | <u>\$ 129,451</u> | <u>\$ 1,933,239</u> | <u>\$ -</u> |
| <u>Reconciliation to GAAP</u> | | | | | | |
| Project Balance, June 30, 2021 | | | | | | \$ - |
| Add: Refunding Proceeds Reserved for Payment of of Lease-Purchase Obligation. | | | | | | <u>1,878,347</u> |
| Fund Balance, June 30, 2021 | | | | | | <u>\$ 1,878,347</u> |
| <u>Recapitulation of Fund Balance</u> | | | | | | |
| Restricted for Lease Purchase Obligation (COPS) | | | | | | <u>\$ 1,878,347</u> |
| Total Fund Balance | | | | | | <u>\$ 1,878,347</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, 2021**

Revenues and Other Financing Sources

| | |
|--|------------|
| Interest Income | \$ 406 |
| Total Revenues and Other Financing Sources | <u>406</u> |

Expenditures and Other Financing Uses

| | |
|---|---------------|
| Operating Transfer Out - General Fund | <u>41,084</u> |
| Total Expenditures and Other Financing Uses | <u>41,084</u> |

| | |
|---|---------------------|
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (40,678) |
| Fund Balance - Beginning of Year | <u>1,919,025</u> |
| Fund Balance - End of Year | <u>\$ 1,878,347</u> |

Reconciliation to GAAP Basis

| | |
|---|---------------------|
| Fund Balance, June 30, 2021-Budgetary Basis | \$ <u>1,878,347</u> |
| Fund Balance, June 30, 2021-GAAP Basis | <u>\$ 1,878,347</u> |

**MORRIS-UNION JOINTURE COMMISSION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOT APPLICABLE

ENTERPRISE FUNDS

**MORRIS UNION JOINTURE COMMISSION
SPECIAL PROGRAMS ENTERPRISE FUND
COMBINING SCHEDULE OF PROGRAM NET POSITION
AS OF JUNE 30, 2021**

| | Professional Development | Transportation Program | Provisional Teaching Program | Recreational Programs | Total |
|---|-------------------------------------|-----------------------------------|---|----------------------------------|---------------|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and Cash Equivalents | \$ 620,150 | \$ 10,605,394 | \$ 517,220 | \$ 749,163 | \$ 12,491,927 |
| Intergovernmental Accounts Receivable | 895 | 1,206,540 | - | - | 1,207,435 |
| Total Current Assets | 621,045 | 11,811,934 | 517,220 | 749,163 | 13,699,362 |
| Capital Assets | | | | | |
| Land | | 3,064,300 | | | 3,064,300 |
| Buildings and Improvements | | 3,252,773 | | | 3,252,773 |
| Furniture, Machinery and Equipment | | 6,209,981 | | 6,491 | 6,216,472 |
| Less: Accumulated Depreciation | - | (7,579,722) | - | (888) | (7,580,610) |
| Total Capital Assets, Net | - | 4,947,332 | - | 5,603 | 4,952,935 |
| Total Assets | 621,045 | 16,759,266 | 517,220 | 754,766 | 18,652,297 |
| DEFERRED OUTFLOW OF RESOURCES | | | | | |
| Deferred Amounts on Net Pension Liability | - | 804,977 | - | - | 804,977 |
| Total Assets and Deferred Outflow of Resources | 621,045 | 17,564,243 | 517,220 | 754,766 | 19,457,274 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | - | 64,810 | | 626 | 65,436 |
| Accrued Salaries and Wages | | 109,568 | | | 109,568 |
| Accrued Liability for Insurance Claims | - | 312,601 | 569 | 1,876 | 315,046 |
| Total Current Liabilities | - | 486,979 | 569 | 2,502 | 490,050 |
| Noncurrent Liabilities | | | | | |
| Net Pension Liability | - | 6,047,597 | - | - | 6,047,597 |
| Total Noncurrent Liabilities | - | 6,047,597 | - | - | 6,047,597 |
| Total Liabilities | - | 6,534,576 | 569 | 2,502 | 6,537,647 |
| DEFERRED INFLOW OF RESOURCES | | | | | |
| Deferred Amounts on Net Pension Liability | - | 2,802,367 | - | - | 2,802,367 |
| Total Liabilities and Deferred Inflow of Resources | - | 9,336,943 | 569 | 2,502 | 9,340,014 |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | | 4,947,332 | - | 5,603 | 4,952,935 |
| Unrestricted | 621,045 | 3,279,968 | 516,651 | 746,661 | 5,164,325 |
| Total Net Position | \$ 621,045 | \$ 8,227,300 | \$ 516,651 | \$ 752,264 | \$ 10,117,260 |

**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, 2021**

| | <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 | \$ 8,991 | \$ 4,574,560 | | \$ 35,810 | \$ 4,619,361 |
| Miscellaneous Fees | | 3,077 | | | 3,077 |
| State - On Behalf OPEB Contribution | - | 708,183 | - | - | 708,183 |
| Total Operating Revenues | <u>8,991</u> | <u>5,285,820</u> | <u>-</u> | <u>35,810</u> | <u>5,330,621</u> |
| OPERATING EXPENSES | | | | | |
| Support Services | | | | | |
| Salaries | | 3,033,801 | | 11,280 | 3,045,081 |
| Employee Benefits | | 1,993,841 | | 831 | 1,994,672 |
| Purchased Professional /Technical Services | 6,539 | 30,624 | | | 37,163 |
| Other Purchased Services | | 354,837 | | 29,189 | 384,026 |
| Supplies and Materials | | 249,989 | | | 249,989 |
| Miscellaneous | | 21,948 | | 1,241 | 23,189 |
| Depreciation | - | 414,169 | - | 578 | 414,747 |
| Total Operating Expenses | <u>6,539</u> | <u>6,099,209</u> | <u>-</u> | <u>43,119</u> | <u>6,148,867</u> |
| Operating Income (Loss) | 2,452 | (813,389) | - | (7,309) | (818,246) |
| Total Net Position- Beginning of Year | <u>618,593</u> | <u>9,040,689</u> | <u>516,651</u> | <u>759,573</u> | <u>10,935,506</u> |
| Total Net Position - Ending of Year | <u>\$ 621,045</u> | <u>\$ 8,227,300</u> | <u>\$ 516,651</u> | <u>\$ 752,264</u> | <u>\$ 10,117,260</u> |

**MORRIS UNION JOINTURE COMMISSION
SPECIAL PROGRAMS ENTERPRISE FUND
COMBINING SCHEDULE OF PROGRAM CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | Professional Development | Transportation Program | Provisional Teaching Program | Recreational Programs | Total |
|---|-----------------------------|---------------------------|------------------------------------|--------------------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from Customers | \$ 20,449 | \$ 3,808,157 | \$ - | \$ 38,031 | \$ 3,866,637 |
| Payments to Employees and Benefits | - | (4,607,121) | - | (12,111) | (4,619,232) |
| Payments to Suppliers for Goods and Services | (6,539) | (625,226) | - | (36,648) | (668,413) |
| Net Cash Provided by(Used for) operating activities | 13,910 | (1,424,190) | - | (10,728) | (1,421,008) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Purchases of capital assets | - | (797,893) | - | (3,392) | (801,285) |
| Net cash provided by(used for) capital and related financing activities | - | (797,893) | - | (3,392) | (801,285) |
| Net increase (decrease) in cash and cash equivalents | 13,910 | (2,222,083) | - | (14,120) | (2,222,293) |
| Balances - Beginning of Year | 606,240 | 12,827,477 | 517,220 | 763,283 | 14,714,220 |
| Balances - End of Year | \$ 620,150 | \$ 10,605,394 | \$ 517,220 | \$ 749,163 | \$ 12,491,927 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | |
| Operating Income(Loss) | \$ 2,452 | \$ (813,389) | \$ - | \$ (7,309) | \$ (818,246) |
| Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities | | | | | |
| Depreciation Expense | | 414,169 | | 578 | 414,747 |
| (Increase) Decrease in accounts receivable | 11,458 | (769,480) | | 2,221 | (755,801) |
| (Increase) Decrease in deferred outflows of resources on Net pension | | 228,697 | | | 228,697 |
| Increase (Decrease) in deferred inflows of resources on Net pension | | (42,766) | | | (42,766) |
| Increase(decrease) in accounts payable | | 32,172 | | (6,218) | 25,954 |
| Increase (Decrease) in Accrued Salaries and Wages | | 50,371 | | | 50,371 |
| Increase(Decrease) Accrued Liabilities for Insurance Claims | | 1,648 | | | 1,648 |
| Increase(Decrease) in net pension liability | - | (525,612) | - | - | (525,612) |
| Total Adjustments | 11,458 | (610,801) | - | (3,419) | (602,762) |
| Net Cash Provided (Used) by Operating Activities | \$ 13,910 | \$ (1,424,190) | \$ - | \$ (10,728) | \$ (1,421,008) |

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
CERTIFICATES OF PARTICIPATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| <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, 2020</u> | <u>Decreased</u> | <u>Balance, June 30, 2021</u> |
|---------------------------------------|--------------------------|----------------------------|--------------------------|---------------|------------------------------|----------------------------------|---------------------|-----------------------------------|
| | | | <u>Date</u> | <u>Amount</u> | | | | |
| Refunding Series 2013-Certificates of | 6/12/2013 | \$ 43,830,000 | 8/1/2021 | \$ 2,665,000 | 2.500% | | | |
| | | | 8/1/2022 | 2,765,000 | 5.000% | | | |
| | | | 8/1/2023 | 2,905,000 | 5.000% | | | |
| | | | 8/1/2024 | 3,025,000 | 3.125% | | | |
| | | | 8/1/2025 | 3,155,000 | 5.000% | | | |
| | | | 8/1/2026 | 3,320,000 | 5.000% | | | |
| | | | 8/1/2027 | 3,465,000 | 3.750% | | | |
| | | | 8/1/2028 | 3,540,000 | 3.750% | | | |
| | | | | | | <u>\$ 27,440,000</u> | <u>\$ 2,600,000</u> | <u>\$ 24,840,000</u> |
| | | | | | | <u>\$ 27,440,000</u> | <u>\$ 2,600,000</u> | <u>\$ 24,840,000</u> |
| | | | | | Paid by Budget Appropriation | | <u>\$ 2,600,000</u> | |

**MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOT APPLICABLE

**MORRIS-UNION JOINTURE COMMISSION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, | | | | | | | | | |
|--|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Governmental Activities | | | | | | | | | | |
| Net Investment In Capital Assets | \$ 38,665,012 | \$ 29,593,768 | \$ 25,908,789 | \$ 24,780,794 | \$ 23,741,214 | \$ 21,798,302 | \$ 23,293,815 | \$ 25,369,818 | \$ 24,605,507 | \$ 23,655,206 |
| Restricted | 2,062,690 | 1,896,541 | 1,888,931 | 1,888,994 | 1,888,989 | 1,875,367 | 1,890,891 | 1,923,736 | 1,948,047 | 2,022,369 |
| Unrestricted | 12,913,746 | 13,171,716 | (7,086,016) | (6,692,829) | (3,075,978) | (1,209,674) | (3,179,086) | (3,562,094) | (1,261,702) | (2,164,703) |
| Total Governmental Activities Net Position | \$ 53,641,448 | \$ 44,662,025 | \$ 20,711,704 | \$ 19,976,959 | \$ 22,554,225 | \$ 22,463,995 | \$ 22,005,620 | \$ 23,731,460 | \$ 25,291,852 | \$ 23,512,872 |
| Business-Type Activities | | | | | | | | | | |
| Net Investment In Capital Assets | \$ 15,372 | \$ 8,422,498 | \$ 6,638,951 | \$ 6,179,769 | \$ 5,786,554 | \$ 5,469,020 | \$ 5,281,372 | \$ 5,057,564 | \$ 4,642,103 | \$ 5,014,007 |
| Unrestricted | 11,537,650 | 12,960,789 | 5,250,605 | 7,338,277 | 6,341,450 | 6,312,171 | 7,383,688 | 7,643,215 | 6,386,183 | 5,176,617 |
| Total Business-Type Activities Net Position | \$ 11,553,022 | \$ 21,383,287 | \$ 11,889,556 | \$ 13,518,046 | \$ 12,128,004 | \$ 11,781,191 | \$ 12,665,060 | \$ 12,700,779 | \$ 11,028,286 | \$ 10,190,624 |
| Commission-Wide | | | | | | | | | | |
| Net Investment In Capital Assets | \$ 38,680,384 | \$ 38,016,266 | \$ 32,547,240 | \$ 30,960,563 | \$ 29,527,768 | \$ 27,267,322 | \$ 28,575,187 | \$ 30,427,382 | \$ 29,247,610 | \$ 28,669,213 |
| Restricted | 2,062,690 | 1,896,541 | 1,888,931 | 1,888,994 | 1,888,989 | 1,875,367 | 1,890,891 | 1,923,736 | 1,948,047 | 2,022,369 |
| Unrestricted | 24,451,396 | 26,132,505 | (1,835,411) | 645,448 | 3,265,472 | 5,102,497 | 4,204,602 | 4,081,121 | 5,124,481 | 3,011,914 |
| Total Commission Net Position | \$ 65,194,470 | \$ 66,045,312 | \$ 32,600,760 | \$ 33,495,005 | \$ 34,682,229 | \$ 34,245,186 | \$ 34,670,680 | \$ 36,432,239 | \$ 36,320,138 | \$ 33,703,496 |

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.

Note 2: Net Position at June 30, 2020 is restated to reflect the implementation of GASB Statement No. 84, Fiduciary Activities.

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Special Education | \$ 26,162,286 | \$ 26,393,876 | \$ 22,168,032 | \$ 25,172,540 | \$ 27,887,608 | \$ 15,372,511 | \$ 16,529,940 | \$ 15,113,999 | \$ 14,784,257 | \$ 15,720,760 |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | 232,295 | 175,898 | 180,260 | 689 | 300 | 11,184,030 | 11,493,442 | 10,192,763 | 10,439,280 | 9,920,481 |
| General Administration | 1,282,757 | 2,042,873 | 1,300,550 | 1,419,353 | 1,396,734 | 1,768,390 | 1,921,933 | 1,722,894 | 1,588,757 | 1,728,978 |
| School Administration Services | | | 1,004,827 | 1,592,740 | 1,592,455 | 2,056,834 | 2,194,108 | 2,005,445 | 1,861,502 | 2,017,685 |
| Central Services and Other Support Services | 3,122,308 | 873,385 | 1,072,551 | 1,098,215 | 994,430 | 1,546,075 | 1,868,212 | 1,615,422 | 1,590,068 | 2,044,438 |
| Plant Operations And Maintenance | 399,001 | 552,674 | 755,905 | 677,935 | 591,345 | 3,035,652 | 3,334,484 | 3,134,455 | 2,725,263 | 2,957,679 |
| Pupil Transportation | 100,165 | | - | | | 383,210 | 295,865 | 292,217 | 235,350 | 522 |
| Debt Service | | 1,743,493 | 1,683,822 | 1,606,399 | 1,513,626 | 1,422,931 | 1,307,701 | 1,229,230 | 1,127,632 | 1,061,638 |
| Total Governmental Activities Expenses | <u>31,298,812</u> | <u>31,782,199</u> | <u>28,165,947</u> | <u>31,567,871</u> | <u>33,976,498</u> | <u>36,769,633</u> | <u>38,945,685</u> | <u>35,306,425</u> | <u>34,352,109</u> | <u>35,452,181</u> |
| Business-Type Activities: | | | | | | | | | | |
| Special Programs | 8,891,061 | 10,107,860 | 10,138,059 | 9,928,918 | 8,931,528 | 8,489,614 | 7,761,872 | 8,281,761 | 7,193,806 | 6,148,867 |
| Food Service | 297,956 | 303,881 | 297,315 | 291,364 | 271,608 | 276,498 | 277,593 | 309,463 | 224,129 | 188,315 |
| Total Business-Type Activities Expense | <u>9,189,017</u> | <u>10,411,741</u> | <u>10,435,374</u> | <u>10,220,282</u> | <u>9,203,136</u> | <u>8,766,112</u> | <u>8,039,465</u> | <u>8,591,224</u> | <u>7,417,935</u> | <u>6,337,182</u> |
| Total Commission Expenses | <u>\$ 40,487,829</u> | <u>\$ 42,193,940</u> | <u>\$ 38,601,321</u> | <u>\$ 41,788,153</u> | <u>\$ 43,179,634</u> | <u>\$ 45,535,745</u> | <u>\$ 46,985,150</u> | <u>\$ 43,897,649</u> | <u>\$ 41,770,044</u> | <u>\$ 41,789,363</u> |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges For Services: | | | | | | | | | | |
| Operating Grants And Contributions | 30,965,158 | 29,444,082 | 26,591,725 | 26,406,491 | 31,727,543 | 30,564,822 | 29,305,777 | 29,659,075 | 30,052,638 | 26,642,275 |
| Capital Grants And Contributions | 1,704,065 | 2,157,832 | 1,751,938 | 4,242,432 | 4,815,087 | 5,982,680 | 8,969,202 | 6,936,016 | 5,459,484 | 6,937,378 |
| Capital Grants And Contributions | | 20,031 | - | - | - | 5,839 | 6,907 | 3,000 | | 15,000 |
| Total Governmental Activities Program Revenues | <u>32,669,223</u> | <u>31,621,945</u> | <u>28,343,663</u> | <u>30,648,923</u> | <u>36,542,630</u> | <u>36,553,341</u> | <u>38,281,886</u> | <u>36,598,091</u> | <u>35,512,122</u> | <u>33,594,653</u> |
| Business-Type Activities: | | | | | | | | | | |
| Charges For Services | | | | | | | | | | |
| Special Programs | 11,052,644 | 11,723,995 | 11,114,386 | 11,550,535 | 7,522,380 | 8,162,459 | 7,770,562 | 7,704,417 | 5,135,627 | 4,622,438 |
| Food Service | 148,830 | 134,445 | 123,399 | 112,590 | 112,557 | 100,918 | 106,597 | 109,568 | 73,848 | 3,843 |
| Operating Grants And Contributions | 81,399 | 77,717 | 76,353 | 79,031 | 78,123 | 80,818 | 946,018 | 712,958 | 485,967 | 803,239 |
| Total Business Type Activities Program Revenues | <u>11,282,873</u> | <u>11,936,157</u> | <u>11,314,138</u> | <u>11,742,156</u> | <u>7,713,060</u> | <u>8,344,195</u> | <u>8,823,177</u> | <u>8,526,943</u> | <u>5,695,442</u> | <u>5,429,520</u> |
| Total Commission Program Revenues | <u>\$ 43,952,096</u> | <u>\$ 43,558,102</u> | <u>\$ 39,657,801</u> | <u>\$ 42,391,079</u> | <u>\$ 44,255,690</u> | <u>\$ 44,897,536</u> | <u>\$ 47,105,063</u> | <u>\$ 45,125,034</u> | <u>\$ 41,207,564</u> | <u>\$ 39,024,173</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ 1,370,411 | \$ (160,254) | \$ 177,716 | \$ (918,948) | \$ 2,566,132 | \$ (216,292) | \$ (663,799) | \$ 1,291,666 | \$ 1,160,013 | \$ (1,857,528) |
| Business-Type Activities | 2,093,856 | 1,524,416 | 878,764 | 1,521,874 | (1,490,076) | (421,917) | 783,712 | (64,281) | (1,722,493) | (907,662) |
| Total Commission-Wide Net Expense | <u>\$ 3,464,267</u> | <u>\$ 1,364,162</u> | <u>\$ 1,056,480</u> | <u>\$ 602,926</u> | <u>\$ 1,076,056</u> | <u>\$ (638,209)</u> | <u>\$ 119,913</u> | <u>\$ 1,227,385</u> | <u>\$ (562,480)</u> | <u>\$ (2,765,190)</u> |

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| General Revenues And Other Changes In Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Unrestricted Federal And State Aid | \$ 4,500 | | | | | | | | | |
| Investment Earnings | 2,019 | \$ 91,256 | \$ 83,803 | \$ 93,801 | \$ 104,796 | \$ 151,691 | \$ 262,201 | \$ 467,548 | \$ 377,696 | \$ 109,116 |
| Miscellaneous Income | 161,687 | 86,281 | 88,512 | 197,502 | 6,338 | 49,371 | 43,223 | 66,626 | 43,661 | 39,432 |
| Transfers | 564,900 | 584,000 | 510,621 | (106,600) | (100,000) | (75,000) | (100,000) | (100,000) | (50,000) | (70,000) |
| Total Governmental Activities | 733,106 | 761,537 | 682,936 | 184,703 | 11,134 | 126,062 | 205,424 | 434,174 | 371,357 | 78,548 |
| Business-Type Activities: | | | | | | | | | | |
| Investment Earnings | 25 | 20 | 18 | 16 | 34 | 104 | 157 | | | |
| Transfers | (564,900) | (584,000) | (510,621) | 106,600 | 100,000 | 75,000 | 100,000 | 100,000 | 50,000 | 70,000 |
| Total Business-Type Activities | (564,875) | (583,980) | (510,603) | 106,616 | 100,034 | 75,104 | 100,157 | 100,000 | 50,000 | 70,000 |
| Total Commission-Wide | \$ 168,231 | \$ 177,557 | \$ 172,333 | \$ 291,319 | \$ 111,168 | \$ 201,166 | \$ 305,581 | \$ 534,174 | \$ 421,357 | \$ 148,548 |
| Change In Net Position | | | | | | | | | | |
| Governmental Activities | \$ 2,103,517 | \$ 601,283 | \$ 860,652 | \$ (734,245) | \$ 2,577,266 | \$ (90,230) | \$ (458,375) | \$ 1,725,840 | \$ 1,531,370 | \$ (1,778,980) |
| Business-Type Activities | 1,528,981 | 940,436 | 368,161 | 1,628,490 | (1,390,042) | (346,813) | 883,869 | 35,719 | (1,672,493) | (837,662) |
| Total Commission | \$ 3,632,498 | \$ 1,541,719 | \$ 1,228,813 | \$ 894,245 | \$ 1,187,224 | \$ (437,043) | \$ 425,494 | \$ 1,761,559 | \$ (141,123) | \$ (2,616,642) |

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|------------------------------------|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| General Fund | | | | | | | | | | |
| Restricted | | | | | | | | | \$ 29,022 | \$ 144,022 |
| Committed | | \$ 658,290 | | | \$ 260,307 | \$ 1,126,824 | \$ 3,247,803 | \$ 181,560 | | 720,300 |
| Assigned | \$ 818,247 | 731,509 | \$ 2,856,491 | \$ 1,556,439 | 1,984,568 | 3,041,017 | 3,275,759 | 2,713,596 | \$ 4,764,183 | \$ 4,871,120 |
| Unassigned | <u>12,822,468</u> | <u>12,057,192</u> | <u>10,371,719</u> | <u>12,676,113</u> | <u>15,255,731</u> | <u>14,554,712</u> | <u>13,807,428</u> | <u>16,674,438</u> | <u>16,210,447</u> | <u>14,217,603</u> |
| Total General Fund | <u>\$ 13,640,715</u> | <u>\$ 13,446,991</u> | <u>\$ 13,228,210</u> | <u>\$ 14,232,552</u> | <u>\$ 17,500,606</u> | <u>\$ 18,722,553</u> | <u>\$ 20,330,990</u> | <u>\$ 19,569,594</u> | <u>\$ 21,003,652</u> | <u>\$ 19,953,045</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted | <u>\$ 2,062,690</u> | <u>\$ 1,896,541</u> | <u>\$ 1,888,931</u> | <u>\$ 1,888,994</u> | <u>\$ 1,888,989</u> | <u>\$ 1,875,367</u> | <u>\$ 1,890,891</u> | <u>\$ 1,923,736</u> | <u>\$ 1,919,025</u> | <u>\$ 1,878,347</u> |
| Total All Other Governmental Funds | <u>\$ 2,062,690</u> | <u>\$ 1,896,541</u> | <u>\$ 1,888,931</u> | <u>\$ 1,888,994</u> | <u>\$ 1,888,989</u> | <u>\$ 1,875,367</u> | <u>\$ 1,890,891</u> | <u>\$ 1,923,736</u> | <u>\$ 1,919,025</u> | <u>\$ 1,878,347</u> |

Note 1: Fund balances at June 30, 2020 is restated to reflect the implementation of GASB Statement No. 84, Fiduciary Activities.

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, | | | | | | | | | |
|---|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Revenues | | | | | | | | | | |
| Tuition Charges | \$ 30,965,158 | \$ 29,304,323 | \$ 26,311,313 | \$ 26,758,360 | \$ 27,004,552 | \$ 25,484,734 | \$ 24,917,875 | \$ 23,273,021 | \$ 23,044,198 | \$ 22,052,706 |
| Miscellaneous | 196,063 | 219,160 | 191,341 | 304,914 | 4,811,414 | 4,782,122 | 5,179,710 | 6,837,832 | 7,081,198 | 5,277,646 |
| State Sources | 1,676,208 | 2,148,236 | 1,732,912 | 1,873,530 | 1,918,683 | 2,071,524 | 2,285,612 | 2,570,842 | 2,382,132 | 2,828,371 |
| Federal Sources | | | | | | 214,950 | 286,966 | 302,153 | | 49,098 |
| Total Revenue | <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> | <u>32,983,848</u> | <u>32,507,528</u> | <u>30,207,821</u> |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Special Education | 17,667,964 | 24,530,708 | 20,172,645 | 19,519,480 | 22,322,155 | 10,089,364 | 9,763,289 | 10,182,018 | 10,310,470 | 10,790,315 |
| Support Services: | | | | | | | | | | |
| Student & Inst. Related Services | 188,463 | 175,898 | 180,260 | 641 | 300 | 9,050,354 | 8,638,387 | 8,750,674 | 9,343,909 | 8,666,379 |
| General Administration | 1,226,615 | 976,796 | 1,300,550 | 1,190,728 | 1,145,321 | 1,445,495 | 1,518,466 | 1,476,954 | 1,398,843 | 1,514,864 |
| School Administration | | | 1,004,827 | 1,346,405 | 1,335,344 | 1,630,139 | 1,642,311 | 1,661,077 | 1,591,388 | 1,710,957 |
| Central Services and Other Support Services | 2,971,490 | 815,979 | 1,072,551 | 1,056,985 | 955,334 | 1,411,200 | 1,403,231 | 1,430,940 | 1,487,462 | 1,875,854 |
| Plant Operations And Maintenance | 370,877 | 552,674 | 755,905 | 666,743 | 577,125 | 2,817,602 | 2,775,636 | 2,947,619 | 2,651,999 | 2,820,052 |
| Pupil Transportation | | | | | | 383,210 | 295,865 | 292,217 | 235,350 | 522 |
| Unallocated Benefits - Special Educ. | 6,089,719 | | | | | | | | | |
| Unallocated Benefits | 2,132,412 | | | | | | | | | |
| Debt Service | | | | | | | | | | |
| Principal | | 2,061,845 | 2,857,779 | 2,275,242 | 2,150,000 | 2,235,000 | 2,340,000 | 2,435,000 | 2,525,000 | 2,600,000 |
| Interest on Long Term Debt | | 2,093,203 | 1,045,206 | 1,593,422 | 1,513,044 | 1,425,344 | 1,322,144 | 1,227,118 | 1,140,094 | 1,060,313 |
| Cost of Issuance | | 1,066,077 | - | | | | | | | |
| Advance Refunding Escrow | | 1,933,239 | - | | | | | | | |
| Capital Outlay | 9,033,212 | 1,367,104 | 582,855 | 176,153 | 367,977 | 782,297 | 1,246,873 | 3,208,782 | 372,688 | 189,850 |
| Total Expenditures | <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> | <u>33,612,399</u> | <u>31,057,203</u> | <u>31,229,106</u> |
| Excess (Deficiency) Of Revenues | | | | | | | | | | |
| Over (Under) Expenditures | <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> | <u>(628,551)</u> | <u>1,450,325</u> | <u>(1,021,285)</u> |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Proceeds of COP's | | \$ 43,830,000 | - | | | | | | | |
| Premium on COP's | | 1,963,895 | - | | | | | | | |
| Payment to Escrow Agent | | (42,835,964) | - | | | | | | | |
| Transfers In | \$ 1,668,610 | 798,451 | \$ 709,773 | \$ 102 | \$ 163 | \$ 14,531 | \$ 211 | \$ 6,559 | \$ 29,923 | \$ 41,084 |
| Transfers Out | (1,103,710) | (214,451) | (199,152) | (106,702) | (100,163) | (89,531) | (100,211) | (106,559) | (79,923) | (111,084) |
| Total Other Financing Sources (Uses) | <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> | <u>(100,000)</u> | <u>(50,000)</u> | <u>(70,000)</u> |
| Net Change In Fund Balances | <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> | <u>\$ (728,551)</u> | <u>\$ 1,400,325</u> | <u>\$ (1,091,285)</u> |
| Debt Service As A Percentage Of | | | | | | | | | | |
| Noncapital Expenditures | 0.00% | 12.15% | 13.75% | 13.99% | 12.21% | 12.01% | 12.33% | 12.05% | 11.94% | 11.79% |

* 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, | <u>Interest Earned</u> | <u>Rentals</u> | <u>Member Fees</u> | <u>Tuition</u> | <u>Related Services/Program Fees</u> | <u>Prior Year Refunds</u> | <u>Miscellaneous</u> | <u>Total</u> |
|---|-----------------------------------|-----------------------|-------------------------------|-----------------------|---|--------------------------------------|-----------------------------|---------------------|
| 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 |
| 2019 | 428,144 | 123,383 | | 23,273,021 | 6,151,242 | | 66,626 | 30,042,416 |
| 2020 | 352,484 | 109,175 | | 23,044,198 | 6,540,879 | | 43,661 | 30,090,397 |
| 2021 | 108,710 | 75,498 | | 22,052,706 | 5,047,462 | | 39,432 | 27,323,808 |

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

NOT APPLICABLE

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

NOT APPLICABLE

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

NOT APPLICABLE

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

NOT APPLICABLE

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

| Fiscal Year Ended June 30, | <u>Governmental Activities</u> | | Certificates of Participation | Total District | Population | Per Capita |
|-------------------------------|--------------------------------|----|-------------------------------------|----------------|------------|------------|
| | Capital Leases | | | | | |
| 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 |
| 2019 | | | 29,965,000 | 29,965,000 | N/A | N/A |
| 2020 | | | 27,440,000 | 27,440,000 | N/A | N/A |
| 2021 | | | 24,840,000 | 24,840,000 | N/A | N/A |

Source: Commission 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, 2021
(Unaudited)**

| | |
|--|-----------------------------|
| Net Direct Debt of Commission as of June 30, 2021 | \$ 24,840,000 |
| Net Overlapping Debt of School District | <u>-</u> |
| Total Direct and Overlapping Debt | <u><u>\$ 24,840,000</u></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>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Instruction | | | | | | | | | | |
| Special education | 210.0 | 195.0 | 156.0 | 164.0 | 149.0 | 145.0 | 126.0 | 123.0 | 135.49 | 134.87 |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | 98.0 | 97.0 | 73.0 | 77.0 | 95.0 | 98.0 | 91.0 | 93.0 * | 99.36 | 73.39 |
| General and Central Administration | 15.0 | 13.0 | 14.0 | 17.0 | 13.0 | 13.0 | 17.0 | 17.0 | 16.80 | 19.80 |
| School Administrative Services | 14.0 | 14.0 | 13.0 | 12.0 | 16.0 | 16.0 | 12.0 | 11.0 | 11.00 | 12.00 |
| Plant Operations and Maintenance | 14.0 | 13.0 | 14.0 | 11.0 | 16.0 | 16.0 | 15.0 | 16.0 | 14.00 | 15.00 |
| Pupil Transportation | 120.0 | 117.0 | 124.0 | 130.0 | 130.0 | 132.0 | 123.0 | 119.0 | 89.19 | 82.19 |
| Food Service | 2.0 | 2.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | | |
| Total | <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> | <u>380.0</u> | <u>365.84</u> | <u>337.25</u> |

Source: District Personnel Records

* Included 1.3 FTE staff members for IEP Grants

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

| Fiscal Year | Enrollment ^a | Operating Expenditures ^b | Cost Per Pupil ^c | Percentage Change | Teaching Staff | Pupil/ Teacher Ratio | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|--------------------|--------------------------------|--|------------------------------------|--------------------------|-----------------------|-----------------------------|---------------------------------------|---------------------------------------|---|--------------------------------------|
| 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 | 282 | 24,486,738 | 86,832 | 1.75% | 107.05 | 2.68:1 | 282 | 266 | -11.04% | 94.33% |
| 2015 | 275 | 23,780,982 | 86,476 | -0.41% | 102.92 | 2.61:1 | 275 | 257 | -2.48% | 93.45% |
| 2016 | 278 | 26,335,579 | 94,732 | 9.55% | 84.68 | 2.60:1 | 279 | 260 | 1.45% | 93.19% |
| 2017 | 261 | 26,827,364 | 102,787 | 8.50% | 77.72 | 2.60:1 | 261 | 244 | -6.45% | 93.49% |
| 2018 | 245 | 26,037,185 | 106,274 | 3.39% | 70.25 | 2.60:1 | 243 | 225 | -6.90% | 92.59% |
| 2019 | 235 | 26,741,499 | 113,794 | 7.08% | 66.43 | 2.60:1 | 230 | 213 | -5.35% | 92.61% |
| 2020 | 233 | 27,019,421 | 115,963 | 1.91% | 71.59 | 2.21:1 | 228 | 215 | -0.87% | 94.30% |
| 2021 | 215 | 27,392,596 | 127,407 | 9.87% | 69.80 | 2.42:1 | 218 | 189 | -4.39% | 86.70% |

Sources: District records

Note: a Enrollment based on annual October Commission 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)**

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <u>Commission 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 | 99 | 80 | 66 | 55 | 66 | 47 | 51 | 56 | 72 | 72 |
| Development Learning Center 2 (Leased) | | | | | | | | | | |
| Capacity (students) | | | | | | | | | | |
| Enrollment | | | | | | | | | | |
| 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 | 185,000 | 185,000 | 185,000 | 183,000 | 183,000 | 183,000 | 183,000 | 183,000 | 183,000 |
| Capacity (students) | 219 | 280 | 280 | 280 | 280 | 280 | 280 | 280 | 280 | 280 |
| Enrollment | 239 | 237 | 221 | 214 | 221 | 214 | 194 | 179 | 161 | 215 |

Number of Schools at June 30, 2021 = 2

Source: Commission Records

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

| <u>School Facilities</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| DLC - Warren | 113,351 | 115,679 | 179,503 | 174,119 | 284,603 | 332,687 | 413,850 | 392,569 | 432,642 |
| DLC - New Providence | 37,784 | 38,560 | 59,835 | 58,040 | 323,155 | 324,627 | 305,622 | 258,453 | 284,840 |
| | <u>\$ 151,135</u> | <u>\$ 154,239</u> | <u>\$ 239,338</u> | <u>\$ 232,159</u> | <u>\$ 607,758</u> | <u>\$ 657,314</u> | <u>\$ 719,472</u> | <u>\$ 651,022</u> | <u>\$ 717,482</u> |

Note: GASB required that ten years of statistical data be presented. The Commission only has seven 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, 2021
(Unaudited)

| | <u>Coverage</u> | <u>Deductible</u> |
|--|-----------------|-------------------|
| <u>School Alliance Insurance Fund</u> | | |
| Property & Damage (Buildings and Personal Property) | \$ 69,075,026 | \$ 5,000 |
| EDP Hardware and Software | 199,843 | 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 |
| Cyber Liability | 2,000,000 | |
| <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 | 3,000,000 | |
| <u>Fireman's Fund Insurance Company</u> | | |
| Catastrophic Excess - Aggregate | 50,000,000 | |
| <u>Zurich 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
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, 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, 2021 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 31, 2022.

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) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

Lerch, Vinci & Higgins, LLP

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


Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 31, 2022



LERCH, VINCI & HIGGINS, LLP

**CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS**

EXHIBIT K-2

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, 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, 2021. 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 state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Morris Union Jointure Commission's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards 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, 2021.

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, 2021, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated January 31, 2022, 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 are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 31, 2022

**MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| Federal Grantor/Pass-Through Grantor Program Title | Federal CFDA Number | FAIN Number | Grant Number | Grant Period | Award Amount | Balance July 1, 2020 | Adjustment | Cash Received | Budgetary Expenditures | Refund Prior Year's Balances | Balance June 30, 2021 | | | MEMO | |
|---|---------------------------|----------------|-----------------|-----------------|-----------------|-------------------------|------------|------------------|---------------------------|------------------------------------|--------------------------|----------------------|-------------------|--------------------|-------------------------------------|
| | | | | | | | | | | | (Accounts Receivable) | Deferred Revenues | Due to Grantor | GAAP Receivable | Cumulative Total Expenditures |
| General Fund | | | | | | | | | | | | | | | |
| U.S. Department of Homeland Security FEMA Reimbursement (COVID Pandemic) | 97.036 | NA | NA | 7/1/20-6/30/21 | \$ 37,148 | - | - | - | \$ 37,148 | - | \$ (37,148) | - | - | \$ (37,148) | \$ 37,148 |
| Total General Fund | | | | | | - | - | - | 37,148 | - | (37,148) | - | - | (37,148) | 37,148 |
| Enterprise Fund | | | | | | | | | | | | | | | |
| School Breakfast Program | 10.553 | 211NJ304N1099 | N/A | 7/1/20-6/30/21 | 25,613 | | | \$ 22,723 | 25,613 | | \$ (2,890) | | | \$ (2,890) | \$ 25,613 |
| National School Lunch Program | 10.555 | | N/A | | | | | | | | | | | | |
| Cash Assistance | | 211NJ304N1099 | | 7/1/20-6/30/21 | 58,809 | | | 44,535 | 58,809 | | (14,274) | | | (14,274) | 58,809 |
| Non-cash Assistance | | 211NJ304N1099 | | 7/1/20-6/30/21 | 8,012 | | | 8,012 | 5,794 | | | \$ 2,218 | | | 5,794 |
| Non-cash Assistance | | 201NJ304N1099 | | 7/1/19-6/30/20 | 14,919 | \$ 1,804 | - | - | 1,804 | - | - | - | - | - | 1,804 |
| Total Enterprise Fund | | | | | | 1,804 | - | 75,270 | 92,020 | - | (17,164) | 2,218 | - | (17,164) | 92,020 |
| Special Revenue Fund: | | | | | | | | | | | | | | | |
| CARES Emergency Relief Grant | 84.425D | S425D200027 | CARES430020 | 3/13/20-9/30/22 | 65,420 | | | | | | (65,420) | 65,420 | | - | - |
| Coronavirus Relief Fund (Passed Thru County) | 21.019 | NA | NA | 7/1/21-12/31/20 | 11,950 | - | - | 11,950 | 11,950 | - | - | - | - | - | 11,950 |
| Total Special Revenue Fund | | | | | | - | - | 11,950 | 11,950 | - | (65,420) | 65,420 | - | - | 11,950 |
| Total Federal Financial Assistance | | | | | | \$ 1,804 | \$ - | \$ 87,220 | \$ 141,118 | \$ - | \$ (119,732) | \$ 67,638 | \$ - | \$ (54,312) | \$ 141,118 |

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, 2021

| Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance July 1, 2020 | Cash Received | Budgetary Expenditures | Refund Prior Year's Balance | Cancelled | Balance June 30, 2021 | | | MEMO | |
|---|-------------------------------|----------------|--------------|----------------------|---------------|------------------------|-----------------------------|-----------|-----------------------|-------------------|----------------|-----------------|-------------------------------|
| | | | | | | | | | (Accounts Receivable) | Deferred Revenues | Due to Grantor | GAAP Receivable | Cumulative Total Expenditures |
| State Department of Education | | | | | | | | | | | | | |
| General Fund | | | | | | | | | | | | | |
| School Security Grant (Alyssa's Law) | | 7/1/20-6/30/21 | \$ 20,000 | | | \$ 6,775 | | | \$ (6,775) | | | \$ (6,775) | \$ 6,775 |
| Reimbursed Social Security Contributions | 21-495-034-5094-003 | 7/1/20-6/30/21 | 482,993 | | \$ 478,548 | 482,993 | | | (4,445) | | | (4,445) | 482,993 |
| Reimbursed Social Security Contributions | 20-495-034-5094-003 | 7/1/19-6/30/20 | 511,699 | \$ (4,590) | 4,590 | | | | | | | | - |
| On-Behalf TPAF Pension Benefit Contributions | 21-495-034-5094-002 | 7/1/20-6/30/21 | 1,747,075 | | 1,747,075 | 1,747,075 | | | | | | | 1,747,075 |
| On-Behalf TPAF Pension System-NCGI Premium | 21-495-034-5094-004 | 7/1/20-6/30/21 | 33,240 | | 33,240 | 33,240 | | | | | | | 33,240 |
| On-Behalf TPAF Long Term Disability Ins. Premium | 21-495-034-5094-004 | 7/1/20-6/30/21 | 365 | | 365 | 365 | | | | | | | 365 |
| On-Behalf TPAF Post Retirement-Medical Benefits | 21-495-034-5094-001 | 7/1/20-6/30/21 | 557,923 | - | 557,923 | 557,923 | - | - | - | - | - | - | 557,923 |
| Total General Fund | | | | (4,590) | 2,821,741 | 2,828,371 | - | - | (11,220) | - | - | (11,220) | 2,828,371 |
| State Department of Agriculture | | | | | | | | | | | | | |
| Enterprise Fund | | | | | | | | | | | | | |
| National School Lunch Program State Share | 21-100-010-3350-023 | 7/1/20-6/30/21 | 3,036 | - | 2,279 | 3,036 | | | (757) | | | (757) | 3,036 |
| National School Lunch Program State Share | 20-100-010-3350-023 | 7/1/19-6/30/20 | 1,162 | (267) | 267 | - | - | - | - | - | - | - | - |
| Total Enterprise Fund | | | | (267) | 2,546 | 3,036 | - | - | (757) | - | - | (757) | 3,036 |
| Total State Financial Assistance Subject to Single Audit Determination | | | | (4,857) | 2,824,287 | 2,831,407 | - | - | (11,977) | - | - | (11,977) | 2,831,407 |
| State Financial Assistance Not Subject to Major Program Determination | | | | | | | | | | | | | |
| On-Behalf TPAF Pension Benefit Contributions | 21-495-034-5094-002 | 7/1/20-6/30/21 | 1,747,075 | | (1,747,075) | (1,747,075) | | | | | | | (1,747,075) |
| On-Behalf TPAF Pension System-NCGI Prem. | 21-495-034-5094-004 | 7/1/20-6/30/21 | 33,240 | | (33,240) | (33,240) | | | | | | | (33,240) |
| On-Behalf TPAF Pension System-Long Term Disability | 21-495-034-5094-004 | 7/1/20-6/30/21 | 365 | | (365) | (365) | | | | | | | (365) |
| On-Behalf TPAF Post Retirement-Medical | 21-495-034-5094-001 | 7/1/20-6/30/21 | 557,923 | - | (557,923) | (557,923) | - | - | - | - | - | - | (557,923) |
| Total State Financial Assistance Subject to Major Program Determination | | | | \$ (4,857) | \$ 485,684 | \$ 492,804 | \$ - | \$ - | \$ (11,977) | \$ - | \$ - | \$ (11,977) | \$ 492,804 |

**MORRIS UNION JOINTURE COMMISSION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 in accordance with GAAP. 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.

For the fiscal year ended June 30, 2021 there was no adjustment required to reconcile from the budgetary basis to the GAAP basis for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the special revenue fund. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|----------------------------|-------------------|---------------------|---------------------|
| General Fund | \$ 37,148 | \$ 2,828,371 | \$ 2,865,519 |
| Special Revenue Fund | 11,950 | | 11,950 |
| Food Service Fund | <u>92,020</u> | <u>3,036</u> | <u>95,056</u> |
| Total Financial Assistance | <u>\$ 141,118</u> | <u>\$ 2,831,407</u> | <u>\$ 2,972,525</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, 2021**

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 \$482,993 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, 2021. The amount reported as TPAF Pension System Contributions in the amount of \$1,780,315, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$557,923 and TPAF Long-Term Disability Insurance in the amount of \$365 represents the amount paid by the State on behalf of the Commission for the fiscal year ended June 30, 2021.

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.

Financial Statements

Unmodified

 yes X no

 yes X None Reported

 yes X no

State Awards Section

yes X no

yes X None Reported

Unmodified

yes X no

Name of State Program or Cluster

Reimbursed Social Security Contributions

\$ 750,000

| | | |
|---|-----|----|
| X | yes | no |
|---|-----|----|

**MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021**

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, 2021**

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, 2021**

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 were none.