

MORRIS-UNION JOINTURE COMMISSION

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

**Comprehensive Annual
Financial Report**

of the

Morris-Union Jointure Commission

New Providence, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

Morris-Union Jointure Commission

MORRIS-UNION JOINTURE COMMISSION
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INTRODUCTORY SECTION



*Morris-Union
Jointure Commission
Board of Education*

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

Michael Davison
School Business Administrator/Board Secretary

340 Central Avenue
New Providence, NJ 07974
Telephone: (908) 464-7625
Fax: (908) 464-1244
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September 21, 2012

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, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

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

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

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

The Commission currently concentrates on six major areas:

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

The Commission completed the 2011-2012 fiscal year with an average daily enrollment of 338 students. The following details the changes in the student enrollment of the Commission over the past 10 years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2011-2012	338	-9.87%
2010-2011	375	2.46%
2009-2010	366	3.10%
2008-2009	355	3.80%
2007-2008	342	11.76%
2006-2007	306	2.68%
2005-2006	298	-5.10%
2004-2005	314	5.37%
2003-2004	298	-1.00%
2002-2003	301	-5.94%

2) ECONOMIC CONDITION AND OUTLOOK: The Morris-Union Jointure Commission experienced a 9.87% decrease in enrollment, which is consistent with annual fluctuations in student population. However, the Commission continues to increase revenues. The success of the Developmental Learning Center (DLC) – Warren is a major accomplishment of the MUJC. The services that the MUJC provides both member and non-member districts continue to grow. The recreation program provides additional experiences for MUJC students, a “home” pool for four of our member district swim teams, and revenue from the rental of the facilities. As the State of New Jersey is strongly promoting shared services, the prospects for continued growth by the Commission remains strong.

The Honorable President and Members
of the Board of Education
Morris-Union Jointure Commission
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3) MAJOR INITIATIVES: DLC – Warren completed the fifth full year of operation and is at nearly full capacity. Plans began in the spring of 2010 to convert the second floor unused space at DLC-Warren into secondary classroom space in anticipation of further enrollment growth. During 2011-2012, and working with the Commission's architects, construction took place and the project is nearly complete.

The stability of programs such as OT, PT, Speech/Language, ABA, and Aide services continues to be strong. The Commission's vehicle maintenance/repair program continues to show growth. The Commission rents the recreation facilities at DLC – Warren to various groups during off-hours, including a long term lease with NJ Swim. This year, the Commission also expanded the rental of the recreation facility to host a local school district's Project Graduation.

During the 2011-2012 school year, the Commission presented approximately 107 in-service workshops. More than 997 participants from approximately 91 school districts and private schools attended these workshops. The Commission commenced the Alternate Route Provisional Teacher Program (ARTP) in September 2003. The purpose is to enable individuals who have not completed a formal teacher education program to enter into the teaching profession. The ARTP program provides hands-on training for novice and entry level teachers who have certificates of eligibility (CE) and have passed the Praxis exam in the area in which certification is sought. During the 2011-2012 school year, approximately 208 participants were enrolled and graduated from the Commission's ARTP program. Also, the Commission continued to offer the "24 Hour Pre-service Program," a newer requirement for individuals to obtain their CE, the "45 Hour Program of Study in the Teaching of Elementary Language Arts/Literacy" and the "45 Hour Program of Study in the Teaching of Elementary Mathematics," which are for individuals who hold a CE in Elementary K-5 and were hired on or after October 31, 2009. The Commission has received many accolades for its creative and yet practical approach to solving everyday problems for novice teachers. The Commission will continue to offer the ARTP program for the 2012-2013 program year. In addition, the Commission partners with Seton Hall University to offer interested students college credits for each ARTP phase of the 200-hour instructional program that is satisfactorily completed.

The MUJC continues to provide quality transportation services through its Transportation Department to 23 of 29 member districts. It has proved to be challenging to meet the needs of the districts while containing the rising costs associated with providing a quality transportation service, costs such as fuel, benefits, and the required PERS employer contribution. Throughout the 2011-2012 school year, MUJC's 130 school buses transported approximately 950 regular and special education students on 148 contracted routes. In addition, the Commission provided transportation for field, athletic and community trips for our own member districts' students.

During the 2011-2012 school year, approximately 66 related services therapists, adaptive physical education teachers, child study team members, occupational therapists, physical therapists, speech/language specialists, and behavior specialists provided therapy and related services to more than 364 students. These students were from approximately 95 districts.

The Honorable President and Members
of the Board of Education
Morris-Union Jointure Commission
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September 21, 2012

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 restrictions, commitments and assignments at June 30, 2012.

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

7) DEBT ADMINISTRATION: As of June 30, 2012, the Commission's outstanding debt included \$44,195,000 in Obligations under Lease Purchase Agreements - Certificates of Participation. Additional information regarding the Commission's debt is explained in "Notes to the Basic Financial Statements", Note 7.

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

The Honorable President and Members
of the Board of Education
Morris-Union Jointure Commission
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September 21, 2012

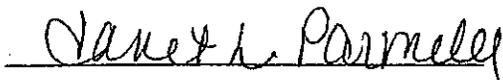
9) RISK MANAGEMENT: The Commission carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Commission's insurance broker, Jay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

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

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

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,



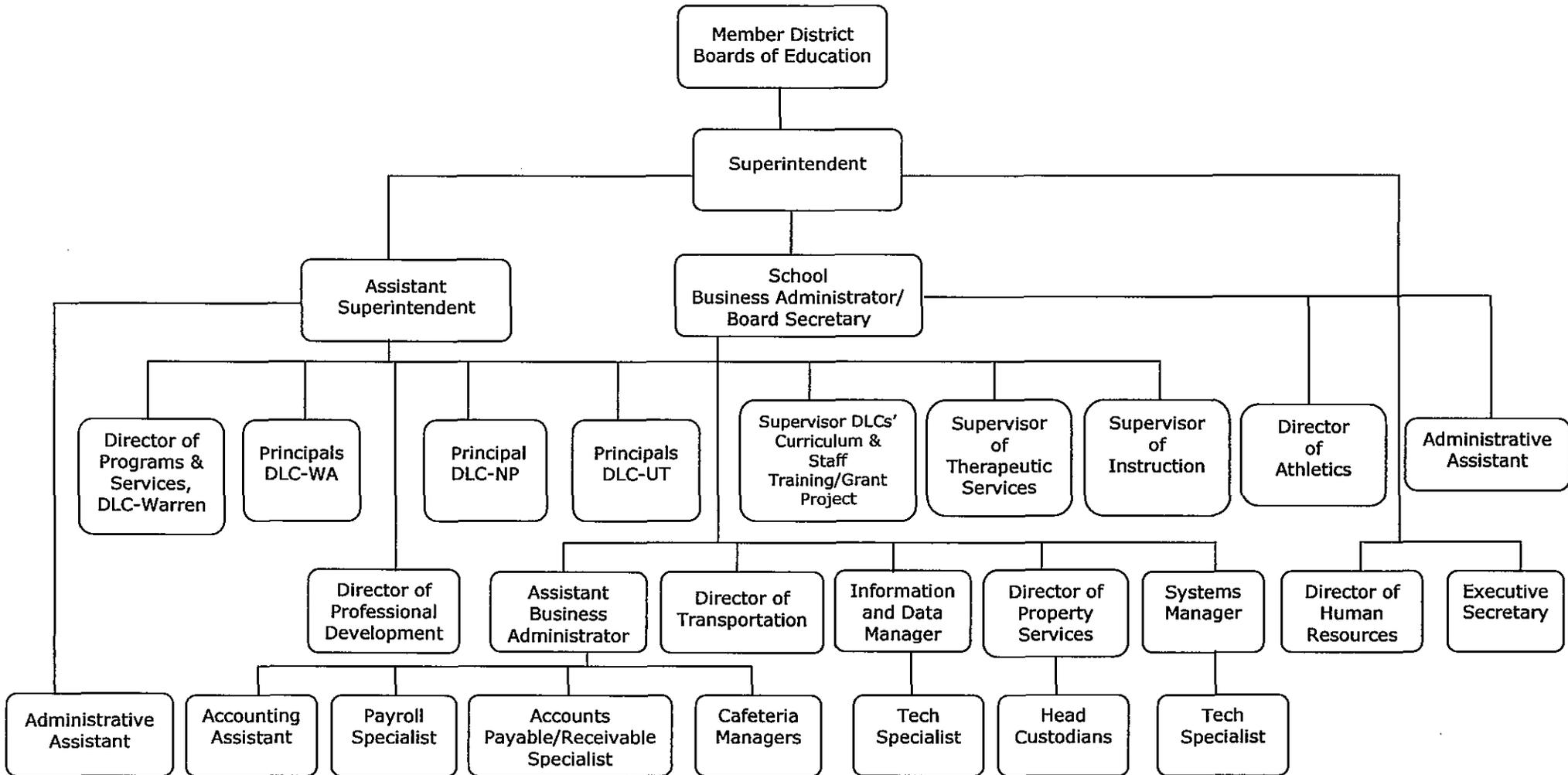
Dr. Janet L. Parmelee
Superintendent



Michael Davison
Business Administrator/Board Secretary

ORGANIZATION OF THE MORRIS-UNION JOINTURE COMMISSION

June 30, 2012



**MORRIS-UNION JOINTURE COMMISSION
ROSTER OF OFFICIALS
JUNE 30, 2012**

Members of the Board of Education

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

Superintendent/Board

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

Other Officials

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

Title

Superintendent
 Assistant Superintendent
 School Administrator/Board Secretary
 Treasurer

**MORRIS-UNION JOINTURE COMMISSION
Consultants and Advisors**

Architect

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

Attorney

Robin McMahon, Esq. General Counsel
Matthew J. Giacobbe, Esq. Labor Counsel
Cleary Giacobbe Alfieri Jacobs, LLC
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Oakland, NJ 07436

Audit Firm

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

Construction Attorney

Gary P. Werner, Esq.
Schenck Price Smith & King LLP
220 Park Avenue
PO Box 991
Florham Park, NJ 07932

Official Depository

TD Bank
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Summit, NJ 07901

FINANCIAL SECTION



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Mt. Arlington, NJ 07856
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Lawrence Business Center
11 Lawrence Road
Newton, NJ 07860
973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris-Union Jointure Commission, in the County of Union, as of and for the fiscal year ended June 30, 2012 which collectively comprise the Commission's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Morris-Union Jointure Commission as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows, thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2012 on our consideration of the Board of Education of the Morris-Union Jointure Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report, and Budgetary Comparison Information in Exhibits C-1 through C-3 and I-3 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Morris-Union Jointure Commission's financial statements. The accompanying supplementary information schedules such as the combining and individual nonmajor fund financial statements and the Schedules of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information such as the combining and individual nonmajor fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has 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 it.

Nisivoccia, LLP

NISIVOCCIA, LLP

September 21, 2012
Mount Arlington, New Jersey

Kathryn L. Mantell

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

This section of Morris-Union Jointure Commission's annual financial report presents its discussion and analysis of the Commission's financial performance during the fiscal year ending June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the Commission's financial statements, which immediately follow this section.

Financial Highlights

- The Commission's financial status is very positive.
- Overall Revenue was \$44,120,327.
- Overall Expenses were \$40,487,829.
- Net Assets from Governmental Activities increased by \$2,103,517 and Net Assets from Business-type Activities increased \$1,528,981 for a Commission-wide increase in net assets of \$3,632,498.
- Enrollments declined by 9.87%.
- The Commission's transportation vehicle maintenance and repair service for member districts is currently utilized by ten of those districts.

Overview of the Financial Statements

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

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

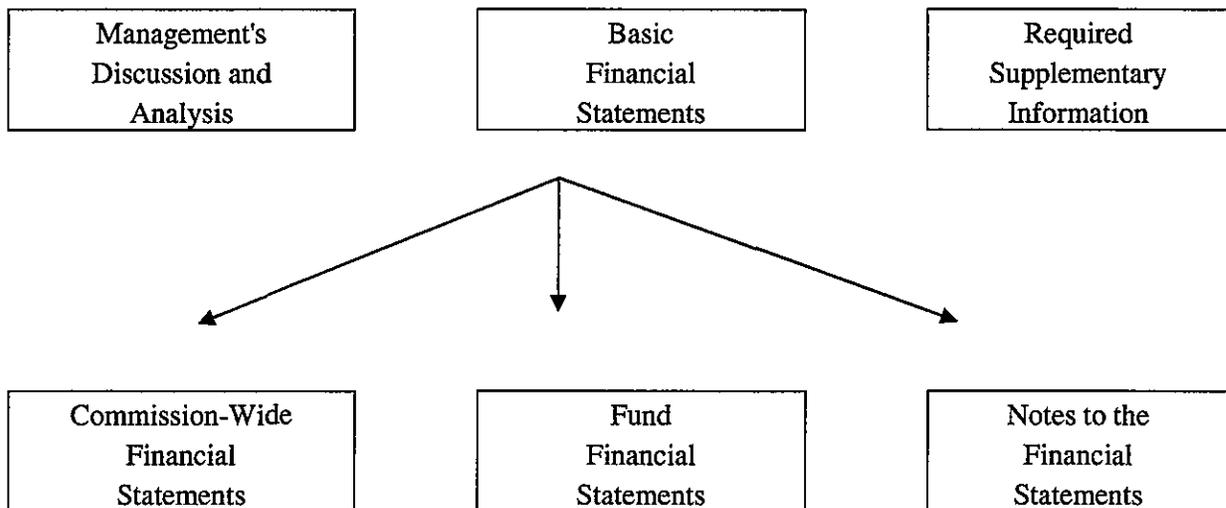


Figure A-2 summarizes the major features of the Commission's financial statements, including the portion of the Commission's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

Figure A-2

Major Features of the Commission-Wide and Fund Financial Statements

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Commission-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The Commission has three kinds of funds:

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

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Fund Financial Statements

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

Notes to the Basic Financial Statements

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

Financial Analysis of the Commission as a Whole

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

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

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	Change
Current and							
Other Assets	\$ 16,472,181	\$ 22,726,801	\$ 11,885,143	\$ 10,296,800	\$ 28,357,324	\$ 33,023,601	-14.13%
Capital Assets	83,559,878	77,491,139	15,372	18,449	83,575,250	77,509,588	7.83%
Total Assets	<u>100,032,059</u>	<u>100,217,940</u>	<u>11,900,515</u>	<u>10,315,249</u>	<u>111,932,574</u>	<u>110,533,189</u>	1.27%
Long-Term Debt							
Outstanding	45,190,303	47,491,305	90,842	62,746	45,281,145	47,554,051	-4.78%
Other Liabilities	1,200,308	1,188,704	256,651	228,462	1,456,959	1,417,166	2.81%
Total Liabilities	<u>46,390,611</u>	<u>48,680,009</u>	<u>347,493</u>	<u>291,208</u>	<u>46,738,104</u>	<u>48,971,217</u>	-4.56%
Net Assets:							
Invested in Capital							
Assets, Net of							
Related Debt	38,665,012	30,453,317	15,372	18,449	38,680,384	30,471,766	26.94%
Restricted	2,062,690	3,522,061			2,062,690	3,522,061	-41.44%
Unrestricted	<u>12,913,746</u>	<u>17,562,553</u>	<u>11,537,650</u>	<u>10,005,592</u>	<u>24,451,396</u>	<u>27,568,145</u>	-11.31%
Total Net Assets	<u>\$ 53,641,448</u>	<u>\$ 51,537,931</u>	<u>\$ 11,533,022</u>	<u>\$ 10,024,041</u>	<u>\$ 65,194,470</u>	<u>\$ 61,561,972</u>	5.90%

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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2012
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Financial Analysis of the Commission as a Whole

Net Assets. The Commission's *combined* net assets were \$65,194,470 on June 30, 2012 which is \$3,632,498 or 5.90% higher than they were the year before. Net assets invested in capital assets increased \$8,208,618 or 26.94%, restricted net assets decreased \$1,459,371 or 41.44%, and unrestricted net assets decreased \$3,116,749 or 11.31%. (See Figure A-3).

Figure A-4

Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percent
	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 30,965,158	\$ 33,332,156	\$ 11,201,474	\$ 10,716,489	\$ 42,166,632	\$ 44,048,645	-4.27%
Operating Grants and Contributions	1,704,065	1,560,604	81,399	69,707	1,785,464	1,630,311	9.52%
General Revenue:							
Unrestricted Aid	4,500				4,500		100.00%
Other	163,706	902,972	25	54	163,731	903,026	-81.87%
Total Revenue	32,837,429	35,795,732	11,282,898	10,786,250	44,120,327	46,581,982	-5.28%
Expenses:							
Instruction	26,162,286	27,423,707			26,162,286	27,423,707	-4.60%
Pupil/Instruction Services	232,295	308,185			232,295	308,185	-24.62%
Administrative/Business	4,405,065	4,332,393			4,405,065	4,332,393	1.68%
Maintenance/Operations	399,001	407,101			399,001	407,101	-1.99%
Transportation	100,165	427,891			100,165	427,891	-76.59%
Other		366,202	9,189,017	8,519,760	9,189,017	8,885,962	3.41%
Total Expenses	31,298,812	33,265,479	9,189,017	8,519,760	40,487,829	41,785,239	-3.10%
Transfers	564,900	590,256	(564,900)	(590,256)			
Increase in Net Assets	\$ 2,103,517	\$ 3,120,509	\$ 1,528,981	\$ 1,676,234	\$ 3,632,498	\$ 4,796,743	-24.27%

Changes in Net Assets. The Commission's Net Assets from Governmental Activities increased \$2,103,517 and its Net Assets from Business-type Activities increased \$1,528,981 (See Figure A-4). The increase in Net Assets from Governmental Activities consists of an \$8,208,618 increase in Net Assets Invested in Capital Assets due to \$6,065,662 in capital additions (net of disposals and depreciation) and a \$2,142,956 net reduction in capital related debt. Restricted Net Assets decreased \$1,459,371 due to expenditures within the Capital Projects Fund. Unrestricted Net Assets decreased \$3,116,749 due to the \$3,215,570 reduction in encumbrances in the current year, the \$1,603,482 decrease in General Fund Unrestricted Fund Balance offset by the \$158,046 decrease in Compensated Absences Payable, the \$12,199 decrease in Accrued Interest Payable and the \$1,532,058 increase in the Enterprise Funds Unrestricted Net Assets.

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Financial Analysis of the Commission as a Whole

Revenue Sources. The Commission's total revenue for the 2011-2012 school year was \$44,120,327 (See Figure A-5). Tuition and program fees (charges for services) accounted for most of the Commission's revenue (95.57%), with tuition alone representing \$30,965,158 or 70.18% of total revenue. Another 4.06% came from operating grants and contributions and the remaining 0.37% came from other miscellaneous sources. It is important to note that the \$1,785,464 in operating grants and contributions includes \$297,779 of TPAF Pension and \$598,615 of TPAF Post Retirement Medical Contributions that the State of New Jersey is paying on behalf of the Commission and \$779,814 is TPAF Social Security contributions reimbursed by the State.

Figure A-5

Sources of Revenue for Fiscal Years 2012 and 2011

	2012 Amount	Percent of Total	2011 Amount	Percent of Total
Sources of Revenue:				
Operating Grants and Contributions	\$ 1,789,964	4.06%	\$ 1,630,311	3.50%
Charges for Services	42,166,632	95.57%	44,048,645	94.56%
Other	163,731	0.37%	903,026	1.94%
Total	\$ 44,120,327	100.00%	\$ 46,581,982	100.00%

The total cost of all programs and services was \$40,487,829. The Commission's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (65.44%) (See Figure A-6). The Commission's administrative and business activities accounted for 10.88% of total costs. The Commission's other expenses (23.68%) included \$8,891,061 from its Special Programs Enterprise Funds and \$297,956 from its Food Service Enterprise Fund.

Figure A-6

Expenses for Fiscal Years 2012 and 2011

	2012 Amount	Percent of Total	2011 Amount	Percent of Total
Expense Category:				
Instruction	\$ 26,162,286	64.62%	\$ 27,423,707	65.63%
Pupil and Instruction Services	232,295	0.57%	308,185	0.74%
Administrative and Business	4,405,065	10.88%	4,332,393	10.37%
Maintenance and Operations	399,001	0.99%	407,101	0.97%
Transportation	100,165	0.25%	427,891	1.02%
Other	9,189,017	22.69%	8,885,962	21.27%
Total	\$ 40,487,829	100.00%	\$ 41,785,239	100.00%

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)**

Governmental Activities

The financial position of the Commission remains stable. The Developmental Learning Center (DLC) – Warren's enrollment is on track with expectations. In 2010-2011, as the DLC – Warren neared full capacity, the Commission began the process to outfit the approximately 18,000 square feet of additional space that was part of the original construction into additional instructional space. The space, which will provide space for 50 – 60 additional autistic students at DLC – Warren is substantially complete.

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

Careful management of expenses remains essential for the Commission to sustain its financial health. The Commission is diligent in trying to contain workers' compensation claims that can prove expensive and are difficult to manage due to the nature of the student population. However, the Commission has been commended for its proactive efforts to decrease claims, thereby decreasing costs, through the efforts of its Safety Committee, extensive staff training, and student behavior management. The Commission expanded and improved its training in 2011-2012 with the creation of a Professional Learning department. The Commission received another Safety Grant Award from the New Jersey School Boards Association in 2011-2012 that provided for the installation of additional security cameras and software upgrades. The MUJC also received a safety award from the School Alliance Insurance Fund that was accompanied by a reduction in premium as a reward for implementing the safety initiatives required to be eligible for the award.

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

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Governmental Activities

Figure A-7

Net Cost of Governmental Activities

	Total Cost of Services	Total Cost of Services	Net Revenue/ (Cost) of Services	Net Revenue/ (Cost) of Services
	2011/2012	2010/2011	2011/2012	2010/2011
Instruction	\$ 26,162,286	\$ 27,423,707	\$ (70,346)	\$ 1,262,143
Pupil and Instruction Services	232,295	308,185	28,260	18,609
Administrative and Business	4,405,065	4,332,393	1,398,917	1,056,772
Maintenance and Operations	399,001	407,101	113,745	83,850
Transportation	100,165	427,891	(100,165)	(427,891)
Other		366,202		(366,202)
Total	\$ 31,298,812	\$ 33,265,479	\$ 1,370,411	\$ 1,627,281

The cost of all Governmental Activities this year was \$31,298,812.

- The federal and state governments subsidized certain programs with grants and contributions for Governmental Activities (\$1,708,565).
- The Commission's costs, however, were primarily financed by tuition and special program fees for Governmental Activities (\$30,965,158).
- The remainder of the funding came from miscellaneous revenue and investment earnings for Governmental Activities.

Business-Type Activities

Net assets from the Commission's business-type activities increased by \$1,528,981. (Refer to Figure A-4). Factors contributing to these results included:

- Revenue from charges for services, operating grants and contributions, and miscellaneous exceeded operating costs by \$2.1 million to \$2.25 million for the current and prior fiscal years. Current year revenue increased \$496,648 (4.6%), and current year operating costs increased \$669,257 (7.9%), largely due to increased enrollment. The Commission also transferred \$564,900 and \$590,256 of its equity to the General Fund during the current and prior fiscal years, respectively.
- The transportation program is challenged in balancing the need to provide member districts with quality services with the costs of providing those services. Several factors (including unpredictable fuel costs and high labor costs) impacted the program. Cost containment measures, including expanded in-house vehicle maintenance for the Commission and member districts and revised benefits for new employees, have helped to increase revenue and decrease the cost of business. The implementation of various components of new state legislation regarding employee benefits will also help the Commission decrease labor costs.

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Business-Type Activities

- The success of the Alternate Route Provisional Teacher program, implemented in 2003-2004, has continued in its eighth year. During the 2011-2012 school-year, approximately 204 participants were enrolled and graduated from the Commission's ARTP program. In addition, the Commission continued to offer the "24 Hour Pre-service Program," a new requirement for individuals to obtain their CE, and the "45 Hour Program of Study in the Teaching of Elementary Language Arts/Literacy" and the "45 Hour Program of Study in the Teaching of Elementary Mathematics," which are for individuals who hold a CE in Elementary K-5 and were hired on or after October 31, 2009.
- Related services, including Speech/Language, Occupational Therapy, Physical Therapy and Aide services continue to run well. Requests for the ABA Home Program continue to be strong, adding revenue in business-type enterprise fund activities.

Financial Analysis of the Commission's Funds

The Commission's financial position remains positive. The Developmental Learning Center (DLC) – Warren, completed the fifth year of operation in June 2012, with a record 204 students. The state-of-the-art facility, specifically designed for children with autism, is a significant undertaking as most facilities for autistic students are a retrofit of an existing building and not designed for their special needs and curriculum. The building was designed to provide real-life experiences for students with developmental disorders. The Commission is noted for its exceptional program for children with autism and is often a requested placement by parents for their children. As it became apparent that the 2010-2011 enrollment would near the building's capacity of 219 students, plans were made to convert the approximately 18,000 square feet of unused space into instructional space. This project was completed by January 2012, adding instructional space for an additional 50 – 60 students. The cost for construction came from the Commission's surplus.

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

The Commission continues to meet the needs of its member districts with existing and new programs. All of these factors are likely to continue for the next several years. The Commission is one of only a few State sanctioned locations offering the Alternate Route Training Program. For the 2011-2012 school year, the Commission continued to offer the Outreach Services program that provides consultant services to member and nonmember district in the areas of program design, evaluation and implementation for students with autism. In order to maintain a strong financial position, the Commission must continue to practice sound fiscal management.

Capital Asset and Debt Administration

Capital Assets

The Commission's total Capital Assets at June 30, 2012 were \$83,575,250, which represents an increase of \$6,065,662 or 7.83%. Total capital acquisitions were \$7,053,388 and consisted of \$6,869,094 in building improvements and \$184,294 for the purchase of vehicles, machinery and equipment. These acquisitions were offset by \$886,295 of depreciation - \$883,218 from Governmental Activities and \$3,077 from Business-type Activities. The District also disposed of various vehicles, machinery and equipment with a net carrying value of \$101,431.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Capital Asset and Debt Administration

Capital Assets

Figure A-8

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percent
	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	Change
Land	\$ 10,248,300	\$ 10,248,300			\$ 10,248,300	\$ 10,248,300	0.00%
Construction in Progress		55,699,469				55,699,469	-100.00%
Buildings and Building Improvements	71,054,088	8,970,587			71,054,088	8,970,587	692.08%
Vehicles, Machinery and Equipment	2,257,490	2,572,783	\$ 15,372	\$ 18,449	2,272,862	2,591,232	-12.29%
Total Capital Assets (Net of Depreciation)	\$ 83,559,878	\$ 77,491,139	\$ 15,372	\$ 18,449	\$ 83,575,250	\$ 77,509,588	7.83%

Long-term Debt

At year-end, the Commission had \$44,195,000 in Certificates of Participation (COP's) and \$699,866 in capital leases payable as shown in Figure A-9. (More detailed information about the Commission's long-term liabilities is presented in Note 7 to the basic financial statements.)

Figure A-9

Outstanding Long-Term Debt

	Total School District		Percentage
	2011/2012	2010/2011	Change
Obligations under Lease Purchase Agreements - Certificates of Participation	\$ 44,195,000	\$ 45,930,000	-3.78%
Obligations under Capital Leases	699,866	1,107,822	-36.83%
Compensated Absences Payable	386,279	516,229	-25.17%
	\$ 45,281,145	\$ 47,554,051	-4.78%

- The Commission continued to pay down its existing debt, retiring \$1,735,000 of COP's, and \$407,956 of capital leases payable.
- Compensated absences payable decreased \$129,950 – \$158,046 in the Governmental Activities offset by a \$28,096 increase in the Business-type Activities. This was due primarily to the closing of the Union Developmental Learning Center.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
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Factors Bearing on the Commission's Future

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

- As anticipated, the operation of the Developmental Learning Center – Warren, which was financed through the sale of certificates of participation is significant. However, as the enrollments fluctuate, the financial impact is affected. The conversion of 18,000 square feet of unused space in DLC-Warren into classrooms is almost complete and was funded from the Commission's unreserved surplus. That being said, there is still a healthy remaining surplus.
- Due to the economic downturn in the State of New Jersey, school districts have been financially squeezed and look at every area where they can contain costs. Education of disabled students is federally mandated for ages 3 through 21. While many districts are successfully able to provide appropriate programs for younger, less severely disabled children, the Commission has seen a decline in enrollments of this younger population. In addition, in 2011-2012 there was large graduating class and we expect another large class to graduate this year.
- Ongoing cost containment measures associated with running the transportation department need to be continuously monitored for their success. In addition, additional revenue sources are constantly being considered. Through aggressive marketing, the Commission continues to serve 23 of its 29 member districts with transportation services.
- New programs are continually evaluated. It became apparent that member districts would benefit from Commission operated programs within their own schools. Warren Township Public Schools currently participates in the Indistrict Special Education Program.

Contacting the Commission's Financial Management

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

BASIC FINANCIAL STATEMENTS

COMMISSION-WIDE FINANCIAL STATEMENTS

Exhibit A-1

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 8,295,506	\$ 10,235,961	\$ 18,531,467
Investments	5,071,005		5,071,005
Receivables from Federal Government		8,037	8,037
Receivables from State Government	34,153	160	34,313
Receivables from Other Governments	3,075,014	1,625,269	4,700,283
Interfund Receivable	3	616	619
Other Receivables		966	966
Internal Balances	(3,500)	3,500	
Inventories		10,634	10,634
Capital Assets:			
Sites (Land)	10,248,300		10,248,300
Depreciable Buildings and Building Improvements and Vehicles, Machinery and Equipment	73,311,578	15,372	73,326,950
Total Assets	100,032,059	11,900,515	111,932,574
<u>LIABILITIES</u>			
Accounts Payable - Vendors	2,141	20,634	22,775
Accrued Interest Payable	431,532		431,532
Interfund Payable	1,991		1,991
Loss Reserves for Health Benefits	726,069		726,069
Deferred Revenue	38,575		38,575
Noncurrent Liabilities:			
Due Within One Year	2,061,846		2,061,846
Due Beyond One Year	43,128,457	326,859	43,455,316
Total Liabilities	46,390,611	347,493	46,738,104
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	38,665,012	15,372	38,680,384
Restricted for:			
Capital Projects	2,062,690		2,062,690
Unrestricted	12,913,746	11,537,650	24,451,396
Total Net Assets	\$ 53,641,448	\$ 11,553,022	\$ 65,194,470

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

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Special Education	\$ 26,162,286	\$ 24,387,875	\$ 1,704,065	\$ (70,346)		\$ (70,346)
Support Services:						
Student and Instruction Related Services	232,295	260,555		28,260		28,260
General Administration Services	1,282,757	1,695,825		413,068		413,068
Central Services	3,056,266	4,016,852		960,586		960,586
Administrative Information Technology	66,042	91,305		25,263		25,263
Plant Operations and Maintenance	399,001	512,746		113,745		113,745
Pupil Transportation	100,165			(100,165)		(100,165)
Total Governmental Activities	31,298,812	30,965,158	1,704,065	1,370,411		1,370,411
Business-Type Activities:						
Special Programs	8,891,061	11,052,644			\$ 2,161,583	2,161,583
Food Service	297,956	148,830	81,399		(67,727)	(67,727)
Total Business-Type Activities	9,189,017	11,201,474	81,399		2,093,856	2,093,856
Total Primary Government	\$ 40,487,829	\$ 42,166,632	\$ 1,785,464	1,370,411	2,093,856	3,464,267

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Charges for</u>	<u>Operating</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
<u>Expenses</u>	<u>Services</u>	<u>Grants and</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
		<u>Contributions</u>			
General Revenue and Transfers:					
Interest Earnings			\$ 2,019	\$ 25	\$ 2,044
Unrestricted Aid			4,500		4,500
Miscellaneous Income			161,687		161,687
Transfers			564,900	(564,900)	
Total General Revenues and Transfers			<u>733,106</u>	<u>(564,875)</u>	<u>168,231</u>
Change in Net Assets			2,103,517	1,528,981	3,632,498
Net Assets - Beginning			<u>51,537,931</u>	<u>10,024,041</u>	<u>61,561,972</u>
Net Assets - Ending			<u>\$ 53,641,448</u>	<u>\$ 11,553,022</u>	<u>\$ 65,194,470</u>

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

MORRIS-UNION JOINTURE COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 6,222,823	\$ 9,993	\$ 2,062,690	\$ 8,295,506
Investments	5,071,005			5,071,005
Receivables from State Government	34,153			34,153
Receivables from Other Governments	3,075,014			3,075,014
Interfund Receivable	3			3
Total Assets	<u>\$ 14,402,998</u>	<u>\$ 9,993</u>	<u>\$ 2,062,690</u>	<u>\$ 16,475,681</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable - Vendors	\$ 2,141			\$ 2,141
Loss Reserves for Health Benefits	726,069			726,069
Interfund Payable	5,491			5,491
Deferred Revenue	28,582	\$ 9,993		38,575
Total Liabilities	<u>762,283</u>	<u>9,993</u>		<u>772,276</u>
Fund Balances:				
Restricted:				
Capital Projects Fund			\$ 2,062,690	2,062,690
Assigned:				
Other Purposes	818,247			818,247
Unassigned	12,822,468			12,822,468
Total Fund Balances	<u>13,640,715</u>		<u>2,062,690</u>	<u>15,703,405</u>
Total Liabilities and Fund Balances	<u>\$ 14,402,998</u>	<u>\$ 9,993</u>	<u>\$ 2,062,690</u>	<u>\$ 16,475,681</u>

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

Fund Balances - Governmental Funds (Above)	\$ 15,703,405
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$89,627,495 and the accumulated depreciation is \$6,067,617.	83,559,878
Long-term liabilities, including obligations under lease purchase agreements and not due and payable in the current period and therefore are not reported as liabilities in the funds.	(45,190,303)
Interest on long-term debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(431,532)
Net Assets - Governmental Activities	<u>\$ 53,641,448</u>

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

Exhibit B-2

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenue:				
Local Sources:				
Tuition Charges	\$ 30,965,158			\$ 30,965,158
Miscellaneous	161,687	\$ 32,357	\$ 2,019	196,063
Total - Local Sources	31,126,845	32,357	2,019	31,161,221
State Sources	1,676,208			1,676,208
Total Revenue	32,803,053	32,357	2,019	32,837,429
Expenditures:				
Current:				
Special Education Instruction	17,640,107	27,857		17,667,964
Support Services and Undistributed Costs:				
Student & Instruction Related Services	188,463			188,463
General Administration Services	1,226,615			1,226,615
Central Services	2,905,448			2,905,448
Administrative Information Technology	66,042			66,042
Plant Operations and Maintenance	370,877			370,877
Allocated Benefits - Special Education	6,089,719			6,089,719
Unallocated Benefits	2,132,412			2,132,412
Capital Outlay	6,528,712	4,500	2,500,000	9,033,212
Total Expenditures	37,148,395	32,357	2,500,000	39,680,752
Excess (Deficit) of Revenue Over (Under) Expenditures	(4,345,342)		(2,497,981)	(6,843,323)
Other Financing Sources/(Uses):				
Transfers In	630,000		1,038,610	1,668,610
Transfers Out	(1,103,710)			(1,103,710)
Total Other Financing Sources/(Uses)	(473,710)		1,038,610	564,900
Net Change in Fund Balances	(4,819,052)		(1,459,371)	(6,278,423)
Fund Balance—July 1	18,459,767		3,522,061	21,981,828
Fund Balance—June 30	\$ 13,640,715	\$ -0-	\$ 2,062,690	\$ 15,703,405

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

MORRIS-UNION JOINTURE COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (6,278,423)

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

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

	Depreciation Expense	\$ (883,218)	
	Disposal of Assets with Carrying Value	(101,431)	
	Capital Outlays	<u>7,053,388</u>	
			6,068,739

In the Statement of Activities, certain operating expenses, e.g., compensated absences (sick time and vacations) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 158,046

Repayment of obligations under lease purchase agreements and capital leases are an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities. 2,142,956

In the Statement of Activities, interest on long-term debt in the Statement of Activities is accrued, regardless of when due, In the Governmental Funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+) 12,199

Change in Net Assets of Governmental Activities (from Exhibit A-2) \$ 2,103,517

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

Exhibit B-4

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF JUNE 30, 2012

	<u>Major Programs Special Programs</u>	<u>Non-Major Program Food Service</u>	<u>Total Enterprise Funds</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 10,225,533	\$ 10,428	\$ 10,235,961
Receivables from Federal Government		8,037	8,037
Receivables from State Government		160	160
Receivables from Other Governments	1,625,269		1,625,269
Other Accounts Receivable	966		966
Interfund Receivable - General Fund		3,500	3,500
Interfund Receivable - Fiduciary Funds	616		616
Inventories		10,634	10,634
Total Current Assets	<u>11,852,384</u>	<u>32,759</u>	<u>11,885,143</u>
Capital Assets:			
Depreciable Furniture, Machinery and Equipment		65,855 (50,483)	65,855 (50,483)
Total Capital Assets		<u>15,372</u>	<u>15,372</u>
Total Assets	<u>11,852,384</u>	<u>48,131</u>	<u>11,900,515</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	1,045	19,589	20,634
Total Current Liabilities	<u>1,045</u>	<u>19,589</u>	<u>20,634</u>
Long-term Liabilities:			
Compensated Absences Liability	90,842		90,842
Loss Reserve for Health Benefits	236,017		236,017
Total Long-term Liabilities	<u>326,859</u>		<u>326,859</u>
Total Liabilities	<u>327,904</u>	<u>19,589</u>	<u>347,493</u>
<u>NET ASSETS:</u>			
Investment in Capital Assets Net of Related Debt		15,372	15,372
Unrestricted	11,524,480	13,170	11,537,650
Total Net Assets	<u>\$ 11,524,480</u>	<u>\$ 28,542</u>	<u>\$ 11,553,022</u>

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

Exhibit B-5

1 of 3

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Major Programs Special Programs	Non-Major Program Food Service	Total Enterprise Funds
Operating Revenue:			
Local Sources:			
Daily Sales - School Breakfast/Lunch Program		\$ 148,361	\$ 148,361
Vending Rebates		469	469
Transportation Fees	\$ 6,398,819		6,398,819
Program Fees	4,653,825		4,653,825
Total Operating Revenue	11,052,644	148,830	11,201,474
Operating Expenses:			
Vocational Programs:			
Supplies and Materials	837		837
Total Vocational Programs	837		837
School-Sponsored Cocurricular Activities - Instruction:			
Salaries	215,029		215,029
Employee Benefits	18,464		18,464
Purchased Professional/Technical Services	968		968
Other Purchased Services	15,177		15,177
Supplies and Materials	22,470		22,470
Other Objects	1,735		1,735
Total School-Sponsored Cocurricular Activities - Instructic	273,843		273,843
Speech, OT, PT and Related Services:			
Salaries	794,249		794,249
Employee Benefits	260,730		260,730
Purchased Professional/Technical Services	183		183
Other Purchased Services	2,647		2,647
Total Speech, OT, PT and Related Services	1,057,809		1,057,809

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Major Programs Special Programs</u>	<u>Non-Major Program Food Service</u>	<u>Total Enterprise Funds</u>
Operating Expenses:			
Staff Training:			
Salaries	\$ 189,612		\$ 189,612
Employee Benefits	56,309		56,309
Purchased Professional/Technical Services	50,903		50,903
Other Purchased Services	12,532		12,532
Supplies and Materials	4,887		4,887
Total Staff Training	<u>314,243</u>		<u>314,243</u>
Child Study Teams:			
Salaries	208,275		208,275
Employee Benefits	21,209		21,209
Other Purchased Services	191		191
Supplies and Materials	30		30
Total Child Study Teams	<u>229,705</u>		<u>229,705</u>
Transportation:			
Salaries	4,170,812		4,170,812
Employee Benefits	1,774,465		1,774,465
Purchased Professional and Technical Services	19,689		19,689
Purchased Property Services	147,267		147,267
Other Purchased Services	571,553		571,553
Supplies and Materials	295,039		295,039
Other Objects	35,799		35,799
Total Transportation	<u>7,014,624</u>		<u>7,014,624</u>
Other Enterprise Activities:			
Salaries		\$ 117,606	117,606
Employee Benefits		8,074	8,074
Purchased Property Services		23,135	23,135
Supplies and Materials		19,256	19,256
Depreciation		3,077	3,077
Cost of Sales		126,808	126,808
Total Other Enterprise Activities		<u>297,956</u>	<u>297,956</u>

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Major Programs Special Programs</u>	<u>Non-Major Program Food Service</u>	<u>Total Enterprise Funds</u>
Total Operating Expenses	<u>\$ 8,891,061</u>	<u>\$ 297,956</u>	<u>\$ 9,189,017</u>
Operating Income/(Loss)	<u>2,161,583</u>	<u>(149,126)</u>	<u>2,012,457</u>
Non-Operating Revenue:			
Federal Sources:			
National School Lunch and Breakfast Program		62,698	62,698
Food Distribution Program		16,916	16,916
State Sources:			
State School Lunch Program		1,785	1,785
Local Sources:			
Interest on Investments		25	25
Total Non-operating Revenue		<u>81,424</u>	<u>81,424</u>
Change in Net Assets before Transfers	2,161,583	(67,702)	2,093,881
Transfers:			
Operating Transfers In - General Fund		65,100	65,100
Equity Transfer to General Fund	(630,000)		(630,000)
Change in Net Assets	1,531,583	(2,602)	1,528,981
Net Assets - Beginning of Year	<u>9,992,897</u>	<u>31,144</u>	<u>10,024,041</u>
Net Assets - End of Year	<u>\$11,524,480</u>	<u>\$ 28,542</u>	<u>\$11,553,022</u>

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

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Major Programs <u>Special Programs</u>	Non-Major Program <u>Food Service</u>	Total Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 11,225,655	\$ 148,830	\$ 11,374,485
Payments to Employees	(5,577,977)	(117,606)	(5,695,583)
Payments for Employee Benefits	(2,072,656)	(8,074)	(2,080,730)
Payments to Suppliers	(1,184,483)	(126,794)	(1,311,277)
Payments to Food Service Vendor		(23,135)	(23,135)
Net Cash Provided by/(Used for) Operating Activities	2,390,539	(126,779)	2,263,760
Cash Flows from Investing Activities:			
Interest Income		25	25
Net Cash Provided by Investing Activities		25	25
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements		60,685	60,685
Equity Transfer to General Fund	(630,000)		(630,000)
Board Contribution		65,100	65,100
Net Cash Provided by/(Used for) Noncapital Financing Activities	(630,000)	125,785	(504,215)
Net Increase/(Decrease) in Cash and Cash Equivalents	1,760,539	(969)	1,759,570
Cash and Cash Equivalents, July 1	8,464,994	11,397	8,476,391
Cash and Cash Equivalents, June 30	\$ 10,225,533	\$ 10,428	\$ 10,235,961
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ 2,161,583	\$ (149,126)	\$ 2,012,457
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) Operating Activities:			
Depreciation		3,077	3,077
Federal Food Distribution Program		16,916	16,916
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable, Net	173,011		173,011
Decrease in Inventory		2,014	2,014
Increase(Decrease) in Accounts Payable	(2,576)	340	(2,236)
Increase in Accrued Compensated Absences	28,096		28,096
Increase in Loss Reserves for Health Benefits	30,425		30,425
Net Cash Provided by/(Used for) Operating Activities	\$ 2,390,539	\$ (126,779)	\$ 2,263,760

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at \$16,916 during the fiscal year ended June 30, 2012.

Exhibit B-7

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

<u>ASSETS:</u>	<u>Payroll</u>	<u>Flexible Spending Account</u>	<u>Unemployment Compensation Trust</u>
Cash and Cash Equivalents	\$ 207,769	\$ 530	\$ 38,376
Interfund Receivable - General Fund	1,991		
Accounts Receivable - Employees	1,915		
Total Assets	211,675	530	38,376
 <u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	211,059		
Interfund Payable:			
General Fund			3
Enterprise Fund	616		
Total Liabilities	211,675		3
 <u>NET ASSETS:</u>			
Held in Trust for Flexible Spending Account		530	
Held in Trust for Unemployment Claims			38,373
Total Net Assets	\$ - 0 -	\$ 530	\$ 38,373

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

Exhibit B-8

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Flexible Spending Account</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 2,996	\$ 27,642
Total Contributions	<u>2,996</u>	<u>27,642</u>
Investment Earnings:		
Interest		<u>50</u>
Net Investment Earnings		<u>50</u>
Total Additions	<u>2,996</u>	<u>27,692</u>
DEDUCTIONS:		
Quarterly contribution reports		
Unemployment Claims		24,990
Health Benefit Expenses	2,466	
Other Expenses		<u>50</u>
Total Deductions	<u>2,466</u>	<u>25,040</u>
Change in Net Assets	530	2,652
Net Assets—Beginning of the Year		<u>35,721</u>
Net Assets—End of the Year	<u>\$ 530</u>	<u>\$ 38,373</u>

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

Commission-Wide Financial Statements:

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The Commission reports the following governmental funds:

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

As required by the NJDOE, the Commission includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, Commission fees and charges for services and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

B. Basis of Presentation: (Cont'd)

The Commission reports the following proprietary funds:

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

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

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

Additionally, the Commission reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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

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

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

D. Budgets/Budgetary Control:

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

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 32,803,053	\$ 39,670
Differences - Budget to GAAP:		
Grant accounting Budgetary Basis differs from GAAP in that Budgetary Basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not		<u>(7,313)</u>
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 32,803,053</u>	<u>\$ 32,357</u>

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 37,148,395	\$ 39,670
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(7,313)</u>
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 37,148,395</u>	<u>\$ 32,357</u>

E. Cash and Cash Equivalents and Investments:

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

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

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

F. Interfund Transactions:

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

K. Capital Assets:

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

K. Capital Assets: (Cont'd)

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages:

The Commission does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2012.

N. Compensated Absences:

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

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

O. Deferred Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$13,640,715 General Fund balance at June 30, 2012, \$818,247 is assigned for year-end encumbrances and \$12,822,468 is unassigned.

Capital Projects Fund: The \$2,062,690 Capital Projects Fund balance is restricted at June 30, 2012.

Q. Net Assets:

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

R. Fund Balance Restrictions, Commitments and Assignments:

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

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

A Fund balance restriction has been established for the Capital Projects Fund balance.

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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

The Commission has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The Commission has no committed resources at June 30, 2012.

The assignment of resources is generally made by the Commission Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the Commission to assign resources through policies adopted by the Board of Education. The Commission has assigned \$818,247 of resources for year-end encumbrances in the General Fund at June 30, 2012.

S. Revenue - Exchange and Nonexchange Transactions:

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

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

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

T. Operating Revenue and Expenses:

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

U. Management Estimates:

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

V. Unpaid Health Benefit Claims Liabilities:

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

Deposits:

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

Deposits: (Cont'd)

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

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

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

Investments:

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

As of June 30, 2012, cash and cash equivalents and investments of the Commission consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Investments (C.D.'s)</u>	<u>Total</u>
Checking and Savings Accounts	\$ 18,777,111		\$ 18,777,111
New Jersey Cash Management Fund	1,001		1,001
Certificates of Deposit		\$ 5,071,005	5,071,005
	<u>\$ 18,778,112</u>	<u>\$ 5,071,005</u>	<u>\$ 23,849,117</u>

During the period ended June 30, 2012, the Commission did not hold any investments other than certificates of deposit. The carrying amount of the Commission's cash and cash equivalents and investments at June 30, 2012 was \$23,849,117 and the bank balance was \$25,138,867. The \$1,001 in the New Jersey Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	<u>Balance 6/30/2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2012</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 10,248,300			\$ 10,248,300
Construction in Progress	55,699,469	\$ 2,500,000	\$(58,199,469)	
Total Capital Assets Not Being Depreciated	<u>65,947,769</u>	<u>2,500,000</u>	<u>(58,199,469)</u>	<u>10,248,300</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	11,000,475	4,369,094	58,151,193	73,520,762
Machinery and Equipment	5,958,972	184,294	(284,833)	5,858,433
Total Capital Assets Being Depreciated	<u>16,959,447</u>	<u>4,553,388</u>	<u>57,866,360</u>	<u>79,379,195</u>
Governmental Activities Capital Assets	<u>82,907,216</u>	<u>7,053,388</u>	<u>(333,109)</u>	<u>89,627,495</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(2,029,888)	(440,274)	3,488	(2,466,674)
Vehicles, Machinery and Equipment	(3,386,189)	(442,944)	228,190	(3,600,943)
	<u>(5,416,077)</u>	<u>(883,218)</u>	<u>231,678</u>	<u>(6,067,617)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 77,491,139</u>	<u>\$ 6,170,170</u>	<u>\$ (101,431)</u>	<u>\$ 83,559,878</u>

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

	<u>Balance</u> <u>06/30/11</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/12</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 68,355		\$ (2,500)	\$ 65,855
Less Accumulated Depreciation	<u>(49,906)</u>	<u>\$ (3,077)</u>	<u>2,500</u>	<u>(50,483)</u>
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 18,449</u>	<u>\$ (3,077)</u>	<u>\$ -0-</u>	<u>\$ 15,372</u>
Total Governmental & Business-Type Capital Assets, Net of Accumulated Depreciation	<u>\$77,509,588</u>	<u>\$ 6,167,093</u>	<u>\$ (101,431)</u>	<u>\$83,575,250</u>

The Commission capitalized \$6,869,094 of expenditures for various building improvements and \$184,294 of expenditures for the purchase of various vehicles, machinery and equipment during the fiscal year.

The Commission disposed of various vehicles and equipment with a net carrying value of \$101,431.

Depreciation expense was charged to governmental functions as follows:

Special Education Instruction	\$ 397,383
Central Services	60,085
Pupil Transportation	<u>425,750</u>
	<u>\$ 883,218</u>

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2012, the District transferred \$2,056,853 to the capital outlay accounts - \$521,885 for equipment and \$1,534,968 for facilities acquisition and construction services. The Commission is not required to obtain County Superintendent approval for transfers to capital outlay.

NOTE 6. OPERATING LEASES

The Commission has commitments to lease copying equipment and vehicles under operating leases which expire in 2015. Total operating lease payments made during the year ended June 30, 2012 were \$52,482. Future minimum lease payments are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Total</u>
2013	\$ 22,517
2014	5,820
2015	<u>3,609</u>
	<u>\$ 31,946</u>

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the Commission-wide financial statements:

	Balance 6/30/2011	Accrued	Retired	Balance 6/30/2012
Compensated Absences Payable	\$ 516,229	\$ 29,455	\$ 159,405	\$ 386,279
Capital Leases Payable	1,107,822		407,956	699,866
Lease Purchase Agreements - Certificates of Participation	45,930,000		1,735,000	44,195,000
Total	\$ 47,554,051	\$ 29,455	\$ 2,302,361	\$ 45,281,145
Governmental Activities	\$ 47,491,305	\$ 1,359	\$ 2,302,361	\$ 45,190,303
Business-Type Activities	62,746	28,096		90,842
Total All Activities	\$ 47,554,051	\$ 29,455	\$ 2,302,361	\$ 45,281,145

A. Capital Leases Payable:

The Commission is currently leasing several buses under capital leases valued at \$1,898,832 of which \$1,198,966 has been amortized. All capital leases are for terms of three to five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2012.

Year	Amount
2013	\$ 293,698
2014	241,100
2015	206,495
	741,293
Less: Amount Representing Interest	(41,427)
Present Value of Net Minimum Lease Payments	\$ 699,866

The current portion of Capital Leases payable at June 30, 2012 is \$271,846 and the long-term portion is \$428,020 and will be liquidated by General Fund.

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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

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

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

Future minimum lease payments under the lease purchase agreement along with the present value of the minimum lease payments as of June 30, 2012 are:

<u>Year</u>	<u>Amount</u>
2013	\$ 3,861,353
2014	3,864,228
2015	3,861,688
2016	3,865,362
2017	3,863,962
2018-2022	19,321,712
2023-2027	19,318,625
2028-2029	<u>7,727,750</u>
Total Minimum Lease Payments	65,684,680
Less: Amount Representing Interest	<u>(21,489,680)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 44,195,000</u>

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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

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

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

The current portion of the liability for lease purchase agreements - certificates of participation (COP's) is \$1,790,000 and the long-term liability is \$42,405,000 and will be liquidated by the General Fund.

C. Compensated Absences Payable

The liability for compensated absences of the governmental fund types is segregated into current and long-term liabilities. The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. The total compensated absence long-term liability for both the Governmental and Proprietary Funds is \$386,279. None of the compensated absences balance in the governmental funds or the proprietary funds represents a current liability. The long-term portion of compensated absences as of June 30, 2012 in the Governmental Funds is \$295,437 and will be liquidated by the General Fund and in the Proprietary Funds is \$90,842 and will be liquidated by the Special Programs Enterprise Fund.

NOTE 8. PENSION PLANS

Substantially all of the Commission's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS went from 5.5% to 6.5% of employees' annual compensation as defined. Employers are required to contribute at an actuarially determined rate.

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Commission contributions to PERS amounted to \$1,233,347, \$1,206,068 and \$874,155 for the fiscal years ended June 30, 2012, 2011 and 2010, respectively.

During the fiscal years ended June 30, 2012, the State of New Jersey contributed \$297,779 to the TPAF for normal pension benefits on-behalf of the Commission. During the fiscal years ended 2011 and 2010 the State of New Jersey made no contributions to the TPAF for normal pension benefits on-behalf of the Commission.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Laws 2007 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, of Public Laws 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126 of Public Laws 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

The State's on-behalf Post-Retirement Medical Contributions to TPAF for the Commission amounted to \$598,615, \$632,814 and \$679,477 for 2012, 2011, and 2010, respectively.

NOTE 10. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The Commission's insurance broker, Jay Lawton of G. R. Murray Insurance oversees risk management for the Commission.

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

Property and Liability Insurance

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

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

The financial statements for the SAIF and NJSBAIG for the fiscal year ended June 30, 2012 were not available as of the date of this report.

Selected financial information for the SAIF and NJSBAIG as of June 30, 2011 is as follows:

	<u>School Alliance Insurance Fund</u>	<u>New Jersey School Boards Association Insurance Group</u>
Total Assets	\$ 36,448,099	\$ 253,890,161
Net Assets	\$ 12,502,179	\$ 62,802,257
Total Revenue	\$ 29,577,140	\$ 83,993,678
Total Expenses	\$ 28,589,235	\$ 79,175,491
Change in Net Assets	\$ 987,905	\$ 4,818,187
Net Assets Distribution to Participating Members	\$ 1,223,485	\$ -0-

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

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

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2011-2012	\$ - 0 -	\$ 27,642	\$ 24,990	\$ 38,373
2010-2011	- 0 -	57,610	60,312	35,721
2009-2010	- 0 -	44,086	32,227	38,423

NOTE 11. ACCRUED LIABILITY FOR HEALTH BENEFITS CLAIMS

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

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

<u>Accrued Liability</u>	<u>2012</u>	<u>2011</u>
Accrued Liability for Health Benefits Claims, July 1	\$ 840,868	\$ 753,533
Incurred Claims and Claims Adjustments Expenses	3,844,778	3,541,242
Paid Claims and Claims Adjustments Expenses	(3,723,560)	(3,453,907)
Accrued Liability for Health Benefits Claims, June 30	<u>\$ 962,086</u>	<u>\$ 840,868</u>
Governmental Funds	\$ 726,069	\$ 635,276
Proprietary Funds	<u>236,017</u>	<u>205,592</u>
	<u>\$ 962,086</u>	<u>\$ 840,868</u>

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were remaining on the balance sheet at June 30, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 3	\$ 5,491
Enterprise Funds	4,116	
Fiduciary Funds	1,991	619
	<u>\$ 6,110</u>	<u>\$ 6,110</u>

The interfund receivable balances at June 30, 2012 represent the excess transfers of the prior year interest to the General Fund account to be returned to the Payroll account and an excess transfer of funds due from the Payroll account to the Special Programs Enterprise Fund.

During the fiscal year, the General Fund transferred \$65,100 to the Food Service Enterprise Fund to support its operations. The Special Programs Enterprise Fund transferred \$630,000 of its equity to the General Fund.

NOTE 13. ECONOMIC DEPENDENCY

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

NOTE 14. DEFERRED COMPENSATION

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

MetLife	VALIC
Lincoln Investments	Equitable

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2012, there were encumbrances as detailed below in the Governmental Funds. All of the Governmental Funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 818,247	\$ 7,313	\$ -0-	\$ 825,560

On the District's Governmental Funds Balance Sheet as of June 30, 2012, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$7,313 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP Basis is also reflected as an increase in deferred revenue in the Special Revenue Fund.

SUPPLEMENTARY SCHEDULES

BUDGETARY COMPARISON SCHEDULES

MORRIS-UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

REVENUES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources:					
Tuition	\$ 33,108,600		\$ 33,108,600	\$ 30,965,158	\$ (2,143,442)
Miscellaneous	630,000		630,000	161,687	(468,313)
Total - Local Sources	<u>33,738,600</u>		<u>33,738,600</u>	<u>31,126,845</u>	<u>(2,611,755)</u>
State Sources:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				297,779	297,779
TPAF Post Retirement Medical Contributions (On-Behalf - Non-Budgeted)				598,615	598,615
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				779,814	779,814
Total State Sources				<u>1,676,208</u>	<u>1,676,208</u>
TOTAL REVENUES	<u>33,738,600</u>		<u>33,738,600</u>	<u>32,803,053</u>	<u>(935,547)</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Instruction:					
Special Education - Instruction:					
Autism:					
Salaries of Teachers	7,694,945	\$ 68,737	7,763,682	7,274,624	489,058
Other Salaries for Instruction	9,828,821	(446,316)	9,382,505	8,678,334	704,171
Purchased Professional - Educational Services	10,917	7,160	18,077	15,748	2,329
Purchased Technical Services	80,177	(80,177)			
Other Purchased Services (400-500 series)	1,051,106	(106,006)	945,100	779,459	165,641
General Supplies	1,361,115	(46,827)	1,314,288	888,618	425,670
Textbooks	10,500	(5,000)	5,500	2,343	3,157
Other Objects	3,358	85	3,443	981	2,462
Total Autism	<u>20,040,939</u>	<u>(608,344)</u>	<u>19,432,595</u>	<u>17,640,107</u>	<u>1,792,488</u>
Total Special Education - Instruction	<u>20,040,939</u>	<u>(608,344)</u>	<u>19,432,595</u>	<u>17,640,107</u>	<u>1,792,488</u>
Total Instruction	<u>20,040,939</u>	<u>(608,344)</u>	<u>19,432,595</u>	<u>17,640,107</u>	<u>1,792,488</u>

MORRIS-UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Health Services:					
Purchased Professional and Technical Services	\$ 100	\$ 10	\$ 110	\$ 110	
Total Health Services	100	10	110	110	
Improvement of Instructional Services :					
Salaries of Supervisor of Instruction	326,477	(100,225)	226,252	188,017	\$ 38,235
Supplies and Materials	400		400	336	64
Total Improvement of Instructional Services	326,877	(100,225)	226,652	188,353	38,299
Instructional Staff Training Services					
Purchased Professional - Educational Services	200		200		200
Total Instructional Staff Training Services	200		200		200
General Administration:					
Salaries	716,994	155,992	872,986	872,979	7
Legal Services	50,000	(37,868)	12,132	11,852	280
Audit Services	31,824	1	31,825	31,825	
Other Purchased Professional Services	64,097	71,218	135,315	133,928	1,387
Communications/Telephone	51,443	(6,500)	44,943	43,437	1,506
Miscellaneous Purchased Services (400-500 series)	71,406	(6,254)	65,152	61,579	3,573
General Supplies	40,000	(16,685)	23,315	22,342	973
Miscellaneous Expenditures	66,121	(17,447)	48,674	48,673	1
Total General Administration	1,091,885	142,457	1,234,342	1,226,615	7,727

MORRIS-UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 683,889	\$ 19,660	\$ 703,549	\$ 702,833	\$ 716
Purchased Professional Services	49,339	2,450	51,789	43,114	8,675
Interest on Lease Purchase Agreements	2,379,240	1	2,379,241	2,159,501	219,740
Total Central Services	3,112,468	22,111	3,134,579	2,905,448	229,131
Administrative Information Technology:					
Purchased Technical Services	46,676	(158)	46,518	30,624	15,894
Supplies and Materials	11,000	24,850	35,850	35,418	432
Total Administrative Information Technology	57,676	24,692	82,368	66,042	16,326
Required Maintenance for School Facilities:					
Salaries	22,312	(852)	21,460	21,381	79
Cleaning, Repair and Maintenance Services	15,463	(4,630)	10,833	9,956	877
General Supplies	4,950	3,200	8,150	7,166	984
Total Required Maintenance for School Facilities	42,725	(2,282)	40,443	38,503	1,940
Custodial Services:					
Salaries	41,286	(3,812)	37,474	36,715	759
Other Purchased Property Services	716		716	471	245
Insurance	122,059	(2,575)	119,484	119,165	319
General Supplies	4,800	(2,500)	2,300	2,288	12
Energy (Electricity)	16,757	(3,600)	13,157	10,447	2,710
Total Custodial Services	185,618	(12,487)	173,131	169,086	4,045

MORRIS-UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures:					
Care and Upkeep of Grounds:					
Salaries	\$ 22,312	\$ 141,110	\$ 163,422	\$ 134,959	\$ 28,463
Cleaning, Repair and Maintenance Services	1,030	29,931	30,961	18,184	12,777
General Supplies	650	14,316	14,966	10,145	4,821
Total Care and Upkeep of Grounds	<u>23,992</u>	<u>185,357</u>	<u>209,349</u>	<u>163,288</u>	<u>46,061</u>
Allocated Benefits:					
Autism:					
Social Security Contributions	592,813	(17,219)	575,594	519,053	56,541
Other Retirement Benefits - PERS	987,001	(65,872)	921,129	801,182	119,947
Unemployment Compensation	250,000	57,705	307,705	205,271	102,434
Workmen's Compensation	392,664	(8,452)	384,212	288,991	95,221
Health Benefits	4,639,814	(255,447)	4,384,367	4,254,222	130,145
Tuition Reimbursement	21,630	2,490	24,120	21,000	3,120
Total Allocated Benefits - Autism	<u>6,883,922</u>	<u>(286,795)</u>	<u>6,597,127</u>	<u>6,089,719</u>	<u>507,408</u>
Total Allocated Benefits	<u>6,883,922</u>	<u>(286,795)</u>	<u>6,597,127</u>	<u>6,089,719</u>	<u>507,408</u>
Unallocated Benefits:					
Social Security Contributions	61,900	5,500	67,400	67,398	2
Other Retirement Benefits - PERS	133,284	(24,250)	109,034	108,164	870
Unemployment Compensation	5,000		5,000	4,473	527
Workmen's Compensation	15,201	850	16,051	14,476	1,575
Health Benefits	185,918	(72,636)	113,282	113,002	280
Tuition Reimbursement		8,150	8,150	8,143	7
Other Employee Benefits	67,895	72,675	140,570	140,548	22

MORRIS-UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE:					
Undistributed Expenditures:					
Unallocated Benefits:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				\$ 297,779	\$ (297,779)
TPAF Post Retirement Medical Contributions (On-Behalf - Non-Budgeted)				598,615	(598,615)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				779,814	(779,814)
Total Unallocated Benefits	\$ 469,198	\$ (9,711)	\$ 459,487	2,132,412	(1,672,925)
Total Personal Services - Employee Benefits	7,353,120	(296,506)	7,056,614	8,222,131	(1,165,517)
Total Undistributed Expenditures	12,194,661	(36,873)	12,157,788	12,979,576	(821,788)
Total Current Expense	32,235,600	(645,217)	31,590,383	30,619,683	970,700
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures:					
Instruction	8,167	(7,000)	1,167		
School Administration	5,834	(4,771)	1,063		1,063
Administrative Information Technology	84,800	(65,425)	19,375	15,274	4,101
Custodial Services	140,146	89,060	229,206	206,576	22,630
School Buses - Special	124,002	510,021	634,023	13,251	620,772
Total Equipment	362,949	521,885	884,834	235,101	649,733
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	201,284	1,351,240	1,552,524	1,551,150	1,374
Construction Services	3,711,620	183,729	3,895,349	2,598,264	1,297,085
Lease Purchase Agreements - Principal	3,187,450	(1)	3,187,449	2,144,197	1,043,252
Total Facilities Acquisition and Construction Services	7,100,354	1,534,968	8,635,322	6,293,611	2,341,711

MORRIS-UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Total Capital Outlay	\$ 7,463,303	\$ 2,056,853	\$ 9,520,156	\$ 6,528,712	\$ 2,991,444
TOTAL EXPENDITURES	39,698,903	1,411,636	41,110,539	37,148,395	3,962,144
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(5,960,303)	(1,411,636)	(7,371,939)	(4,345,342)	3,026,597
Other Financing Sources/(Uses):					
Operating Transfer Out - Enterprise Fund - Food Service	(97,850)	(14,465)	(112,315)	(65,100)	47,215
Operating Transfer Out - Transfer to Capital Projects Fund		(1,038,610)	(1,038,610)	(1,038,610)	
Residual Equity Transfer - Enterprise Funds - Special Programs				630,000	630,000
Total Other Financing Sources/(Uses)	(97,850)	(1,053,075)	(1,150,925)	(473,710)	677,215
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing (Uses)	(6,058,153)	(2,464,711)	(8,522,864)	(4,819,052)	3,703,812
Fund Balance, July 1	18,459,767		18,459,767	18,459,767	
Fund Balance, June 30	<u>\$ 12,401,614</u>	<u>\$ (2,464,711)</u>	<u>\$ 9,936,903</u>	<u>\$ 13,640,715</u>	<u>\$ 3,703,812</u>
Recapitulation:					
Assigned to Year-End Encumbrances				\$ 818,247	
Unassigned Fund Balance				<u>12,822,468</u>	
Fund Balance, June 30				<u>\$ 13,640,715</u>	

MORRIS-UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 42,351	\$ 42,351	\$ 39,670	\$ (2,681)
Total Revenues		42,351	42,351	39,670	(2,681)
EXPENDITURES:					
Instruction:					
General Supplies		37,851	37,851	35,170	2,681
Total Instruction		37,851	37,851	35,170	2,681
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment		4,500	4,500	4,500	
Total Facilities Acquisition and Construction Services		4,500	4,500	4,500	
Total Expenditures		42,351	42,351	39,670	2,681
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

MORRIS-UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 32,803,053	\$ 39,670
Differences - Budget to GAAP:		
Grant accounting Budgetary Basis differs from GAAP in that the Budgetary Basis recognizes encumbrances as expenditures and revenue, whereas the GAAP Basis does not.		(7,313)
	\$ 32,803,053	\$ 32,357
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 32,803,053	\$ 32,357
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 37,148,395	\$ 39,670
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(7,313)
	\$ 37,148,395	\$ 32,357
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 37,148,395	\$ 32,357

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

MORRIS-UNION JOINTURE COMMISSION
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

Exhibit E-1

MORRIS-UNION JOINTURE COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Various Local Grants</u>	<u>Totals June 30, 2012</u>
REVENUES:		
Local Sources	\$ 39,670	\$ 39,670
Total Revenues	<u>39,670</u>	<u>39,670</u>
EXPENDITURES:		
Instruction:		
General Supplies	<u>35,170</u>	<u>35,170</u>
Total Instruction	<u>35,170</u>	<u>35,170</u>
Facilities Acquisition & Construction Services:		
Non-Instructional Equipment	<u>4,500</u>	<u>4,500</u>
Total Facilities Acquisition & Construction Services	<u>4,500</u>	<u>4,500</u>
Total Expenditures	<u>39,670</u>	<u>39,670</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

CAPITAL PROJECTS FUND

Exhibit F-1

MORRIS-UNION JOINTURE COMMISSION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Revenue and Other Financing Sources:	
Equity Contribution From General Fund	\$ 1,038,610
Interest Income	<u>2,019</u>
Total Revenue and Other Financing Sources	<u>1,040,629</u>
Expenditures:	
Capital Outlay:	
Facilities Acquisition and Construction Services	<u>2,500,000</u>
Total Expenditures	<u>2,500,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	(1,459,371)
Fund Balance - Beginning of Year	<u>3,522,061</u>
Fund Balance - End of Year	<u>\$ 2,062,690</u>
Recapitulation:	
Restricted Fund Balance - Restricted for Final Lease Payment	\$ 1,933,213
Restricted Fund Balance	<u>129,477</u>
	<u>\$ 2,062,690</u>

MORRIS-UNION JOINTURE COMMISSION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF A NEW SCHOOL - WARREN DLC
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
Proceeds for Certificates of Participation	\$ 52,310,000		\$ 52,310,000	\$ 52,310,000
Original Issue Premium	66,608		66,608	66,608
Accrued Interest	104,811		104,811	104,811
Grants	215,000		215,000	215,000
Equity Contribution From General Fund	3,000,000	\$ 1,038,610	4,038,610	4,038,610
Interest Income	3,525,111	2,019	3,527,130	3,527,130
Total Revenue and Other Financing Sources	59,221,530	1,040,629	60,262,159	60,262,159
Expenditures:				
Legal Services	80,284		80,284	447,046
Purchased Professional and Technical Services	356,303		356,303	400,000
Facilities Acquisition and Construction Services	47,463,790	2,500,000	49,963,790	50,440,987
Other Objects	7,799,092		7,799,092	8,974,126
Total Expenditures	55,699,469	2,500,000	58,199,469	60,262,159
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 3,522,061	\$ (1,459,371)	\$ 2,062,690	\$ - 0 -
Additional Project Information:				
COPs Authorized	\$ 52,310,000			
COPs Issued	52,310,000			
Original Authorized Cost	55,696,419			
Revised Authorized Cost (Including Interest Earnings)	60,262,159			
Percentage Increase Over Original Authorized Cost	8.20%			
Percentage Completion	96.58%			
Original Target Completion Date	September 2006			
Revised Target Completion Date	June 2012			

PROPRIETARY FUNDS

Exhibit G-1

MORRIS-UNION JOINTURE COMMISSION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

	<u>Major Programs Special Programs</u>	<u>Non-Major Program Food Service</u>	<u>Total Enterprise Funds</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 10,225,533	\$ 10,428	\$ 10,235,961
Receivables from Federal Government		8,037	8,037
Receivables from State Government		160	160
Receivables from Other Governments	1,625,269		1,625,269
Other Accounts Receivable	966		966
Interfund Receivable - General Fund		3,500	3,500
Interfund Receivable - Fiduciary Funds	616		616
Inventories		10,634	10,634
Total Current Assets	<u>11,852,384</u>	<u>32,759</u>	<u>11,885,143</u>
Capital Assets:			
Furniture and Equipment		65,855	65,855
Less: Accumulated Depreciation		<u>(50,483)</u>	<u>(50,483)</u>
Total Capital Assets		<u>15,372</u>	<u>15,372</u>
Total Assets	<u>11,852,384</u>	<u>48,131</u>	<u>11,900,515</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	<u>1,045</u>	<u>19,589</u>	<u>20,634</u>
Total Current Liabilities	<u>1,045</u>	<u>19,589</u>	<u>20,634</u>
Long-term Liabilities:			
Accrued Compensated Absences	90,842		90,842
Loss Reserves for Health Benefits	<u>236,017</u>		<u>236,017</u>
Total Long-term Liabilities	<u>326,859</u>		<u>326,859</u>
Total Liabilities	<u>327,904</u>	<u>19,589</u>	<u>347,493</u>
<u>NET ASSETS:</u>			
Investment in Capital Assets Net of Related Debt		15,372	15,372
Unrestricted	<u>11,524,480</u>	<u>13,170</u>	<u>11,537,650</u>
Total Net Assets	<u>\$ 11,524,480</u>	<u>\$ 28,542</u>	<u>\$ 11,553,022</u>

MORRIS-UNION JOINTURE COMMISSION
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Major Programs <u>Special Programs</u>	Non-Major Program <u>Food Service</u>	Total Enterprise Funds
Operating Revenue:			
Local Sources:			
Daily Sales - School Breakfast/Lunch Program		\$ 148,361	\$ 148,361
Vending Rebates		469	469
Transportation Fees	\$ 6,398,819		6,398,819
Program Fees	4,653,825		4,653,825
Total Operating Revenue	<u>11,052,644</u>	<u>148,830</u>	<u>11,201,474</u>
Operating Expenses:			
Vocational Programs:			
Supplies and Materials	837		837
Total Vocational Programs	<u>837</u>		<u>837</u>
School-Sponsored Cocurricular Activities - Instruction:			
Salaries	215,029		215,029
Employee Benefits	18,464		18,464
Purchased Professional/Technical Services	968		968
Purchased Technical Services	15,177		15,177
Supplies and Materials	22,470		22,470
Other Objects	1,735		1,735
Total School-Sponsored Cocurricular Activities - Instruction	<u>273,843</u>		<u>273,843</u>
Speech, OT, PT and Related Services:			
Salaries	794,249		794,249
Employee Benefits	260,730		260,730
Purchased Professional/Technical Services	183		183
Other Purchased Services	2,647		2,647
Total Speech, OT, PT and Related Services	<u>1,057,809</u>		<u>1,057,809</u>

MORRIS-UNION JOINTURE COMMISSION
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Major Programs <u>Special Programs</u>	Non-Major Program <u>Food Service</u>	Total Enterprise Funds <u>Funds</u>
Operating Expenses:			
Staff Training:			
Salaries	\$ 189,612		\$ 189,612
Employee Benefits	56,309		56,309
Purchased Professional/Technical Services	50,903		50,903
Other Purchased Services	12,532		12,532
Supplies and Materials	4,887		4,887
Total Staff Training	<u>314,243</u>		<u>314,243</u>
Child Study Teams:			
Salaries of Other Professional Staff	208,275		208,275
Employee Benefits	21,209		21,209
Other Purchased Services	191		191
Supplies and Materials	30		30
Total Child Study Teams	<u>229,705</u>		<u>229,705</u>
Transportation:			
Salaries	4,170,812		4,170,812
Employee Benefits	1,774,465		1,774,465
Purchased Professional and Technical Services	19,689		19,689
Purchased Property Services	147,267		147,267
Other Purchased Services	571,553		571,553
Supplies and Materials	295,039		295,039
Other Objects	35,799		35,799
Total Transportation	<u>7,014,624</u>		<u>7,014,624</u>
Other Enterprise Activities:			
Salaries		\$ 117,606	117,606
Employee Benefits		8,074	8,074
Purchased Property Services		23,135	23,135
Supplies and Materials		19,256	19,256
Depreciation		3,077	3,077
Cost of Sales		126,808	126,808
Total Other Enterprise Activities		<u>297,956</u>	<u>297,956</u>

MORRIS-UNION JOINTURE COMMISSION
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Major Programs Special Programs</u>	<u>Non-Major Program Food Service</u>	<u>Total Enterprise Funds</u>
Total Operating Expenses	\$ 8,891,061	\$ 297,956	\$ 9,189,017
Operating Income/(Loss)	2,161,583	(149,126)	2,012,457
Non-operating Revenue:			
Federal Sources:			
National School Lunch and Breakfast Program		62,698	62,698
Food Distribution Program		16,916	16,916
State Sources:			
State School Lunch Program		1,785	1,785
Local Sources:			
Interest on Investments		25	25
Total Non-operating Revenue		81,424	81,424
Net Income/(Loss) before Transfers	2,161,583	(67,702)	2,093,881
Transfers:			
General Fund - Board Contribution		65,100	65,100
Residual Equity Transfer to General Fund	(630,000)		(630,000)
Change in Net Assets	1,531,583	(2,602)	1,528,981
Net Assets - Beginning of Year	9,992,897	31,144	10,024,041
Net Assets - End of Year	\$11,524,480	\$ 28,542	\$11,553,022

Exhibit G-3

MORRIS-UNION JOINTURE COMMISSION
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Major Programs Special Programs</u>	<u>Non-Major Program Food Service</u>	<u>Total Enterprise Funds</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 11,225,655	\$ 148,830	\$ 11,374,485
Payments to Employees	(5,577,977)	(117,606)	(5,695,583)
Payments for Employee Benefits	(2,072,656)	(8,074)	(2,080,730)
Payments to Suppliers	(1,184,483)	(126,794)	(1,311,277)
Payments to Food Service Vendor		(23,135)	(23,135)
Net Cash Provided by/(Used for) Operating Activities	<u>2,390,539</u>	<u>(126,779)</u>	<u>2,263,760</u>
Cash Flows from Investing Activities:			
Interest Income		25	25
Net Cash Provided by Investing Activities		<u>25</u>	<u>25</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State and Federal Reimbursements		60,685	60,685
Equity Transfer to General Fund	(630,000)		(630,000)
Board Contribution		65,100	65,100
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>(630,000)</u>	<u>125,785</u>	<u>(504,215)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,760,539	(969)	1,759,570
Cash and Cash Equivalents, July 1	8,464,994	11,397	8,476,391
Cash and Cash Equivalents, June 30	<u>\$ 10,225,533</u>	<u>\$ 10,428</u>	<u>\$ 10,235,961</u>
Reconciliation of Operating Income/(Loss) to Net Cash			
Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ 2,161,583	\$ (149,126)	\$ 2,012,457
Adjustment to Reconcile Operating Income/(Loss)			
to Cash Provided by/(Used for) Operating Activities:			
Depreciation		3,077	3,077
Federal Food Distribution Program		16,916	16,916
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable, Net	173,011		173,011
Decrease in Inventory		2,014	2,014
Increase/(Decrease) in Accounts Payable	(2,576)	340	(2,236)
Increase in Accrued Compensated Absences	28,096		28,096
Increase in Loss Reserves for Health Benefits	30,425		30,425
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 2,390,539</u>	<u>\$ (126,779)</u>	<u>\$ 2,263,760</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized USDA Donated Commodities through the Food Distribution Program valued at \$16,916 during the fiscal year ended June 30, 2012.

FIDUCIARY FUNDS

Exhibit H-1

MORRIS-UNION JOINTURE COMMISSION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

<u>ASSETS:</u>	<u>Payroll</u>	<u>Flexible Spending Account</u>	<u>Unemployment Compensation Trust</u>
Cash and Cash Equivalents	\$ 207,769	\$ 530	\$ 38,376
Interfund Receivable - General Fund	1,991		
Accounts Receivable - Employees	1,915		
Total Assets	<u>211,675</u>	<u>530</u>	<u>38,376</u>
 <u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	211,059		
Interfund Payable:			
General Fund			3
Enterprise Fund	616		
Total Liabilities	<u>211,675</u>		<u>3</u>
 <u>NET ASSETS:</u>			
Held in Trust for Flexible Spending Account		530	
Held in Trust for Unemployment Claims			38,373
Total Net Assets	<u>\$ - 0 -</u>	<u>\$ 530</u>	<u>\$ 38,373</u>

Exhibit H-2

MORRIS-UNION JOINTURE COMMISSION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Flexible Spending Account	Unemployment Compensation Trust
ADDITIONS:		
Contributions:		
Plan Members	\$ 2,996	\$ 27,642
Total Contributions	2,996	27,642
Investment Earnings:		
Interest		50
Net Investment Earnings		50
Total Additions	2,996	27,692
DEDUCTIONS:		
Unemployment Claims		24,990
Health Benefit Expenses	2,466	
Transfer Out - General Fund		50
Total Deductions	2,466	25,040
Change in Net Assets	530	2,652
Net Assets—Beginning of the Year		35,721
Net Assets—End of the Year	\$ 530	\$ 38,373

MORRIS-UNION JOINTURE COMMISSION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOT APPLICABLE

MORRIS-UNION JOINTURE COMMISSION
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOT APPLICABLE

Exhibit H-5

MORRIS-UNION JOINTURE COMMISSION
PAYROLL FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 170,150	\$ 29,376,168	\$ 29,338,549	\$ 207,769
Interfund Receivable:				
General Fund	2,039		48	1,991
Accounts Receivable:				
Employees	1,915			1,915
Total Assets	<u>\$ 174,104</u>	<u>\$ 29,376,168</u>	<u>\$ 29,338,597</u>	<u>\$ 211,675</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 173,488	\$ 29,376,168	\$ 29,338,597	\$ 211,059
Interfund Payable:				
Enterprise Fund	616			616
Total Liabilities	<u>\$ 174,104</u>	<u>\$ 29,376,168</u>	<u>\$ 29,338,597</u>	<u>\$ 211,675</u>

LONG-TERM DEBT

MORRIS-UNION JOINTURE COMMISSION
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
(CERTIFICATES OF PARTICIPATION)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Purpose	Date of Issue	Original Issue	Maturities of Certificates Outstanding June 30, 2012		Interest Rate	Balance June 30, 2011	Retired or Matured	Balance June 30, 2012
			Date	Amount				
Series 2004	11/15/2004	\$ 52,310,000	4/15/2013	\$ 1,790,000	3.75%			
			4/15/2014	1,860,000	3.90%			
			4/15/2015	1,930,000	5.25%			
			4/15/2016	2,035,000	4.00%			
			4/15/2017	2,115,000	4.00%			
			4/15/2018	2,200,000	4.13%			
			4/15/2019	2,290,000	4.25%			
			4/15/2020	2,390,000	4.814%			
			4/15/2021	2,500,000	5.00%			
			4/15/2022	2,630,000	5.00%			
			4/15/2023	2,760,000	5.00%			
			4/15/2024	2,895,000	5.00%			
			4/15/2025	3,040,000	5.00%			
			4/15/2026	3,195,000	5.00%			
			4/15/2027	3,355,000	4.75%			
			4/15/2028	3,520,000	4.75%			
4/15/2029	3,690,000	4.75%	\$ 45,930,000	\$ 1,735,000	\$ 44,195,000			
						\$ 45,930,000	\$ 1,735,000	\$ 44,195,000

Exhibit I-2

MORRIS-UNION JOINTURE COMMISSION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Item</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2011</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2012</u>
Multi-Bus Lease	3.910%	\$ 385,000	\$ 83,017	\$ 83,017	
Multi-Bus Lease	3.390%	646,082	169,685	169,685	
Multi-Bus Lease	3.290%	459,250	454,406	147,235	\$ 307,171
Multi-Bus Lease	2.990%	408,500	<u>400,714</u>	<u>8,019</u>	<u>392,695</u>
			<u>\$ 1,107,822</u>	<u>\$ 407,956</u>	<u>\$ 699,866</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

	<u>Exhibit</u>
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the factors affecting the Commission's ability to generate its property taxes.</p>	J-6 thru J-9
<p>Debt Capacity</p> <p>These schedules present information to help the reader assess the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt in the future.</p>	J-10 thru J-13
<p>Demographic and Economic Information</p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place and to help make comparisons over time and with other governments.</p>	J-14 thru J-15
<p>Operating Information</p> <p>These schedules contain information about the Commission's operations and resources to help the reader understand how the Commission's financial information relates to the services the Commission provides and the activities it performs.</p>	J-16 thru J-20

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

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:								
Invested in Capital Assets, Net of Related Debt	\$ 10,335,046	\$ 12,865,094	\$ 22,056,236	\$ 21,945,912	\$ 24,210,221	\$ 27,810,651	\$ 30,453,317	\$ 38,665,012
Restricted	4,554,383	5,450,315	5,346,558	3,777,336	3,763,927	4,340,110	3,522,061	2,062,690
Unrestricted	8,959,273	10,036,644	10,321,474	15,995,387	17,378,667	16,266,661	17,562,553	12,913,746
Total Governmental Activities Net Assets	\$ 23,848,702	\$ 28,352,053	\$ 37,724,268	\$ 41,718,635	\$ 45,352,815	\$ 48,417,422	\$ 51,537,931	\$ 53,641,448
Business-Type Activities:								
Invested in Capital Assets, Net of Related Debt	\$ 6,862	\$ 7,909	\$ 6,547	\$ 4,900	\$ 13,190	\$ 16,182	\$ 18,449	\$ 15,372
Unrestricted	4,035,878	5,638,595	7,124,750	8,542,284	8,387,254	8,331,625	10,005,592	11,537,650
Total Business-Type Activities Net Assets	\$ 4,042,740	\$ 5,646,504	\$ 7,131,297	\$ 8,547,184	\$ 8,400,444	\$ 8,347,807	\$ 10,024,041	\$ 11,553,022
Commission-Wide:								
Invested in Capital Assets, Net of Related Debt	\$ 10,341,908	\$ 12,873,003	\$ 22,062,783	\$ 21,950,812	\$ 24,223,411	\$ 27,826,833	\$ 30,471,766	\$ 38,680,384
Restricted	4,554,383	5,450,315	5,346,558	3,777,336	3,763,927	4,340,110	3,522,061	2,062,690
Unrestricted	12,995,151	15,675,239	17,446,224	24,537,671	25,765,921	24,598,286	27,568,145	24,451,396
Total Commission-Wide Net Assets	\$ 27,891,442	\$ 33,998,557	\$ 44,855,565	\$ 50,265,819	\$ 53,753,259	\$ 56,765,229	\$ 61,561,972	\$ 65,194,470

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

Source: Morris-Union Jointure Commission Financial Reports.

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:								
Governmental Activities								
Instruction:								
Special Education	\$ 18,044,116	\$ 18,862,948	\$ 19,817,370	\$ 22,897,992	\$ 24,532,101	\$ 25,974,397	\$ 27,423,707	\$ 26,162,286
Support Services:								
Student & Instruction Related Services	492,757	207,489	73,707	1,138	369,640	409,080	308,185	232,295
General Administration Services	715,585	809,540	911,480	1,083,049	986,660	1,263,699	1,126,766	1,282,757
Central Services	614,599	562,650	591,809	1,606,666	3,019,557	3,064,672	3,147,771	3,056,266
Administrative Information Technology		35,574	25,966	49,453	41,536	71,601	57,856	66,042
Plant Operations and Maintenance	96,004	111,242	141,060	203,783	275,322	238,333	407,101	399,001
Pupil Transportation	320,390	332,551	377,248	397,576	447,864	420,502	427,891	100,165
Capital Outlay	553,600	11,446	24,969	58,571	331,380	117,633		
Unallocated Depreciation	291,455	161,175	170,558	185,492	213,454	229,365	366,202	
Total Governmental Activities Expenses	21,128,506	21,094,615	22,134,167	26,483,720	30,217,514	31,789,282	33,265,479	31,298,812
Business-Type Activities:								
Special Programs	5,501,249	6,325,995	6,672,978	7,985,677	8,964,670	8,267,321	8,204,936	8,891,061
Food Service	257,717	259,768	257,195	308,240	321,382	303,125	314,824	297,956
Total Business-Type Activities Expenses	5,758,966	6,585,763	6,930,173	8,293,917	9,286,052	8,570,446	8,519,760	9,189,017
Total Commission-Wide Expenses	26,887,472	27,680,378	29,064,340	34,777,637	39,503,566	40,359,728	41,785,239	40,487,829
Program Revenues:								
Governmental Activities:								
Charges for Services	21,611,438	22,100,202	23,541,286	26,920,545	30,051,230	32,472,659	33,332,156	30,965,158
Operating Grants and Contributions	927,288	1,963,872	1,350,718	1,513,694	1,654,030	1,497,000	1,560,604	1,704,065
Total Governmental Activities Program Revenues	22,538,726	24,064,074	24,892,004	28,434,239	31,705,260	33,969,659	34,892,760	32,669,223

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Business-Type Activities:								
Special Programs:								
Charges for Services	\$ 6,994,507	\$ 7,928,712	\$ 8,159,133	\$ 9,403,211	\$ 10,540,020	\$ 9,295,555	\$ 10,549,254	\$ 11,052,644
Food Service:								
Charges for Services	70,658	73,475	89,224	144,644	184,840	149,682	167,235	148,830
Operating Grants and Contributions	49,066	55,771	53,468	61,949	65,788	74,391	69,707	81,399
Total Business Type Activities Program Revenues	7,114,231	8,057,958	8,301,825	9,609,804	10,790,648	9,519,628	10,786,196	11,282,873
Total Commission-Wide Program Revenues	29,652,957	32,122,032	33,193,829	38,044,043	42,495,908	43,489,287	45,678,956	43,952,096
Net (Expense)/Revenue:								
Governmental Activities	1,410,220	2,969,459	2,757,837	1,950,519	1,487,746	2,180,377	1,627,281	1,370,411
Business-Type Activities	1,355,265	1,472,195	1,371,652	1,315,887	1,504,596	949,182	2,266,436	2,093,856
Total Commission-Wide Net (Expense)/Revenue	2,765,485	4,441,654	4,129,489	3,266,406	2,992,342	3,129,559	3,893,717	3,464,267
General Revenues and Other Changes in Net Assets:								
Governmental Activities:								
Interest Earnings	1,060,534	1,146,953	1,103,349	1,192,361	2,262,166	41,606	6,201	2,019
Unrestricted Aid								4,500
Miscellaneous Income	109,605	515,306	1,324,170	951,487	729,434	315,705	896,771	161,687
Transfers	(135,434)	(128,367)	(113,141)	(100,000)	1,693,655	1,001,919	590,256	564,900
Extraordinary Item						(475,000)		
Total Governmental Activities General Revenues and Other Charges	1,034,705	1,533,892	2,314,378	2,043,848	4,685,255	884,230	1,493,228	733,106
Business-Type Activities:								
Interest Earnings					165	100	54	25
Transfers	136,575	131,569	113,141	100,000	(1,693,655)	(1,001,919)	(590,256)	(564,900)
Cancellation of Interfund and Accounts Payable (Net)					42,154			
Total Business-Type Activities	136,575	131,569	113,141	100,000	(1,651,336)	(1,001,819)	(590,202)	(564,875)

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Total Commission-Wide General Revenues and Other Changes in Net Assets	\$ 1,171,280	\$ 1,665,461	\$ 2,427,519	\$ 2,143,848	\$ 3,033,919	\$ (117,589)	\$ 903,026	\$ 168,231
Change in Net Assets:								
Governmental Activities	2,444,925	4,503,351	5,072,215	3,994,367	6,173,001	3,064,607	3,120,509	2,103,517
Business-Type Activities	1,491,840	1,603,764	1,484,793	1,415,887	(146,740)	(52,637)	1,676,234	1,528,981
Total Commission-Wide Change in Net Assets	<u>\$ 3,936,765</u>	<u>\$ 6,107,115</u>	<u>\$ 6,557,008</u>	<u>\$ 5,410,254</u>	<u>\$ 6,026,261</u>	<u>\$ 3,011,970</u>	<u>\$ 4,796,743</u>	<u>\$ 3,632,498</u>

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:								
Reserved/Restricted	\$ 243,157		\$ 30,104	\$ 59,364	\$ 83,813	\$ 824,250		
Assigned							\$ 4,033,817	\$ 818,247
Unassigned							14,425,950	12,822,468
Unreserved	<u>9,659,765</u>	<u>\$ 10,736,392</u>	<u>15,339,178</u>	<u>15,995,387</u>	<u>18,118,795</u>	<u>17,131,336</u>		
Total General Fund	<u>\$ 9,902,922</u>	<u>\$ 10,736,392</u>	<u>\$ 15,369,282</u>	<u>\$ 16,054,751</u>	<u>\$ 18,202,608</u>	<u>\$ 17,955,586</u>	<u>\$ 18,459,767</u>	<u>\$ 13,640,715</u>
Other Governmental Funds:								
Capital Projects Fund:								
Reserved/Restricted	\$ 41,253,010	\$ 14,992,966	\$ 4,343,399	\$ 2,232,504	\$ 2,232,504	\$ 2,053,216	\$ 3,522,061	\$ 2,062,690
Unreserved	<u>7,992,700</u>	<u>6,450,102</u>	<u>973,055</u>	<u>1,485,468</u>	<u>1,447,610</u>	<u>1,462,644</u>		
Total Other Governmental Funds	<u>\$ 49,245,710</u>	<u>\$ 21,443,068</u>	<u>\$ 5,316,454</u>	<u>\$ 3,717,972</u>	<u>\$ 3,680,114</u>	<u>\$ 3,515,860</u>	<u>\$ 3,522,061</u>	<u>\$ 2,062,690</u>
Total All Governmental Funds	<u>\$ 59,148,632</u>	<u>\$ 32,179,460</u>	<u>\$ 20,685,736</u>	<u>\$ 19,772,723</u>	<u>\$ 21,882,722</u>	<u>\$ 21,471,446</u>	<u>\$ 21,981,828</u>	<u>\$ 15,703,405</u>

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

Source: Morris-Union Jointure Commission Financial Reports.

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:								
Tuition Charges	\$ 21,611,438	\$ 22,100,202	\$ 23,541,286	\$ 26,920,546	\$ 30,051,230	\$ 32,472,659	\$ 33,332,156	\$ 30,965,158
Miscellaneous	1,386,905	2,662,528	2,435,797	2,155,425	3,001,317	383,446	932,089	196,063
State Sources	438,491	643,893	1,298,359	1,502,117	1,644,313	1,470,865	1,531,487	1,676,208
Federal Sources	272,031	319,710	44,080					
Total Revenues	23,708,865	25,726,333	27,319,522	30,578,088	34,696,860	34,326,970	35,795,732	32,837,429
Expenditures:								
Instruction								
Special Education Instruction	14,005,196	14,568,924	14,680,830	17,349,835	18,719,983	19,029,563	19,910,251	17,667,964
Support Services:								
Student and Instruction Related Services	442,035	441,211	2,053	1,005	246,009	304,978	225,548	188,463
General Administration Services	638,638	596,339	920,062	965,256	939,628	944,201	944,664	1,226,615
Central Services	519,878	513,352	550,369	1,520,248	2,883,069	2,897,489	2,944,663	2,905,448
Administrative Information Technology	20,445	35,574	25,966	49,453	41,536	71,601	57,856	66,042
Plant Operations and Maintenance	91,062	109,627	136,536	199,422	240,128	220,849	359,587	370,877
Allocated Benefits - Special Education	3,598,890	3,458,235	3,677,021	4,068,230	4,607,847	5,513,431	5,986,360	6,089,719
Unallocated Benefits	610,348	852,691	1,564,586	1,550,002	1,548,079	1,847,351	1,924,088	2,132,412
Capital Outlay	12,093,149	31,991,185	17,692,682	6,333,731	5,513,487	4,844,202	3,522,589	9,033,212
Total Expenditures	32,019,641	52,567,138	39,250,105	32,037,182	34,739,766	35,673,665	35,875,606	39,680,752
Excess (Deficiency) of Revenues								
Over/(Under) Expenditures	(8,310,776)	(26,840,805)	(11,930,583)	(1,459,094)	(42,906)	(1,346,695)	(79,874)	(6,843,323)

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

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources/(Uses):								
Proceeds of Certificates of Participation	\$ 52,310,000							
Capital Leases			\$ 550,000	\$ 646,082	\$ 459,250	\$ 408,500		
Transfers In	3,106	\$ 7,864	5,890		3,544,655	1,308,669	\$ 664,100	\$ 1,668,610
Transfers Out	(138,540)	(136,231)	(119,031)	(100,000)	(1,851,000)	(306,750)	(73,844)	(1,103,710)
Total Other Financing Sources/(Uses)	<u>52,174,566</u>	<u>(128,367)</u>	<u>436,859</u>	<u>546,082</u>	<u>2,152,905</u>	<u>1,410,419</u>	<u>590,256</u>	<u>564,900</u>
Extraordinary Item						(475,000)		
Net Change In Fund Balances	<u>\$ 43,863,790</u>	<u>\$(26,969,172)</u>	<u>\$(11,493,724)</u>	<u>\$ (913,012)</u>	<u>\$ 2,109,999</u>	<u>\$ (411,276)</u>	<u>\$ 510,382</u>	<u>\$ (6,278,423)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

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

Source: Morris-Union Jointure Commission Financial Reports.

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

Fiscal Year Ending June 30,	Interest on Investments	Rentals	Member Fees	Tuition	Prior Year Refunds	Miscellaneous	Total
2003	\$ 184,830	\$ 200	\$ 44,583	\$ 19,466,636		\$ 11,015	\$ 19,707,264
2004	316,220		23,989	20,032,943		5,094	20,378,246
2005	259,952	4,150	9,520	21,611,438		95,935	21,980,995
2006	411,902		58,041	22,100,202		45,363	22,615,508
2007	633,693	23,495	7,913	23,541,286		92,763	24,299,150
2008	660,862	4,725	13,067	26,920,546	\$ 271,775	1,058	27,872,033
2009	378,637	13,580	30,696	30,051,230	103,529	202,992	30,780,664
2010	268,484	3,475	18,716	32,472,659		25,030	32,788,364
2011	119,876	32,151	13,258	33,332,156	700,233	31,254	34,228,927
2012	109,627	9,710		30,965,158	550	41,800	31,126,845

Source: Morris-Union Jointure Commission Financial Reports.

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction								
Special Education	167	194	214	263	271	254	248	210
Support Services:								
Student & Instruction Related Services	67	72	75	70	71	94	96	98
School Administrative Services	12	14	10	18	19	18	15	14
General and Business Administrative Services	13	13	14	14	14	14	15	15
Plant Operations and Maintenance	8	9	12	15	15	16	16	14
Pupil Transportation	73	100	113	127	136	130	113	120
Food Service	3	3	3	1	1	1	1	2
Total	<u>342</u>	<u>404</u>	<u>441</u>	<u>508</u>	<u>527</u>	<u>527</u>	<u>504</u>	<u>473</u>

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

Source: Morris-Union Jointure Commission Personnel Records.

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil^b</u>	<u>Percentage Change</u>	<u>Teaching Staff^c</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)^d</u>	<u>Average Daily Attendance (ADA)^d</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2005	314	\$ 19,926,492	\$ 66,867	7.00%	110.55	2.84:1	314	282	5.37%	94.63%
2006	298	20,575,953	65,529	-2.00%	101.85	2.93:1	298	296	-5.10%	94.27%
2007	302	21,557,423	71,382	8.93%	116.00	2.60:1	306	289	2.68%	94.44%
2008	336	25,703,451	76,498	7.17%	152.00	2.53:1	342	323	11.76%	94.44%
2009	357	29,226,279	81,866	7.02%	153.00	2.33:1	355	335	3.80%	94.37%
2010	366	30,829,463	84,234	2.89%	156.42	2.34:1	366	344	3.10%	93.99%
2011	375	32,353,017	86,275	2.42%	151.00	2.48:1	375	349	2.46%	93.07%
2011	338	30,647,540	90,673	5.10%	140.00	2.43:1	338	321	-9.87%	94.97%

Note: Enrollment based on annual October District count.

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

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

Source: Morris-Union Jointure Commission Records.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>District Building</u>								
Developmental Learning Center 1 (1953)								
Square Feet	62,363	62,363	62,363	62,363	62,363	62,363	62,363	62,363
Capacity (Students)	183	183	183	183	183	183	183	183
Enrollment	158	151	173	112	107	99	99	99
Developmental Learning Center 2 (Leased)								
Capacity (Students)	126	126	126	126	126	126	126	126
Enrollment	116	111	105	91	79	75	63	
Developmental Learning Center 3 (Leased) (Closed June 30, 2007)								
Capacity (Students)	48	48	48					
Enrollment	40	36	24					
Developmental Learning Center 3 (Leased) (Opened During June 30, 2007 Fiscal Year)								
Square Feet				167,000	167,000	167,000	167,000	167,000
Capacity (Students)				219	219	219	219	219
Enrollment				133	171	192	213	239
<u>Number of Schools at June 30, 2012:</u>								
Other = 3								

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

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

Source: Morris-Union Jointure Commission Facilities Office.

MORRIS-UNION JOINTURE COMMISSION
INSURANCE SCHEDULE
JUNE 30, 2012

	<u>Coverage</u>	<u>Deductible</u>
<u>School Alliance Insurance Fund</u>		
Property & Damage (Buildings, Contents, Boiler & Machinery) (Fund Limit)	\$ 128,361,157	\$ 1,000
General and Automotive Liability	5,000,000	1,000
EDP Hardware and Software	250,000	250
Business Income	100,000,000	
Extra Expense	50,000,000	
Environmental Impairments Insurance	1,000,000	10,000/5,000
	Aggregate	50,000 for mold
Excess Umbrella	5,000,000	
<u>Selective Insurance Company</u>		
Public Official Bonds:		
Treasurer	275,000	
Business Administrator/Board Secretary	275,000	
Employee Dishonesty	500,000	
<u>N.J. School Board Association Insurance Group</u>		
Workers' Compensation - Section "B" Employer's Liability	2,000,000	
Section "A" Workers' Compensation Benefits	Statutory	
School Board Legal Liability	10,000,000	5,000
<u>Chubb Insurance Company</u>		
Supplemental Workers' Compensation	Title 18A	Statutory
<u>Fireman's Fund Insurance Company</u>		
Catastrophic Excess	Aggregate	50,000,000
	Group Limit of Liability	
<u>Monumental Life Insurance Company</u>		
Student Accident	5,000,000	

SINGLE AUDIT SECTION



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Morris-Union Jointure Commission, in the County of Union (the "Commission") as of, and for the fiscal year ended June 30, 2012, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated September 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department").

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis.

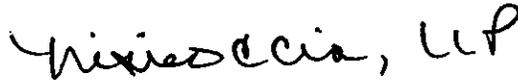
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material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

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

Compliance and Other Matters

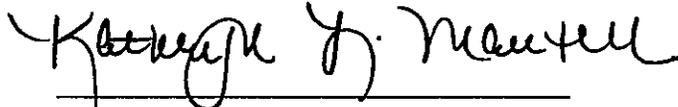
As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

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



NISIVOCCIA, LLP

September 21, 2012
Mount Arlington, New Jersey



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



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

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

Compliance

We have audited the compliance of the Board of Education of the Morris-Union Jointure Commission in the County of Union (the "Commission") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2012. The Commission's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major state program is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133, and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2012.

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

Internal Control Over Compliance

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

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

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

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

Nisivoccia, LLP

September 21, 2012
Mount Arlington, New Jersey

NISIVOCCIA, LLP

Kathryn D. Mantell

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

MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2011		Cash Received	Budgetary Expenditures	Balance June 30, 2012	
					(Accounts Receivable)	Due to Grantor			(Accounts Receivable)	Due to Grantor
<u>U.S. Department of Labor:</u>										
American Recovery and Reinvestment Act:										
COBRA Premium Assistance	17.151	N/A	7/1/10-6/30/11	\$ 16,506	\$ (3,050)		\$ 3,050			
Total U.S. Department of Labor					(3,050)		3,050			
<u>U.S. Department of Agriculture:</u>										
Passed-through State Department of Education:										
Child Nutrition Cluster:										
Federal Food Distribution Program	10.555	N/A	7/1/11-6/30/12	16,916			16,916	\$ (16,916)		
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	43,234			39,249	(43,234)	\$ (3,985)	
National School Breakfast Program	10.553	N/A	7/1/11-6/30/12	19,464			15,412	(19,464)	(4,052)	
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	42,075	(2,863)		2,863			
National School Breakfast Program	10.553	N/A	7/1/10-6/30/11	19,990	(1,398)		1,398			
Total Child Nutrition Cluster					(4,261)		75,838	(79,614)	(8,037)	
Total U.S. Department of Agriculture					(4,261)		75,838	(79,614)	(8,037)	
Total Federal Awards					\$ (7,311)	\$ -0-	\$ 78,888	\$ (79,614)	\$ (8,037)	\$ -0-

N/A - Not Applicable

MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2011			Budgetary Expenditures	Balance June 30, 2012		Memo	
				Accounts Receivable	Due to Grantor	Cash Received		GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<u>State Department of Education:</u>											
General Fund:											
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	\$779,814			\$745,661	\$ (779,814)	\$ (34,153)		\$ (34,153)	\$ (779,814)
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	856,297	\$ (35,119)		35,119					
TPAF Wage Freeze Grant	11-495-034-5095-002	7/1/10-6/30/11	12,583	(6,292)		6,292					
Subtotal - General Fund				(41,411)		787,072	(779,814)	(34,153)		(34,153)	(779,814)
Enterprise Fund:											
State School Lunch Program	12-100-010-3360-067	7/1/11-6/30/12	1,785			1,625	(1,785)	(160)		(160)	(1,785)
State School Lunch Program	11-100-010-3360-067	7/1/10-6/30/11	1,851	(138)		138					
Subtotal - Enterprise Fund				(138)		1,763	(1,785)	(160)		(160)	(1,785)
Total State Awards				\$ (41,549)	\$ - 0 -	\$788,835	\$ (781,599)	\$ (34,313)	\$ -0-	\$ (34,313)	\$ (781,599)

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards include federal and state grant activity of the Morris-Union Jointure Commission Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2012. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Because these schedules present only a selected portion of the operations of the Commission, they are not intended to and do not present the financial position, changes in net assets or cash flows of the Commission.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The Schedule of Expenditures of State Awards does not include the On-Behalf TPAF Pension and Post-Retirement Contributions revenue of \$297,779 and \$598,615, respectively. Awards and financial assistance revenue are reported on the Commission's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,676,208	\$ 1,676,208
Enterprise Fund	\$ 79,614	1,785	81,399
Total Awards	<u>\$ 79,614</u>	<u>\$ 1,677,993</u>	<u>\$ 1,757,607</u>

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

The Morris-Union Jointure Commission had no loan balances outstanding at June 30, 2012.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2012. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively.

MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Summary of Auditors' Results:

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

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	\$ 779,814	\$ 779,814

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

MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

MORRIS-UNION JOINTURE COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Status of Prior Year Findings:

The Commission had no prior year audit findings.