

MORRIS-UNION JOINTURE COMMISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2015

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Morris-Union Jointure Commission

Union County, New Jersey

For The Fiscal Year Ended June 30, 2015

Prepared by

**Morris-Union Jointure Commission
Business Department**

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INTRODUCTORY SECTION



*Morris-Union
Jointure Commission
Board of Education*

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Denise A. Smallacomb
Assistant Superintendent

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School Business Administrator/Board Secretary

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November 23, 2015

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, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Commission's organizational chart, a roster of officials and a list of consultants and advisors. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the financial statements and notes providing an overview of the Commission's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the Commission, generally presented on a multi-year basis. The Commission is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and 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 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Morris-Union Jointure Commission Board of Education is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in

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

codification section 2100. All funds of the Commission are included in this report. The Morris-Union Jointure Commission Board of Education and all its schools constitute the Commission's reporting entity.

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

The Commission currently concentrates on seven major areas:

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

The Commission completed the 2014-2015 fiscal year with an average daily enrollment of 275 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>
2014-2015	275	-2.48%
2013-2014	282	-11.04%
2012-2013	317	-6.21%
2011-2012	338	-9.87%
2010-2011	375	2.46%
2009-2010	366	3.10%
2008-2009	355	3.80%
2007-2008	342	11.76%
2006-2007	306	2.68%
2005-2006	298	-5.10%

2) ECONOMIC CONDITION AND OUTLOOK: The Morris-Union Jointure Commission experienced a 2.48% decrease in enrollment, which is consistent with annual fluctuations in student population. The success of the Developmental Learning Center (DLC) – Warren is a major accomplishment of the MUJC. The services that the MUJC provides both member and non-member districts continue to grow. The recreation program provides additional experiences for MUJC students, a "home" pool for four of our member district swim teams, and revenue from the rental of the facilities. As the State of New Jersey continues to promote shared services, the prospects for continued growth by the Commission remains strong.

3) MAJOR INITIATIVES: DLC – Warren completed the eighth full year of operation. The enrollment at the DLC – Warren was 214 and the DLC – New Providence was 55 as of the October 15, 2015 cutoff.

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

During the 2014-2015 school year, the Commission presented approximately 134 inservice workshops. More than 1,270 participants from approximately 160 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 2014-2015 school year, approximately 141 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 2015-2016 program year. In addition, the Commission partners with Seton Hall University to offer interested students college credits for each ARTP phase of the 200-hour instructional program that is satisfactorily completed.

The MUJC continues to provide quality transportation services through its Transportation Department to 20 of 29 member districts. It has proved to be challenging to meet the needs of the districts while containing the rising costs associated with providing a quality transportation service, costs such as benefits and the required PERS employer contribution. Throughout the 2014-2015 school year, MUJC's 129 school buses transported approximately 900 general and special education students on 125 contracted routes. In addition, the Commission provided transportation for field, athletic and community trips for our own member districts' students.

During the 2014-2015 school year, approximately 45 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 363 students. These students were from approximately 85 districts.

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

4) INTERNAL ACCOUNTING CONTROLS: Management of the Commission is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the Commission are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state awards, the Commission also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the Commission's management.

As part of the Commission's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the Commission has complied with applicable laws, regulations, contracts and grants.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the Commission maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Education. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance, commitments and assignments at June 30, 2015.

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

7) DEBT ADMINISTRATION: As of June 30, 2015, the Commission's outstanding debt included \$39,125,000 in Obligations under Lease Purchase Agreements - Certificates of Participation. Additional information regarding the Commission's debt is explained in "Notes to the Financial Statements", Note 3.

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

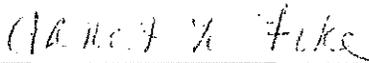
9) RISK MANAGEMENT: The Commission carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Commission's insurance broker, Jay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

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

10) OTHER INFORMATION: Independent Audit- State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP, was selected by the Board of Education at its June 13, 2015 Board of Education meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Morris-Union Jointure Commission Board of Education for their concern in providing fiscal accountability and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our staff.

Respectfully submitted,



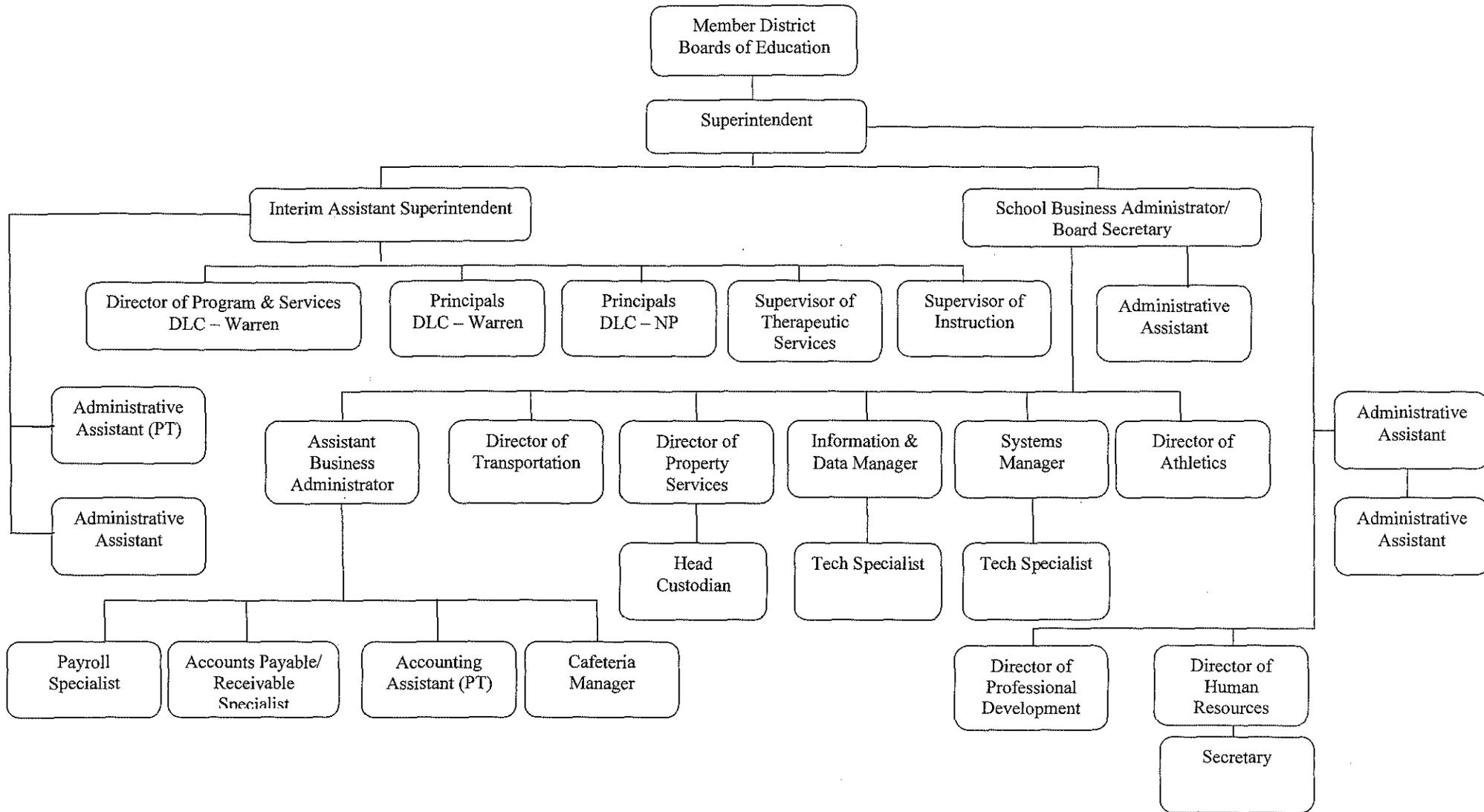
Dr. Janet L. Fike
Superintendent



Michael Davison
Business Administrator/Board Secretary

ORGANIZATION OF THE MORRIS-UNION JOINTURE COMMISSION

June 30, 2015



**MORRIS-UNION JOINTURE COMMISSION BOARD OF EDUCATION
 ROSTER OF OFFICIALS
 June 30, 2015**

Members of the Board of Education

Mrs. Judith Rattner
 Mr. Nick Markarian
 Dr. Michael LaSusa
 Mr. Edward Grande
 Dr. Drucilla Clark
 Dr. Gayle Carrick
 Mr. Flavio Rubano
 Dr. Alex Anemone
 Dr. Scott Taylor
 Mr. James O'Neill
 Dr. Rene Rovtar
 Dr. Michael Rossi, Jr.
 Dr. Christine Buton
 Dr. Paul Fried
 Dr. Nancy Lubarsky
 Dr. David Miceli
 Dr. David Browne
 Mr. Pedro Garrido
 Dr. Margaret W. Hayes
 Dr. Frances Wood
 Mr. James Memoli
 Mr. Michael A. Davino, President
 Mr. June Chang
 Mr. Gregory A. Tatum
 Dr. Tami Crader
 Dr. Barbara Resko
 Ms. Elizabeth Jewett
 Mr. Jeffrey Rutzky
 Dr. Margaret Dolan

Superintendent/Board

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

Other Officials

Dr. Janet Parmelee
 Ms. Denise Smallacomb
 Mr. Michael Davison
 Mr. Anthony Richel

Title

Superintendent
 Interim Assistant Superintendent
 School Administrator/Board Secretary
 Treasurer

**MORRIS-UNION JOINTURE COMMISSION BOARD OF EDUCATION
Consultants and Advisors
2015**

Architect

Mr. Gregory Somjen
Mr. William Bannister
Parette Somjen Architects
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Rockaway, NJ 07866

Attorney

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

Audit Firm

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

Official Depository

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

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris-Union Jointure Commission, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris-Union Jointure Commission as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Morris-Union Jointure Commission adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

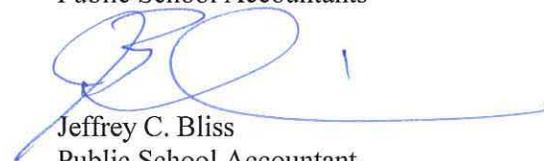
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2015 on our consideration of the Morris-Union Jointure Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Morris-Union Jointure Commission's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 23, 2015

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

MORRIS-UNION JOINTURE COMMISSION

Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2015

As management of the Morris-Union Jointure Commission, we offer readers of the Morris-Union Jointure Commission's financial statements this narrative overview and analysis of the financial activities of the School Commission for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the Commission's financial statements and related notes to the financial statements which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-2015 fiscal year include the following:

- The assets and deferred outflows of resources of Morris-Union Jointure Commission exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$33,495,005 (net position). Of this amount \$645,448 (unrestricted net position) may be used to meet the Commission's ongoing obligations.
- The Commission's total net position increased by \$894,245 or 2.7%. Net position from governmental activities decreased \$734,245 or 3.5% and net position from business-type activities increased \$1,628,490 or 13.7%.
- Overall commission revenues were \$42,682,398, which were \$894,245 more than overall commission expenses of \$41,788,153. Program specific revenues in the form of charges for services, grants or contributions accounted for \$42,391,079 or virtually all revenues. General revenues accounted for the remaining \$291,319 of total revenues.
- The Commission had \$31,567,871 in expenses for governmental activities; \$30,648,923 of these expenses were offset with program specific revenues from charges for services, grants or contributions.
- The Commission had \$10,220,282 in expenses for business-type activities and \$11,742,156 of program specific revenues from charges for services, grants and contributions.
- As of the close of the current fiscal year, the Commission's governmental funds reported combining ending fund balances of \$16,121,546. Of this amount, \$12,676,113 (79%) is available for spending at the Commission's discretion (unassigned fund balance – General Fund).
- The Commission's total outstanding long-term debt decreased by \$4,611,250 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

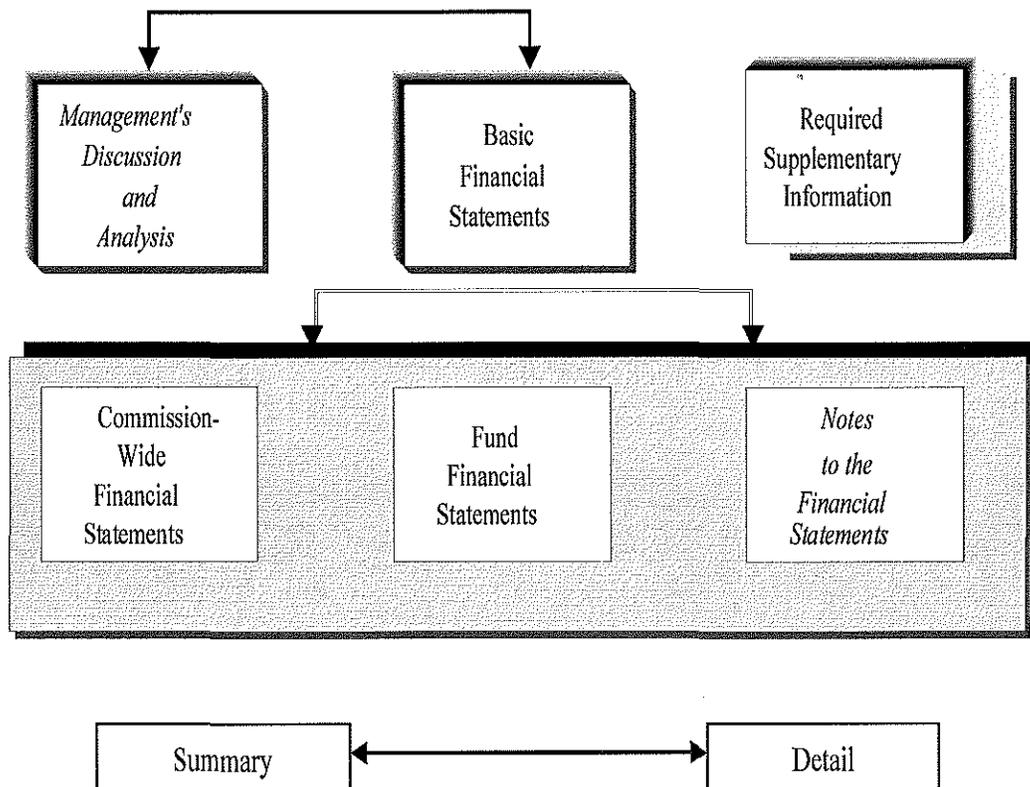
The financial section of the annual report consists of four parts – Independent Auditors' Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include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

MORRIS-UNION JOINTURE COMMISSION

Management's Discussion and Analysis
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- The first two statements are *commission wide financial statements* that provide both *short-term* and *long-term* information about the Commission's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the Commission, reporting the Commission's operations in *more detail* than the commission-wide statements.
 - The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
 - *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the commission operated like *businesses*.
 - *Fiduciary funds* statements provide information about the financial relationships in which the Commission acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

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



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Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2015

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

Figure A-2

Major Features of the Commission-Wide and Fund Financial Statements

	Commission-Wide Statements	Fund Financial Statements		Statements
		Governmental Funds	Proprietary Funds	
Scope	Entire Commission (except fiduciary funds)	The activities of the Commission that are not proprietary or fiduciary, such as instruction, building Maintenance and administration.	Activities the Commission operates similar to private businesses: Enterprise Funds	Instances in which the Commission administers resources on behalf of someone else, such as unemployment, student activities, and Payroll deduction.
Required financial Statements	Statements of net position Statement of activities	Balance Sheet Statement of Revenue, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenue, Expenses, and Changes in Fund Net Position, Statement of Cash Flows	Statements of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset, liability, and deferred outflow/inflow information	All assets , liabilities, and deferred outflows/inflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets , liabilities, and deferred outflows/inflows of resources both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or Services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

Commission-wide Statements

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

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

MORRIS-UNION JOINTURE COMMISSION

Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2015

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

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

- *Governmental activities* – Most of the Commission's basic services are included here, such as special education, plant operation and maintenance, and administration. Tuition charged to other school districts finance all of these activities.
- *Business-type activities* – The Commission charges fees to help cover the costs of certain services it provides. The Commission's special programs and food service operations are included here.

Fund Financial Statements

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

- Some funds are required by State law.
- The Commission establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The Commission has three kinds of funds:

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

The Commission uses *enterprise funds* to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to students or other entities on a continuing basis are financed or recovered primarily through user charges. The Commission currently has two enterprise funds for its special programs and food service (cafeteria) programs.

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

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

MORRIS-UNION JOINTURE COMMISSION

**Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2015**

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

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

COMMISSION-WIDE FINANCIAL ANALYSIS

As noted earlier net position may serve over time as a useful indicator of a government's financial position. The Commission's *combined* net position was \$33,495,005 on June 30, 2015 compared to \$32,600,760 on June 30, 2014.

**Net Position
As of June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current Assets	\$ 17,375,061	\$ 16,722,586	\$ 16,255,098	\$ 14,286,267	\$ 33,630,159	\$ 31,008,853
Capital Assets	<u>63,590,550</u>	<u>66,954,373</u>	<u>6,179,769</u>	<u>6,638,951</u>	<u>69,770,319</u>	<u>73,593,324</u>
Total Assets	<u>80,965,611</u>	<u>83,676,959</u>	<u>22,434,867</u>	<u>20,925,218</u>	<u>103,400,478</u>	<u>104,602,177</u>
Deferred Outflows of Resources	<u>2,422,890</u>	<u>2,091,642</u>	<u>240,460</u>	-	<u>2,663,350</u>	<u>2,091,642</u>
Total Assets and Deferred Outflows of Resources	<u>83,388,501</u>	<u>85,768,601</u>	<u>22,675,327</u>	<u>20,925,218</u>	<u>106,063,828</u>	<u>106,693,819</u>
Liabilities						
Long-Term Liabilities	59,266,065	63,189,229	7,737,756	8,525,842	67,003,821	71,715,071
Other Liabilities	<u>1,842,170</u>	<u>1,868,168</u>	<u>431,787</u>	<u>509,249</u>	<u>2,273,957</u>	<u>2,377,417</u>
Total Liabilities	<u>61,108,235</u>	<u>65,057,397</u>	<u>8,169,543</u>	<u>9,035,091</u>	<u>69,277,778</u>	<u>74,092,488</u>
Deferred Inflows of Resources	<u>2,303,307</u>	-	<u>987,738</u>	<u>571</u>	<u>3,291,045</u>	<u>571</u>
Total Liabilities and Deferred Inflows of Resources	<u>63,411,542</u>	<u>65,057,397</u>	<u>9,157,281</u>	<u>9,035,662</u>	<u>72,568,823</u>	<u>74,093,059</u>
Net Position						
Net Investment in Capital Assets	24,780,794	25,908,289	6,179,769	6,638,951	30,960,563	32,547,240
Restricted	1,888,994	1,888,931			1,888,994	1,888,931
Unrestricted	<u>(6,692,829)</u>	<u>(7,086,016)</u>	<u>7,338,277</u>	<u>5,250,605</u>	<u>645,448</u>	<u>(1,835,411)</u>
Total Net Position	<u>\$ 19,976,959</u>	<u>\$ 20,711,204</u>	<u>\$ 13,518,046</u>	<u>\$ 11,889,556</u>	<u>\$ 33,495,005</u>	<u>\$ 32,600,760</u>

MORRIS-UNION JOINTURE COMMISSION

**Management's Discussion and Analysis
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By far, the largest portion of the Commission's net position (92.4%) reflects its investment in capital assets (i.e., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The Commission uses these capital assets to provide services to its students; consequently, these assets are not available for future use. Resources needed to repay this debt (i.e., capital leases, COP's) must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of net position is restricted for the payment of obligation under lease purchase agreements (COP's) in the amount of \$1,888,994. The remaining balance of net position of \$645,448 (1.9%) may be used to meet the Commission's ongoing obligations.

**Change in Net Position
For the Fiscal Years Ended June 30, 2015 and 2014**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for Services	\$ 26,406,491	\$ 26,591,725	\$ 11,663,125	\$ 11,237,785	\$ 38,069,616	\$ 37,829,510
Operating Grants and Contributions	4,242,432	1,751,938	79,031	76,353	4,321,463	1,828,291
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues						
Investment Earnings	93,801	83,803	16	18	93,817	83,821
Miscellaneous	197,502	88,512	-	-	197,502	88,512
Total Revenues	<u>30,940,226</u>	<u>28,515,978</u>	<u>11,742,172</u>	<u>11,314,156</u>	<u>42,682,398</u>	<u>39,830,134</u>
Expenses						
Instruction						
Special Education	25,172,540	22,168,032	-	-	25,172,540	22,168,032
Support Services						
Student and Instruction Related Services	689	180,260	-	-	689	180,260
General Administrative Services	1,419,353	1,300,550	-	-	1,419,353	1,300,550
School Administrative Services	1,592,740	1,004,827	-	-	1,592,740	1,004,827
Central and Other Support Services	1,098,215	1,072,551	-	-	1,098,215	1,072,551
Plant Operations and Maintenance	677,935	755,905	-	-	677,935	755,905
Interest on Long-Term Debt	1,606,399	1,683,822	-	-	1,606,399	1,683,822
Special Programs	-	-	9,928,918	10,138,059	9,928,918	10,138,059
Food Services	-	-	291,364	297,315	291,364	297,315
Total Expenses	<u>31,567,871</u>	<u>28,165,947</u>	<u>10,220,282</u>	<u>10,435,374</u>	<u>41,788,153</u>	<u>38,601,321</u>
Increase in Net Position Before Transfers	<u>(627,645)</u>	<u>350,031</u>	<u>1,521,890</u>	<u>878,782</u>	<u>894,245</u>	<u>1,228,813</u>
Transfers	<u>(106,600)</u>	<u>510,621</u>	<u>106,600</u>	<u>(510,621)</u>	<u>-</u>	<u>-</u>
Increase in Net Position	<u>(734,245)</u>	<u>860,652</u>	<u>1,628,490</u>	<u>368,161</u>	<u>894,245</u>	<u>1,228,813</u>
Net Position, Beginning of Year	<u>20,711,204</u>	<u>44,662,025</u>	<u>11,889,556</u>	<u>21,383,287</u>	<u>32,600,760</u>	<u>66,045,312</u>
Prior Period Adjustment	<u>-</u>	<u>(24,811,473)</u>	<u>-</u>	<u>(9,861,892)</u>	<u>-</u>	<u>(34,673,365)</u>
Net Position, End of Year	<u>\$ 19,976,959</u>	<u>\$ 20,711,204</u>	<u>\$ 13,518,046</u>	<u>\$ 11,889,556</u>	<u>\$ 33,495,005</u>	<u>\$ 32,600,760</u>

MORRIS-UNION JOINTURE COMMISSION

Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2015

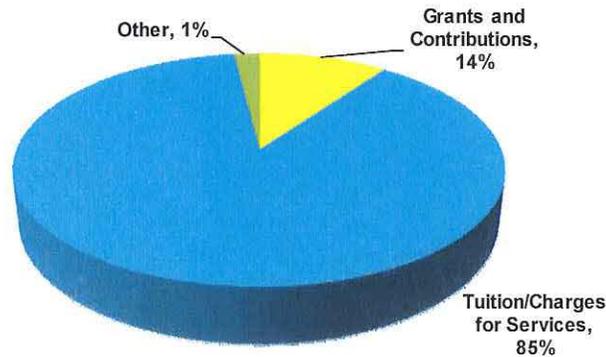
Governmental Activities. The Commission's total governmental activities revenues were \$30,940,226 for the year ended June 30, 2015, an increase of \$2,424,248 (8.5%) from the previous year. Charges for services in the form of tuition and fees accounted for 85.3% of total revenues. Another 13.7% came from operating and capital grants and contributions.

The total cost of all governmental activities programs and services was \$31,567,871, an increase of \$3,401,924 (12.1%) from the previous year. The Commission's expenses are predominantly related to educating and caring for students with special needs.

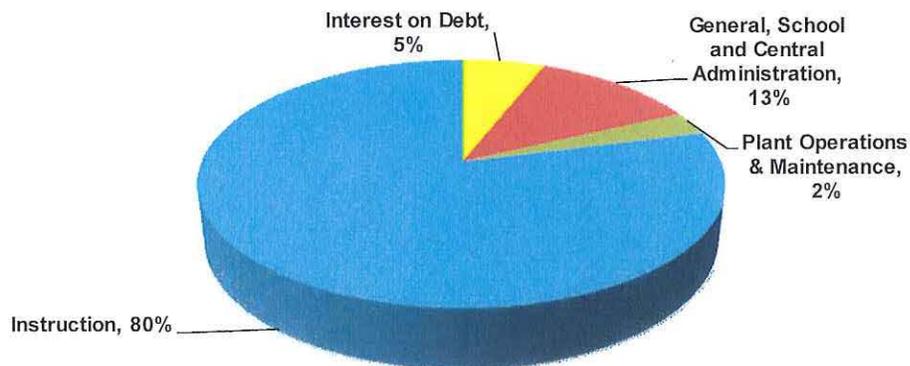
Total governmental activities revenues were less than expenses and transfers out, decreasing net position by \$734,245 from the previous year.

- The cost of all governmental activities this year was \$31,567,871 compared to \$28,165,947 last year.
 - Some of the cost was paid by the users of the Commission's programs mainly through tuition charges for a total of \$26,406,491, a decrease of \$185,234 (0.7%) from the previous year.
 - Some of the cost was paid by grants and contributions received through states aid and local grants for a total of \$4,242,432, an increase of \$2,490,494 (142.2%) over the previous year, largely due to the additional on-behalf TPAF pension contribution as a result of implementing the new accounting standard GASB Statement No. 68.

**Revenues by Source- Governmental Activities
For Fiscal Year 2015**



**Expenditures by Type- Governmental Activities
For Fiscal Year 2015**



MORRIS-UNION JOINTURE COMMISSION

**Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2015**

For the most part, except for the effects of implementing GASB 68 in fiscal year 2015, increases in certain expenses closely paralleled inflation while others decreased due to the change in the demand for services.

For fiscal year 2015, the Commission's total cost of services was \$31,567,871. After applying program revenues derived from charges for services of \$26,406,491 operating grants and contributions of \$4,242,432, the net cost of services to the Commission was \$918,948 for the fiscal year ended June 30, 2015.

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2015 and 2014**

	<u>Total Cost of Services</u>		<u>Net (Revenue) Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Instruction				
Special Education	\$ 25,172,540	\$ 22,168,032	\$ (4,623,527)	\$ (5,887,437)
Support Services				
Student and Instruction Related Services	689	180,260	603	154,900
General Administrative Services	1,419,353	1,300,550	1,008,867	1,147,502
School Administrative Services	1,592,740	1,004,827	1,150,456	895,041
Central and Other Support Services	1,098,215	1,072,551	1,098,215	1,072,551
Plant Operations and Maintenance	677,935	755,905	677,935	755,905
Interest on Long-Term Debt	1,606,399	1,683,822	1,606,399	1,683,822
Total	<u>\$ 31,567,871</u>	<u>\$ 28,165,947</u>	<u>\$ 918,948</u>	<u>\$ (177,716)</u>

Business-Type Activities --The Commission's total business-type activities revenues were \$11,742,172 for the year ended June 30, 2015, an increase of \$428,016 (3.8%) from the previous year. Charges for services accounted for 99% of total revenues. Operating grants and contributions and miscellaneous revenue accounted for the remaining 1% of total revenue for the year.

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

Total business-type activities revenues and transfers in exceeded expenses, increasing net position by \$1,628,490 over the previous year.

The cost of all business-type activities this year was \$10,220,282. The cost of special program activities was \$9,928,918 (97%) and food services was \$291,364 (3%)

- Some of the cost was paid by the users of the programs for a total of \$11,663,125, an increase of \$425,340 (3.8%) from the previous year.
- The Federal and State governments subsidized the food service program with grants and contributions of \$79,031, an increase of \$2,678 (3.5%) from the previous year.
- The Commission transferred in \$106,600 from its governmental activities to subsidize the food service program during the year.

MORRIS-UNION JOINTURE COMMISSION

Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2015

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The financial performance of the Commission as a whole is reflected in its governmental funds as well. As the Commission completed the year, its governmental funds reported a *combined* fund balance of \$16,121,546 an increase of \$1,004,405 from last year's fund balance of \$15,117,141. This increase is the results of revenues exceeding anticipated budgeted amounts and expenditures below budgeted amounts appropriated for the year. \$12,676,113 of fund balance at year-end is available as fund resources for future use. The remainder of fund balance is restricted, or assigned to indicate that it is not available for new spending because it has been dedicated to 1) the payment of obligations under lease purchase agreements (COP's) in the amount of \$1,888,994, 2) to liquidate contracts and purchase orders of the prior period \$94,832 or 3) assigned to finance subsequent year's budget expenditures of \$1,461,607.

Revenues for the Commission's governmental funds were \$28,936,804, while total expenditures were \$27,825,799. The net amount for other financing uses was \$106,600.

General Fund

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

The following schedule presents a summary of General Fund Revenues.

	<u>Year Ended</u> <u>June 30, 2015</u>	<u>Year Ended</u> <u>June 30, 2014</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Local Sources:				
Tuition	\$ 26,758,360	\$ 26,311,313	\$ 447,047	2%
Interest on Investments	93,636	83,640	9,996	12%
Miscellaneous	197,502	88,512	108,990	123%
State Sources	<u>1,873,530</u>	<u>1,732,912</u>	<u>140,618</u>	8%
Total General Fund Revenues	<u>\$ 28,923,028</u>	<u>\$ 28,216,377</u>	<u>\$ 706,651</u>	3%

Total General Fund Revenues increased by \$706,651 or 3% from the previous year. Tuition which represents 93% of total General Fund revenue for the year increased from the previous year due to additional available tuition revenue earned for the year. Revenues from state sources increased by \$140,618 largely due to an increase in on-behalf TPAF pension system and post retirement medical benefit contributions made by the State for the Commission's teaching professionals.

MORRIS-UNION JOINTURE COMMISSION

Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2015

The following schedule presents a summary of General Fund expenditures.

	<u>Year Ended</u> <u>June 30, 2015</u>	<u>Year Ended</u> <u>June 30, 2014</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Instruction	\$ 19,505,869	\$ 20,153,619	\$ (647,750)	-3%
Support Services	4,261,502	4,311,093	(49,591)	-1%
Debt Service	3,868,664	3,902,985	(34,321)	-1%
Capital Outlay	<u>176,153</u>	<u>582,855</u>	<u>(406,702)</u>	-70%
Total Expenditures	<u>\$ 27,812,188</u>	<u>\$ 28,950,552</u>	<u>\$ (1,138,364)</u>	-4%

Total General Fund expenditures decreased \$1,138,364 or 4% from the previous year mainly due to a decline in enrollment and capital outlay activities during the current year.

In Fiscal Year 2015 General Fund revenues and other financing sources were more than expenditures and other financing uses by \$1,110,840. After deducting assigned fund balances the unassigned fund balance increased from \$10,371,719 at June 30, 2014 to \$12,676,113 at June 30, 2015. In addition, the amount of fund balance assigned and designated to finance the subsequent year's budget expenditures decreased from \$2,845,139 at June 30, 2014 to \$1,461,607 at June 30, 2015.

Special Revenue Fund

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

Revenues of the Special Revenue Fund were \$13,611 for the year ended June 30, 2015. Local sources account for all of the Special Revenue Funds' revenues.

Total Special Revenue Fund revenues decreased \$5,415 or 28% from the previous year.

Expenditures of the Special Revenue Fund were also \$13,611 and also decreased \$5,415 or 28% from the previous year. Special Education instructional expenditures were \$13,611 or 100% of the total amount expended for the year ended June 30, 2015.

Capital Projects Fund

The capital projects fund expenditures and other financing uses exceeded revenues and other financing sources by \$63 resulting in a fund balance of \$1,888,994 at June 30, 2015. This amount is restricted for the payment of the refunding obligations under the lease purchase agreement certificates of participation.

MORRIS-UNION JOINTURE COMMISSION

Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2015

Proprietary Funds

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

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

General Fund Budgetary Highlights

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

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

Revisions in the budget were also made through budget transfers. The Commission also made certain adjustments to increase the budget by \$213,978 during the school year through the use of additional unassigned fund balance. In addition the budget was increased by \$11,362 due to the reappropriation of prior year encumbrances.

CAPITAL ASSETS

By the end of June 30, 2015, the Commission had invested \$69,770,319 in a range of capital assets for its governmental and business-type activities. This includes improvements to buildings, computers, specialized machinery and various other types of equipment. Depreciation charges for the fiscal year 2014-2015 amounted to \$3,539,976 for governmental activities and \$611,137 for business-type activities. The following is a comparison of the June 30, 2015 and 2014 balances.

Capital Assets As of June 30, 2015 and 2014 (Net of Accumulated Depreciation)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land and Land Improvements	\$ 7,320,556	\$ 7,335,833	\$ 3,064,300	\$ 3,064,300	\$ 10,384,856	\$ 10,400,133
Building and Building Improvements	55,913,198	59,315,012	1,540,487	1,702,496	57,453,685	61,017,508
Machinery and Equipment	326,896	303,528	1,574,982	1,872,155	1,901,878	2,175,683
Construction in Progress	29,900	-	-	-	29,900	-
Total Capital Assets, Net	<u>\$ 63,590,550</u>	<u>\$ 66,954,373</u>	<u>\$ 6,179,769</u>	<u>\$ 6,638,951</u>	<u>\$ 69,770,319</u>	<u>\$ 73,593,324</u>

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

MORRIS-UNION JOINTURE COMMISSION

Management's Discussion and Analysis For The Fiscal Year Ended June 30, 2015

LONG TERM LIABILITIES

At year-end, the Commission had \$67,003,821 of total outstanding long-term liabilities for its governmental activities and business type activities. For fiscal year 2014/15, total outstanding long-term liabilities decreased by \$4,611,250. The following is a comparison of the June 30, 2015 and 2014 balances.

Outstanding Long-Term Liabilities At June 30, 2015 and 2014

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Lease Purchase Obligation (COP's)	\$ 40,671,573	\$ 42,937,484			\$ 40,671,573	\$ 42,937,484
Capital Leases Payable	-	200,242			-	200,242
Compensated Absences	751,695	369,838	\$ 90,843	\$ 90,843	842,538	460,681
Net Pension Liability	<u>17,842,797</u>	<u>19,681,665</u>	<u>7,646,913</u>	<u>8,334,999</u>	<u>25,489,710</u>	<u>28,016,664</u>
	<u>\$ 59,266,065</u>	<u>\$ 63,189,229</u>	<u>\$ 7,737,756</u>	<u>\$ 8,425,842</u>	<u>\$ 67,003,821</u>	<u>\$ 71,615,071</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

These indicators were considered when adopting the budget for fiscal year 2015-2016. Budgeted expenditures in the General Fund increased 7% from the 2014/2015 adopted budget to \$31,150,411 in fiscal year 2015-2016. An increase in special education instructional programs is the primary reason for the increase in operating costs.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

COMMISSION-WIDE FINANCIAL STATEMENTS

MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Assets			
Cash and Cash Equivalents	\$ 12,297,579	\$ 14,857,083	\$ 27,154,662
Receivables	3,188,488	1,390,041	4,578,529
Inventories		7,974	7,974
Restricted Assets:			-
Cash and Cash Equivalents with Fiscal Agent	1,888,994		1,888,994
Capital Assets, Not Being Depreciated	7,213,900	3,064,300	10,278,200
Capital Assets, Being Depreciated	<u>56,376,650</u>	<u>3,115,469</u>	<u>59,492,119</u>
Total Assets	<u>80,965,611</u>	<u>22,434,867</u>	<u>103,400,478</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	561,073	240,460	801,533
Deferred Charges on Refunding of Debt	<u>1,861,817</u>	<u>-</u>	<u>1,861,817</u>
Total Deferred Outflows of Resources	<u>2,422,890</u>	<u>240,460</u>	<u>2,663,350</u>
Total Assets and Deferred Outflows of Resources	<u>83,388,501</u>	<u>22,675,327</u>	<u>106,063,828</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,175,003	431,787	1,606,790
Accrued Interest Payable	648,352		648,352
Unearned Revenue	18,815		18,815
Noncurrent Liabilities			
Due Within One Year	2,999,914	338,535	3,338,449
Due Beyond One Year	<u>56,266,151</u>	<u>7,399,221</u>	<u>63,665,372</u>
Total Liabilities	<u>61,108,235</u>	<u>8,169,543</u>	<u>69,277,778</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	2,303,307	987,132	3,290,439
Deferred Commodities Revenue	<u>-</u>	<u>606</u>	<u>606</u>
Total Deferred Inflows of Resources	<u>2,303,307</u>	<u>987,738</u>	<u>3,291,045</u>
Total Liabilities and Deferred Inflows of Resources	<u>63,411,542</u>	<u>9,157,281</u>	<u>72,568,823</u>
NET POSITION			
Net Investment in Capital Assets	24,780,794	6,179,769	30,960,563
Restricted			
Lease-Purchase Obligations	1,888,994		1,888,994
Unrestricted	<u>(6,692,829)</u>	<u>7,338,277</u>	<u>645,448</u>
Total Net Position	<u>\$ 19,976,959</u>	<u>\$ 13,518,046</u>	<u>\$ 33,495,005</u>

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

**MORRIS-UNION JOINTURE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities							
Instruction:							
Special Education	\$ 25,172,540	\$ 26,406,491	\$ 3,389,576		\$ 4,623,527		\$ 4,623,527
Support Services:							
Student & Instruction Related Services	689		86		(603)		(603)
General Administration Services	1,419,353		410,486		(1,008,867)		(1,008,867)
School Administration Services	1,592,740		442,284		(1,150,456)		(1,150,456)
Central and Other Support Services	1,098,215				(1,098,215)		(1,098,215)
Plant Operations and Maintenance	677,935				(677,935)		(677,935)
Interest on Debt	1,606,399	-	-	-	(1,606,399)	-	(1,606,399)
Total Governmental Activities	31,567,871	26,406,491	4,242,432	-	(918,948)	-	(918,948)
Business - Type Activities							
Special Programs	9,928,918	11,550,535			1,621,617	\$ 1,621,617	3,243,234
Food Service	291,364	112,590	79,031	-	-	(99,743)	(99,743)
Total Business Type Activities	10,220,282	11,663,125	79,031	-	-	1,521,874	3,143,491
Total Primary Government	\$ 41,788,153	\$ 38,069,616	\$ 4,321,463	\$ -	(918,948)	1,521,874	2,224,543
General Revenues:							
Investment Earnings					93,801	16	93,817
Miscellaneous					197,502		197,502
Transfers					(106,600)	106,600	-
Total General Revenues and Transfers					184,703	106,616	291,319
Change in Net Position					(734,245)	1,628,490	894,245
Net Position - Beginning of Year (Restated)					20,711,204	11,889,556	32,600,760
Net Position - End of Year					\$ 19,976,959	\$ 13,518,046	\$ 33,495,005

FUND FINANCIAL STATEMENTS

**MORRIS-UNION JOINTURE COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Assets				
Cash and Cash Equivalents	\$ 12,278,764	\$ 18,815		\$ 12,297,579
Intergovernmental Receivables	3,188,437			3,188,437
Accrued Interest Receivable	51	-	-	51
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	<u>-</u>	<u>-</u>	\$ 1,888,994	<u>1,888,994</u>
Total Assets	<u>\$ 15,467,252</u>	<u>\$ 18,815</u>	<u>\$ 1,888,994</u>	<u>\$ 17,375,061</u>
LIABILITIES				
Liabilities				
Accounts Payable	\$ 166,845			\$ 166,845
Accrued Salaries and Wages	10,166	-	-	10,166
Accrued Liability for Insurance Claims	990,917	-	-	990,917
Due to Other Funds	7,075			7,075
Unearned Revenue	<u>-</u>	\$ 18,815	<u>-</u>	<u>18,815</u>
Total Liabilities	<u>1,175,003</u>	<u>18,815</u>	<u>-</u>	<u>1,193,818</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Tuition	<u>59,697</u>	<u>-</u>	<u>-</u>	<u>59,697</u>
Total Deferred Inflows of Resources	<u>59,697</u>	<u>-</u>	<u>-</u>	<u>59,697</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,234,700</u>	<u>18,815</u>	<u>-</u>	<u>1,253,515</u>
FUND BALANCES				
Restricted				
Lease-Purchase Obligations (COP's)			\$ 1,888,994	1,888,994
Assigned				
Year End Encumbrances	94,832			94,832
Designated for Subsequent Year's Expenditures	1,461,607			1,461,607
Unassigned	<u>12,676,113</u>	<u>-</u>	<u>-</u>	<u>12,676,113</u>
Total Fund Balances	<u>14,232,552</u>	<u>-</u>	<u>1,888,994</u>	<u>16,121,546</u>
Total Liabilities and Fund Balances	<u>\$ 15,467,252</u>	<u>\$ 18,815</u>	<u>\$ 1,888,994</u>	<u>\$ 17,375,061</u>

Continued

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

**MORRIS-UNION JOINTURE COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

Total Net Change in Fund Balance - Governmental Funds (Exhibit B-2)		\$ 16,121,546
Amounts reported for governmental activities in the statement of net position (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$78,566,480 and the accumulated depreciation is \$14,975,930.		63,590,550
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds		59,697
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.		
	Deferred Outflows of Resources \$ 561,073 Deferred Inflows of Resources <u>(2,303,307)</u>	(1,742,234)
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt		1,861,817
The District has financed capital assets through the issuance of COP's. The interest accrual at year end is:		(648,352)
Long term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the fund		
	Lease Purchase Obligations (COP's) \$ (40,671,573) Compensated Absences (751,695) Net Pension Liability <u>(17,842,797)</u>	<u>(59,266,065)</u>
Net Position of Governmental Activities		\$ <u>19,976,959</u>

MORRIS-UNION JOINTURE COMMISSION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Tuition	\$ 26,758,360			\$ 26,758,360
Interest	93,636		\$ 165	93,801
Miscellaneous	197,502	\$ 13,611	-	211,113
Total Local Sources	27,049,498	13,611	165	27,063,274
State Sources	1,873,530	-	-	1,873,530
Total Revenues	28,923,028	13,611	165	28,936,804
EXPENDITURES				
Instruction				
Special Education	19,505,869	13,611		19,519,480
Support Services				
Student and Instruction Related Services	641			641
General Administrative Services	1,190,728			1,190,728
School Administrative Services	1,346,405			1,346,405
Central and Other Support Services	1,056,985			1,056,985
Plant Operations and Maintenance	666,743			666,743
Debt Service				
Principal	2,275,242			2,275,242
Interest	1,593,422			1,593,422
Capital Outlay	176,153	-	-	176,153
Total Expenditures	27,812,188	13,611	-	27,825,799
Excess (Deficiency) of Revenues over Expenditures	1,110,840	-	165	1,111,005
OTHER FINANCING SOURCES(USES)				
Transfers In	102			102
Transfers Out	(106,600)	-	(102)	(106,702)
Total Other Financing Sources and Uses	(106,498)	-	(102)	(106,600)
Net Change in Fund Balances	1,004,342		63	1,004,405
Fund Balance - Beginning of Year	13,228,210	-	1,888,931	15,117,141
Fund Balance - End of Year	\$ 14,232,552	\$ -	\$ 1,888,994	\$ 16,121,546

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

**MORRIS-UNION JOINTURE COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (B-2) **\$ 1,004,405**

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

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

Capital Outlays	\$ 176,153	
Depreciation Expense	<u>(3,539,976)</u>	
		(3,363,823)

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

Decrease in Unavailable Revenue	(351,869)
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In the statement of activities, certain operating expenses are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for this item are reported in the amount of financial resources used (paid). When the earned or incurred amount exceeds the paid amount, the difference is reduction (-); when the paid amount exceeds the earned or incurred amount the difference is an addition to the reconciliation (+).

Increase in Compensated Absences	(381,857)	
Decrease in Pension Expense	<u>96,634</u>	
		(285,223)

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

Amortization		
Deferred Charges on Refunding of Debt	(229,825)	
Deferred Charges - Original Issue Premium	<u>190,911</u>	
		(38,914)
Principal Repayments:		
COP's	2,075,000	
Capital Leases Payable	<u>200,242</u>	
		2,275,242

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.

Decrease in Accrued Interest	<u>25,937</u>
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Change in net position of governmental activities **\$ (734,245)**

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

**MORRIS-UNION JOINTURE COMMISSION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

	<u>Business Type Activities-Enterprise Funds</u>		
	<u>Special Programs Fund</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 14,834,067	\$ 23,016	\$ 14,857,083
Intergovernmental Accounts Receivable	1,383,925	5,029	1,388,954
Other Accounts Receivable	1,087		1,087
Due from Other Funds			
Inventories	<u>-</u>	<u>7,974</u>	<u>7,974</u>
Total Current Assets	<u>16,219,079</u>	<u>36,019</u>	<u>16,255,098</u>
Capital Assets			
Land	3,064,300		3,064,300
Buildings and Improvements	3,241,183		3,241,183
Furniture, Machinery & Equipment	6,085,461	223,700	6,309,161
Less: Accumulated Depreciation	<u>(6,352,818)</u>	<u>(82,057)</u>	<u>(6,434,875)</u>
Total Capital Assets, Net	<u>6,038,126</u>	<u>141,643</u>	<u>6,179,769</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>240,460</u>	<u>-</u>	<u>240,460</u>
Total Assets and Deferred Outflow of Resources	<u>22,497,665</u>	<u>177,662</u>	<u>22,675,327</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	88,477	20,448	108,925
Accrued Liabilities For Insurance Claims	322,862		322,862
Net Pension Liability	<u>338,535</u>	<u>-</u>	<u>338,535</u>
Total Current Liabilities	<u>749,874</u>	<u>20,448</u>	<u>770,322</u>
Noncurrent Liabilities			
Net Pension Liability	7,308,378		7,308,378
Compensated Absences	<u>90,843</u>	<u>-</u>	<u>90,843</u>
Total Noncurrent Liabilities	<u>7,399,221</u>	<u>-</u>	<u>7,399,221</u>
Total Liabilities	<u>8,149,095</u>	<u>20,448</u>	<u>8,169,543</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	987,132		987,132
Deferred Commodities Revenue	<u>-</u>	<u>606</u>	<u>606</u>
Total Deferred Inflows of Resources	<u>987,132</u>	<u>606</u>	<u>987,738</u>
Total Liabilities and Deferred Inflows of Resources	<u>9,136,227</u>	<u>21,054</u>	<u>9,157,281</u>
NET POSITION			
Net Investment in Capital Assets	6,038,126	141,643	6,179,769
Unrestricted	<u>7,323,312</u>	<u>14,965</u>	<u>7,338,277</u>
Total Net Position	<u>\$ 13,361,438</u>	<u>\$ 156,608</u>	<u>\$ 13,518,046</u>

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

MORRIS-UNION JOINTURE COMMISSION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business Type Activities-Enterprise Funds</u>		
	<u>Special Programs Fund</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales		\$ 112,590	\$ 112,590
Program Charges and Fees	\$ 11,536,210	-	11,536,210
Miscellaneous Fees	14,325	-	14,325
Total Operating Revenues	<u>11,550,535</u>	<u>112,590</u>	<u>11,663,125</u>
OPERATING EXPENSES			
Instruction			
Salaries	110,051		110,051
Purchased Professional /Technical Services	2,447		2,447
Supplies and Materials	10,050		10,050
Support Services			
Cost of Sales		113,567	113,567
Salaries	5,676,174	89,779	5,765,953
Employee Benefits	2,328,517	21,945	2,350,462
Purchased Professional Education Services	50,429		50,429
Purchased Professional /Technical Services	37,373		37,373
Other Purchased Services	192,465	34,448	226,913
Supplies and Materials	850,209	15,036	865,245
Miscellaneous	74,979	1,676	76,655
Depreciation	596,224	14,913	611,137
Total Operating Expenses	<u>9,928,918</u>	<u>291,364</u>	<u>10,220,282</u>
Operating Income (Loss)	<u>1,621,617</u>	<u>(178,774)</u>	<u>1,442,843</u>
Nonoperating Revenues			
State Sources			
State School Lunch Program		1,420	1,420
Federal Sources			
National School Lunch Program		56,471	56,471
National School Breakfast Program		21,140	21,140
Interest on Investments	-	16	16
Total Non-Operating Revenues	<u>-</u>	<u>79,047</u>	<u>79,047</u>
Net Income (Loss) Before Transfers	1,621,617	(99,727)	1,521,890
Transfers			
Transfers In	-	106,600	106,600
Transfers Out	-	-	-
Change in Net Position	1,621,617	6,873	1,628,490
Total Net Position - Beginning of Year (Restated)	<u>11,739,821</u>	<u>149,735</u>	<u>11,889,556</u>
Total Net Position - Ending of Year	<u>\$ 13,361,438</u>	<u>\$ 156,608</u>	<u>\$ 13,518,046</u>

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

**MORRIS-UNION JOINTURE COMMISSION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Business Type Activities-Enterprise Funds</u>		
	<u>Special Programs Fund</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 11,447,955	\$ 112,590	\$ 11,560,545
Payments to Employees for Salaries & Benefits	(8,182,756)	(111,724)	(8,294,480)
Payments to Suppliers For Goods and Services	(1,269,042)	(152,136)	(1,421,178)
Net Cash Provided by(Used for) Operating Activities	<u>1,996,157</u>	<u>(151,270)</u>	<u>1,844,887</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received From State and Federal Subsidy Reimbursements		66,366	66,366
Cash Received from Other Funds		106,600	106,600
Cash (Paid to) Other Funds	-	-	-
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>-</u>	<u>172,966</u>	<u>172,966</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(151,955)	-	(151,955)
Net Cash Provided by (Used For) Capital and Related Financing Activities	<u>(151,955)</u>	<u>-</u>	<u>(151,955)</u>
CASH FLOWS FROM INVESTMENT AND RELATED FINANCING ACTIVITIES			
Interest on Investments	-	16	16
Net Cash Provided by (Used For) Investment and Related Financing Activities	<u>-</u>	<u>16</u>	<u>16</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,844,202	21,712	1,865,914
Cash and Cash Equivalents- Beginning of Year	<u>12,989,865</u>	<u>1,304</u>	<u>12,991,169</u>
Cash and Cash Equivalents- End of Year	<u>\$ 14,834,067</u>	<u>\$ 23,016</u>	<u>\$ 14,857,083</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating Income(Loss)	<u>\$ 1,621,617</u>	<u>\$ (178,774)</u>	<u>\$ 1,442,843</u>
Adjustments to Reconcile Operating Income(loss) to Net Cash Provided by (Used For) Operating Activities			
Depreciation Expense	596,224	14,913	611,137
Non-Cash Federal Assistance-Food Distribution Program		12,748	12,748
Change in Assets, Liabilities and Deferred Outflows and Inflows:			
(Increase) Decrease in Accounts Receivable	(102,580)		(102,580)
(Increase) Decrease in Inventories	-	(420)	(420)
(Increase) Decrease in Deferred Outflows - Net Pension Liability	(240,460)		(240,460)
Increase (Decrease) in Accounts Payable	(106,649)	228	(106,421)
Increase (Decrease) in Accrued Liability for Insurance Claims	28,959	-	28,959
Increase (Decrease) in Net Pension Liability	(788,086)		(788,086)
Increase (Decrease) in Deferred Inflows - Net Pension Liability	987,132		987,132
Increase (Decrease) in Deferred Commodities Revenue	-	35	35
Total Adjustments	<u>374,540</u>	<u>27,504</u>	<u>402,044</u>
Net Cash Provided by (Used For) Operating Activities	<u>\$ 1,996,157</u>	<u>\$ (151,270)</u>	<u>\$ 1,844,887</u>
Non-Cash Financing Activities			
Valued Received - Food Distribution Program		\$ 12,783	

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

**MORRIS-UNION JOINTURE COMMISSION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015**

	Unemployment Compensation <u>Trust</u>	Agency <u>Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 15,858	\$ 166,657
Accounts Receivable	-	1,915
Due From Other Funds	<u>7,075</u>	<u>-</u>
Total Assets	<u>22,933</u>	<u>\$ 168,572</u>
LIABILITIES		
Intergovernment Payable - State	22,833	
Payroll Deductions and Withholdings		\$ 163,116
Accrued Salaries and Wages		2,559
Flexible Spending Deposits	<u>-</u>	<u>2,897</u>
Total Liabilities	<u>22,833</u>	<u>\$ 168,572</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 100</u>	

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

**MORRIS-UNION JOINTURE COMMISSION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Board Contribution	\$ 133,936
Employee Contribution	<u>55,236</u>
Total Contributions	<u>189,172</u>
Investment Earnings:	
Interest Earnings	<u>7</u>
Net investment earnings	<u>7</u>
Total Additions	<u>189,179</u>
DEDUCTIONS	
Unemployment Claims	<u>181,334</u>
Total Deductions	<u>181,334</u>
Change in Net Position	7,845
Net Position (Deficit), Beginning of Year	<u>(7,745)</u>
Net Position (Deficit), End of the Year	<u>\$ 100</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Morris-Union Jointure Commission (the “Board” or the “Commission”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of appointed officials made up of a representative from each member school district and is responsible for the fiscal control of the Commission. A superintendent is appointed by the Board and is responsible for the administrative control of the Commission. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

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

B. New Accounting Standards

During fiscal year 2015, the Commission adopted the following GASB statements:

- GASB 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

C. Basis of Presentation - Financial Statements

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

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Commission-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The Commission reports the following major governmental funds:

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

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

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

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

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

Additionally, the government reports the following fund type:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

**MORRIS-UNION JOINTURE COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Inventories

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

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

4. Restricted Assets

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

5. Capital Assets

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

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

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

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

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Deferred Outflows/Inflows of Resources

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

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

7. Compensated Absences

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Pensions

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

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

9. Long-Term Obligations

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

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

10. Net Position/Fund Balance

Commission-Wide Statements

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

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

MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements

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

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

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2015/2016 Commission budget.

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

F. **Revenues and Expenditures/Expenses**

1. *Program Revenues*

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

2. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

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

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the Commission's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$257,756. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**MORRIS-UNION JOINTURE COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$27,337,177 and bank and brokerage firm balances of the Board's deposits amounted to \$28,159,799. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 28,158,796
Uninsured and Collateralized	<u>1,003</u>
	<u>\$ 28,159,799</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 the Board's bank balance of \$1,003 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name

\$	<u>1,003</u>
\$	<u>1,003</u>

Investments

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

**MORRIS-UNION JOINTURE COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2015, the Board had the following investments:

<u>Investment Type:</u>	<u>Fair Value</u>
U.S. Government Securities - Money Market Fund	\$ 1,888,994
	<u>\$ 1,888,994</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2015, \$1,888,994 of the Board’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
Uninsured and Collateralized:	
Collateral held by pledging financial institutions' trust department or agent but not in the Board's name	\$ 1,888,994
	<u>\$ 1,888,994</u>

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

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

The fair value of the above-listed investment were based on quoted market prices provided by the Fiscal Agent.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2015 for the Commission’s individual major funds, nonmajor, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Enterprise Funds</u>				
	<u>General</u>	<u>Special Programs</u>	<u>Food Service</u>	<u>Agency Fund</u>	<u>Total</u>
Receivables:					
Intergovernmental					
Local	\$ 3,162,477	\$ 1,383,925			\$ 4,546,402
State	25,960		\$ 104		26,064
Federal			4,925		4,925
Accounts		1,087		\$ 1,915	3,002
Interest	51	-	-	-	51
Gross Receivables	3,188,488	1,385,012	5,029	1,915	4,580,444
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 3,188,488</u>	<u>\$ 1,385,012</u>	<u>\$ 5,029</u>	<u>\$ 1,915</u>	<u>\$ 4,580,444</u>

C. Unearned Revenue

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

	<u>Total</u>
Special Revenue Fund	
Unrealized Grants	<u>\$ 18,815</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 18,815</u>

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance, July 1, 2014 (Restated)	Increases	Decreases	Balance, June 30, 2015
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 7,184,000	-	-	\$ 7,184,000
Construction in Progress	-	\$ 29,900	-	29,900
Total Capital Assets, Not Being Depreciated	<u>7,184,000</u>	<u>29,900</u>	<u>-</u>	<u>7,213,900</u>
Capital Assets, Being Depreciated:				
Land Improvements	314,608			314,608
Buildings	70,041,653			70,041,653
Machinery and Equipment	850,066	146,253	\$ -	996,319
Total Capital Assets Being Depreciated	<u>71,206,327</u>	<u>146,253</u>	<u>-</u>	<u>71,352,580</u>
Less Accumulated Depreciation for:				
Land Improvements	(162,775)	(15,277)		(178,052)
Buildings	(10,726,641)	(3,401,814)		(14,128,455)
Machinery and Equipment	(546,538)	(122,885)	-	(669,423)
Total Accumulated Depreciation	<u>(11,435,954)</u>	<u>(3,539,976)</u>	<u>-</u>	<u>(14,975,930)</u>
Total Capital Assets, Being Depreciated, Net	<u>59,770,373</u>	<u>(3,393,723)</u>	<u>-</u>	<u>56,376,650</u>
Governmental Activities Capital Assets, Net	<u>\$ 66,954,373</u>	<u>\$ (3,363,823)</u>	<u>\$ -</u>	<u>\$ 63,590,550</u>
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,064,300	-	-	\$ 3,064,300
Total Capital Assets, Not Being Depreciated	<u>3,064,300</u>	<u>-</u>	<u>-</u>	<u>3,064,300</u>
Capital Assets, Being Depreciated:				
Buildings	3,241,183			3,241,183
Machinery and Equipment	6,157,206	\$ 151,955	\$ -	6,309,161
Total Capital Assets Being Depreciated	<u>9,398,389</u>	<u>151,955</u>	<u>-</u>	<u>9,550,344</u>
Less Accumulated Depreciation for:				
Buildings	(1,538,687)	(162,009)		(1,700,696)
Machinery and Equipment	(4,285,051)	(449,128)	-	(4,734,179)
Total Accumulated Depreciation	<u>(5,823,738)</u>	<u>(611,137)</u>	<u>-</u>	<u>(6,434,875)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,574,651</u>	<u>(459,182)</u>	<u>-</u>	<u>3,115,469</u>
Business-Type Activities Capital Assets, Net	<u>\$ 6,638,951</u>	<u>\$ (459,182)</u>	<u>\$ -</u>	<u>\$ 6,179,769</u>

**MORRIS-UNION JOINTURE COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction	
Special	\$ 3,487,554
Total Instruction	<u>3,487,554</u>
Support Services	
Central and Other Support Services	41,230
Plant Operations and Maintenance	<u>11,192</u>
Total Support Services	<u>52,422</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,539,976</u>

Business-Type Activities:

Special Programs Fund	\$ 596,224
Food Service Fund	<u>14,913</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 611,137</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Unemployment Compensation Trust Fund	General Fund	<u>\$ 7,075</u>

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

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

MORRIS-UNION JOINTURE COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	Transfer In:		
	General Fund	Enterprise Funds Food Service	Total
Transfer Out:			
General Fund		\$ 106,600	\$ 106,600
Capital Projects Fund	\$ 102	-	102
Total Transfers Out	\$ 102	\$ 106,600	\$ 106,702

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

F. Leases

Operating Leases

The Commission leases copiers and vehicles under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2015 were \$51,664. The future minimum lease payments for these operating leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2016	\$ 48,744
2017	48,744
2018	2,018
	\$ 99,506

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Lease Purchase Agreements

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

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

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

The unexpended proceeds from the sale of the original series 2004 and series 2013 refunding certificates, including interest earned on balances which remain on deposit are held with the respective fiscal agent. The following is a summary of balances by account type as of June 30, 2015:

Cost of Issuance Account	\$14,418
Interest Account	153
Principal Account	9
Debt Service Reserve Account	1,874,414

The reserve requirement states that reserve deposits shall equal the lesser of (i) 10% of the certificates issued (ii) 100% of the maximum periodic debt service or (iii) 125% of the average periodic debt service and are to be applied against the final principal payment upon maturity of the obligations. The balance in the reserve account along with surety policy was sufficient to meet the reserve requirement at June 30, 2015.

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 2,150,000	\$ 1,513,044	\$ 3,663,044
2017	2,235,000	1,425,344	3,660,344
2018	2,340,000	1,322,144	3,662,144
2019	2,435,000	1,227,119	3,662,119
2020	2,525,000	1,140,094	3,665,094
2021-2025	13,960,000	4,340,766	18,300,766
2026-2029	13,480,000	1,117,344	14,597,344
	<u>\$ 39,125,000</u>	<u>\$ 12,085,855</u>	<u>\$ 51,210,855</u>

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities

Early Retirement Pension Liability

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance, July 1, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2015</u>	Due Within <u>One Year</u>
Governmental Activities:					
Lease Purchase Agreements -					
Certificates of Participation	\$ 41,200,000		\$ 2,075,000	\$ 39,125,000	\$ 2,150,000
Deferred Amount: Original Issue Premium	<u>1,737,484</u>	<u>-</u>	<u>190,911</u>	<u>1,546,573</u>	<u>-</u>
	42,937,484	-	2,265,911	40,671,573	2,150,000
Capital Lease Payable	200,242	-	200,242	-	
Compensated Absences	369,838	\$ 381,857	-	751,695	60,000
Net Pension Liability	<u>19,681,665</u>	<u>-</u>	<u>1,838,868</u>	<u>17,842,797</u>	<u>789,914</u>
Governmental activity Long-term liabilities	<u>\$ 63,189,229</u>	<u>\$ 381,857</u>	<u>\$ 4,305,021</u>	<u>\$ 59,266,065</u>	<u>\$ 2,999,914</u>
Business-Type Activities:					
Compensated Absences	\$ 90,843	\$ -	-	\$ 90,843	-
Net Pension Liability	<u>8,434,999</u>	<u>-</u>	<u>788,086</u>	<u>7,646,913</u>	<u>\$ 338,535</u>
Business-Type activity Long-term liabilities	<u>\$ 8,525,842</u>	<u>\$ -</u>	<u>\$ 788,086</u>	<u>\$ 7,737,756</u>	<u>\$ 338,535</u>

For the governmental activities, the liabilities for capital leases are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

Estimates of claims payable and of claims incurred but not reported (IBNR) at June 30, 2015, are reported as accrued liability for insurance claims. These estimates were determined based on claim information supplied by the claims administrator and actuary. The estimated unpaid claims liability of \$1,313,779 reported at June 30, 2015 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the medical and dental plan for the fiscal years ended June 30, 2015 and 2014 are as follows:

Governmental and Business Type Activities:	Fiscal Year Ended June 30,	
	<u>2015</u>	<u>2014</u>
Unpaid claims, beginning of fiscal year	\$ 1,192,219	\$ 1,056,920
Incurred claims (including IBNR's)	4,778,516	4,281,539
Claim Payments	4,656,956	4,146,240
Unpaid claims, end of fiscal year	<u>\$ 1,313,779</u>	<u>\$ 1,192,219</u>
Governmental Activities:		
General Fund		
Accrued Liability for Insurance Claims	\$ 990,917	\$ 898,316
Business Type Activities:		
Special Programs Enterprise Fund		
Accrued Liability for Insurance Claims	<u>322,862</u>	<u>293,903</u>
	<u>\$ 1,313,779</u>	<u>\$ 1,192,219</u>

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

**MORRIS-UNION JOINTURE COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

Fiscal Year Ended June 30,	Commission Contributions	Employee Contributions	Amount Reimbursed	Ending Balance (Deficit)
2015	\$ 133,936	\$ 55,236	\$ 181,334	\$ 100
2014	168,859	33,283	245,397	(7,745)
2013	83,374	41,436	127,724	35,483

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Commission.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

C. Federal Arbitrage Regulations

The Commission is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2015, the Commission had no estimated arbitrage earnings due to the IRS.

D. Employee Retirement Systems and Pension Plans

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

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

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

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

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

Other Pension Funds

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

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

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds (Continued)

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

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

Basis of Accounting

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

Investment Valuation

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

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

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

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

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

**MORRIS-UNION JOINTURE COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS, 6.9% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 1,122,344	\$ 489,451	\$ 25,563
2014	1,108,484	418,452	15,743
2013	1,187,286	657,751	34,745

For fiscal years 2014/2015 and 2012/2013, the state contributed \$489,451 and \$657,751, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$418,452 for normal cost pension and NCGI premium.

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

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$607,076 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the Commission-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

Public Employees Retirement System (PERS)

At June 30, 2015, the Commission reported in the Commission-wide statement of net position (accrual basis) a liability of \$25,489,710 for its proportionate share of the PERS net pension liability. Of this amount, \$17,842,797 is reported as governmental activities and \$7,646,913 is reported as business-type activities in the statement of net position. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportionate share of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the Commission's proportionate share was .13614 percent, which was a decrease of .01097 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the Commission recognized in the Commission-wide statement of activities (accrual basis) pension expense of \$984,296 for PERS. Of this amount \$683,492 is reported as governmental activities and \$300,804 is reported as business-type activities in the statement of activities. At June 30, 2015, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 801,533	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 1,519,048
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	\$ -	1,771,391
Total	\$ 801,533	\$ 3,290,439
Governmental Activities	561,073	2,303,307
Business Type Activities	240,460	987,132
Total	\$ 801,533	\$ 3,290,439

**MORRIS-UNION JOINTURE COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ (806,220)
2017	(806,220)
2018	(806,220)
2019	(806,220)
2020	511,093
Thereafter	<u>224,881</u>
	<u>\$ (2,488,906)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

**MORRIS-UNION JOINTURE COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

PERS

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

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

Municipal Bond Rate * From July 1, 2033
and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease <u>(4.39%)</u>	Current Discount Rate <u>(5.39%)</u>	1% Increase <u>(6.39%)</u>
District's Proportionate Share of the PERS Net Pension Liability:			
Governmental Activities	\$ 22,446,774	\$ 17,842,797	\$ 13,976,620
Business-Type Activities	<u>9,620,046</u>	<u>7,646,913</u>	<u>5,989,980</u>
Total	<u>\$ 32,066,820</u>	<u>\$ 25,489,710</u>	<u>\$ 19,966,600</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2014. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**MORRIS-UNION JOINTURE COMMISSION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2015, the District recognized in the Commission-wide statement of activities (accrual basis) pension expense of \$2,844,742 for TPAF. This amount has been included in the Commission-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$52,867,012. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**WHATEVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

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

TPAF

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

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.68%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	1% Decrease <u>(3.68%)</u>	Current Discount Rate <u>(4.68%)</u>	1% Increase <u>(5.68%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 63,585,128</u>	<u>\$ 52,867,012</u>	<u>\$ 43,952,343</u>

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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

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

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Health Benefits Program Fund (HBPF) (Continued)

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

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the July 1, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School Commission for the fiscal years ended June 30, 2015, 2014 and 2013 were \$777,003, \$686,104 and \$743,750, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School Commission was not determined or made available by the State of New Jersey.

NOTE 5 RESTATEMENT

On July 1, 2014, the Morris-Union Jointure Commission implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Morris-Union Jointure Commission has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the Commission's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$28,116,664. The result of this restatement is to reduce total net position of Governmental Activities by \$19,681,668 and Business-Type Activities by \$8,434,999 at June 30, 2014 from the amounts as originally reported for the effects of the change in accounting principle.

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 RESTATEMENT (Continued)

The financial statements for June 30, 2014 have also been restated to reflect an updated inventory of the Commission capital assets as provided by an independent consultant. The effect of this restatement results in a net reduction of \$5,129,808 in governmental activities capital assets and a net reduction of \$1,426,893 in business-type activities capital assets for both the special programs and food service enterprise funds with corresponding reductions in the net investment in capital assets component of net position at June 30, 2014 from the amounts as originally reported for the effects of the adjustments to capital assets.

The results of these restatements is to reduce total net position of Governmental Activities as of June 30, 2014 from \$45,522,677, as originally reported to \$20,711,204 and to reduce total net position of Business-Type Activities as of June 30, 2014 from \$21,751,448 as originally reported to \$11,889,556. The effects of these restatements are as follows:

	<u>Beginning Balance Prior to Restatement</u>	<u>Restatement</u>	<u>Beginning Balance Restated</u>
<u>Governmental Activities</u>			
ASSETS			
Capital Assets Being Depreciated, Net	\$ 64,900,181	\$ (5,129,808)	\$ 59,770,373
Total Capital Assets, Net	72,084,181	(5,129,808)	66,954,373
Total Assets	88,806,767	(5,129,808)	83,676,959
Total Assets and Deferred Outflows of Resources	90,898,409	(5,129,808)	85,768,601
LIABILITIES			
Noncurrent Liabilities	43,507,564	19,681,665	63,189,229
Total Liabilities	45,375,732	19,681,665	65,057,397
Total Liabilities and Deferred Inflows of Resources	45,375,732	19,681,665	65,057,397
NET POSITION			
Net Investment in Capital Assets	31,038,097	(5,129,808)	25,908,289
Unrestricted	12,595,649	(19,681,665)	(7,086,016)
Total Net Position	\$ 45,522,677	\$ (24,811,473)	\$ 20,711,204

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 RESTATEMENT (Continued)

	<u>Beginning Balance Prior to Restatement</u>	<u>Restatement</u>	<u>Beginning Balance Restated</u>
<u>Business-Type Activities</u>			
ASSETS			
Capital Assets Being Depreciated, Net	\$ 5,001,544	\$ (1,426,893)	\$ 3,574,651
Total Capital Assets, Net	8,065,844	(1,426,893)	6,638,951
Total Assets	22,352,111	(1,426,893)	20,925,218
Total Assets and Deferred Outflows of Resources	22,352,111	(1,426,893)	20,925,218
LIABILITIES			
Noncurrent Liabilities	90,843	8,434,999	8,525,842
Total Liabilities	600,092	8,434,999	9,035,091
Total Liabilities and Deferred Inflows of Resources	600,663	8,434,999	9,035,662
NET POSITION			
Net Investment in Capital Assets	8,065,844	(1,426,893)	6,638,951
Unrestricted	13,685,604	(8,434,999)	5,250,605
Total Net Position	\$ 21,751,448	\$ (9,861,892)	\$ 11,889,556

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**MORRIS-UNION JOINTURE COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Tuition	\$ 25,509,820		\$ 25,509,820	\$ 26,758,360	\$ 1,248,540
Interest on Investments	69,600		69,600	93,636	24,036
Miscellaneous	745,000	-	745,000	197,502	(547,498)
Total Local Sources	26,324,420	-	26,324,420	27,049,498	725,078
State Sources					
On-Behalf TPAF Contributions (Non-budgeted)					
Pension Non-Contributory Group Insurance				32,850	32,850
Pension System Contributions				456,601	456,601
Post Retirement Medical Benefits				777,003	777,003
Reimbursed TPAF Social Security Contributions-(Non-Budgeted)	-	-	-	607,076	607,076
Total State Sources	-	-	-	1,873,530	1,873,530
Total Revenues	26,324,420	-	26,324,420	28,923,028	2,598,608
EXPENDITURES					
Current					
Special Education					
Multiple Disabilities- Instruction					
Salaries of Teachers	-	\$ 52,496	\$ 52,496	\$ 52,496	-
Total Multiple Disabilities	-	52,496	52,496	52,496	-
Autism - Instruction					
Salaries of Teachers	4,831,800	\$ 232,237	5,064,037	4,796,008	268,029
Other Salaries for Instruction	5,529,921	326,764	5,856,685	5,431,635	425,050
Purchased Prof. - Educ. Service	9,000	8,070	17,070	15,884	1,186
Other Purchased Services	912,387	(50,380)	862,007	709,270	152,737
General Supplies	942,852	(86,517)	856,335	631,209	225,126
Textbooks		-	-	-	-
Interest on Lease Purchases				-	-
Other Objects	1,370	(250)	1,120	386	734
Total Autism	12,227,330	429,924	12,657,254	11,584,392	1,072,862
Total Special Education - Instruction	12,227,330	482,420	12,709,750	11,636,888	1,072,862
Summer School					
Salaries	832,477	(81,620)	750,857	685,758	65,099
Other Salaries for Instruction	771,154	(123,500)	647,654	576,924	70,730
Other Purchased Services	53,493	2,020	55,513	51,852	3,661
General Supplies	5,001	-	5,001	2,079	2,922
Total Summer School - Instruction	1,662,125	(203,100)	1,459,025	1,316,613	142,412
Total Instruction	13,889,455	279,320	14,168,775	12,953,501	1,215,274
Health Services					
Purchased Professional and Technical Services	250	1,100	1,350	355	995
Total Health Services	250	1,100	1,350	355	995
Extraordinary Services					
Other Salaries for Instruction	-	200	200	140	60
Total Extraordinary Services	-	200	200	140	60
Improvement of Instructional Services					
Supplies and Materials	255	-	255	-	255
Total Improvement of Instructional Services	255	-	255	-	255
Instructional Staff Training Services					
Purchased Prof. - Educ. Service	200	-	200	80	120
Total Instructional Staff Training Services	200	-	200	80	120

**MORRIS-UNION JOINTURE COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

EXPENDITURES (Continued)	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
Current (Continued)					
Support Services General Administration					
Salaries	\$ 674,514	\$ -	\$ 674,514	\$ 672,915	\$ 1,599
Legal Services	30,000	38,850	68,850	66,324	2,526
Audit Fees	32,700	-	32,700	32,700	-
Other Purchased Professional Services	13,001	10,684	23,685	20,816	2,869
Communications/Telephone	72,423	(14,551)	57,872	37,484	20,388
Miscellaneous Purchased Services	46,939	6,050	52,989	43,390	9,599
Supplies and Materials	28,000	(3,500)	24,500	23,166	1,334
Miscellaneous Expenditures	35,000	(2,675)	32,325	28,851	3,474
Total Support Services General Administration	932,577	34,858	967,435	925,646	41,789
Support Services School Administration					
Salaries of Principals	806,546	(81,421)	725,125	725,042	83
Secretarial/Clerical Salaries	281,911	(1,397)	280,514	279,911	603
Supplies and Materials	1,000	(750)	250	250	-
Miscellaneous Expenditures	2,000	(1,500)	500	-	500
Total Support Services School Administration	1,091,457	(85,068)	1,006,389	1,004,953	1,436
Central Services					
Salaries	561,730	(452)	561,278	560,644	634
Purchased Professional Services	49,415	(3,250)	46,165	40,026	6,139
Interest on Lease Purchases	1,593,422	(6,253)	1,587,169	1,587,169	-
Total Central Services	2,204,567	(9,955)	2,194,612	2,187,839	6,773
Administration Information Technology					
Salaries	252,246	(2,613)	249,633	236,714	12,919
Purchased Technical Services	114,321	(15,400)	98,921	53,769	45,152
General Supplies	37,881	(12,012)	25,869	6,778	19,091
Total Administration Information Technology	404,448	(30,025)	374,423	297,261	77,162
Required Maintenance for School Facilities					
Salaries	174,197	(699)	173,498	173,148	350
Cleaning, Repair and Maintenance Services	98,074	(9,516)	88,558	58,514	30,044
General Supplies	17,559	(150)	17,409	7,676	9,733
Total Required Maintenance for School Facilities	289,830	(10,365)	279,465	239,338	40,127
Custodial Services					
Salaries	53,644	(24,618)	29,026	27,614	1,412
Cleaning, Repair and Maintenance Services	13,433	-	13,433	6,728	6,705
Rental of Land & Buidling Other than Lease Purchase	6,718	-	6,718	5,400	1,318
Other Purchased Property Services	10,885	1	10,886	3,398	7,488
Insurance	148,199	11,216	159,415	159,415	-
General Supplies	13,950	(5,250)	8,700	2,090	6,610
Energy (Natural Gas)	14,168	8,000	22,168	13,498	8,670
Energy (Electricity)	88,336	-	88,336	67,871	20,465
Total Custodial Services	349,333	(10,651)	338,682	286,014	52,668
Upkeep of Grounds					
Salaries	500	55,581	56,081	44,279	11,802
Cleaning, Repair and Maintenance Services	1,000	21,500	22,500	14,613	7,887
General Supplies	1,225	25,900	27,125	24,742	2,383
Total Upkeep of Grounds	2,725	102,981	105,706	83,634	22,072
Student Transportation Services					
Lease Purchas Payments - School Buses	-	206,495	206,495	206,495	-
Total Student Transportation Services	-	206,495	206,495	206,495	-

**MORRIS-UNION JOINTURE COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Continued)					
Current (Continued)					
Allocated Benefits - Special Programs					
Social Security Contributions	\$ 475,000	\$ (38,201)	\$ 436,799	\$ 348,851	\$ 87,948
Other Retirement Contributions- Regular	784,046	(119,450)	664,596	653,129	11,467
Unemployment Compensation	223,300	(36,450)	186,850	126,469	60,381
Workmen's Compensation	262,135	(12,000)	250,135	244,083	6,052
Health Benefits	5,069,006	27,000	5,096,006	3,623,520	1,472,486
Tuition Reimbursement	21,000	(3,750)	17,250	13,972	3,278
Total Allocated Benefits - Special Programs	6,834,487	(182,851)	6,651,636	5,010,024	1,641,612
Allocated Benefits - Other Instructional Programs					
Social Security Contributions	\$ 54,838	\$ (4,000)	\$ 50,838	\$ 42,136	\$ 8,702
Tuition Reimbursement	6,000	-	6,000	4,526	1,474
Total Allocated Benefits - Other Instructional Programs	60,838	(4,000)	56,838	46,662	10,176
Unallocated Benefits					
Social Security Contributions	70,000	34,650	104,650	104,619	31
Other Retirement Contributions- Regular	132,104	(2,525)	129,579	129,056	523
Unemployment Compensation	17,000	(16,600)	400	392	8
Workmen's Compensation	17,257	(1)	17,256	16,068	1,188
Health Benefits	239,361	(3,600)	235,761	174,720	61,041
Tuition Reimbursement	10,000	(9,600)	400	-	400
Other Employee Benefits	72,620	(24,000)	48,620	11,831	36,789
Total Unallocated Benefits	558,342	(21,676)	536,666	436,686	99,980
On-Behalf TPAF Contributions (Non-Budgeted):					
Pension Non-Contributory Group Insurance				32,850	\$ (32,850)
Pension System Contributions				456,601	(456,601)
Post Retirement Medical Benefits				777,003	(777,003)
Reimbursed TPAF Social Security Contributions	-	-	-	607,076	(607,076)
Total TPAF Contributions	-	-	-	1,873,530	(1,873,530)
Total Undistributed Expenditures	\$ 12,729,309	\$ (8,957)	\$ 12,720,352	\$ 12,598,657	\$ 121,695
Total Expenditures - Current	26,618,764	270,363	26,889,127	25,552,158	1,336,969
CAPITAL OUTLAY					
Equipment					
Undistributed					
Instruction	9,800	(8,120)	1,680		1,680
School Administration	55,000	(7,000)	48,000	46,879	1,121
Operations and Maintenance		177,318	177,318	74,264	103,054
Administration Information Technology	10,000	19,314	29,314	19,085	10,229
School Buses - Special	80,753	(80,753)	-	-	-
Total Equipment	155,553	100,759	256,312	140,228	116,084
Facilities Acquisition and Construction Services					
Purchased Professional and Technical Services	15,000	42,300	57,300	44,802	12,498
Construction Services	10,000	(2,550)	7,450		7,450
Lease Purchase Agreements - Principal	2,275,242	(200,242)	2,075,000	2,075,000	-
Total Facilities Acquisition and Construction Services	2,300,242	(160,492)	2,139,750	2,119,802	19,948
Total Capital Outlay	2,455,795	(59,733)	2,396,062	2,260,030	136,032
Total Expenditures	29,074,559	210,630	29,285,189	27,812,188	1,473,001

**MORRIS-UNION JOINTURE COMMISSION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess(Deficiency) of Revenues Over(Under) Expenditures	(2,750,139)	(210,630)	(2,960,769)	1,110,840	4,071,609
Other Financing Sources(Uses):					
Transfer In - Capital Project Fund				102	102
Transfer In - Enterprise Funds		-	-		-
Transfer Out- Food Service Fund	(95,000)	(14,700)	(109,700)	(106,600)	3,100
Total Other Financing Sources/(Uses)	(95,000)	(14,700)	(109,700)	(106,498)	3,202
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	\$ (2,845,139)	\$ (225,330)	\$ (3,070,469)	\$ 1,004,342	\$ 4,074,811
Fund Balances, July 1	13,228,210	-	13,228,210	13,228,210	-
Fund Balances, June 30	\$ 10,383,071	\$ (225,330)	\$ 10,157,741	\$ 14,232,552	\$ 4,074,811
Recapitulation:					
Assigned Fund Balance					
Year End Encumbrance				94,832	
Designated for Subsequent Year's Expenditures				1,461,607	
Unassigned Fund Balance					
Undesignated				12,676,113	
				<u>\$ 14,232,552</u>	

**MORRIS-UNION JOINTURE COMMISSION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources	-	\$ 32,426	\$ 32,426	\$ 13,611	\$ (18,815)
Total Revenues	-	32,426	32,426	13,611	(18,815)
EXPENDITURES					
Instruction					
General Supplies	-	32,426	32,426	13,611	18,815
Total Instruction	-	32,426	32,426	13,611	18,815
Total Expenditures	-	32,426	32,426	13,611	18,815
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MORRIS-UNION JOINTURE COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

	Special Revenue Fund
Source/Inflows of Resources	
Actual Amounts (budgetary basis) "revenue"	
From the budgetary comparison schedule	\$ 13,611
Difference - budget to GAAP	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	
Encumbrances, June 30, 2014	-
Encumbrances, June 30, 2015	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 13,611
Uses/Outflows of Resources	
Actual amounts(budgetary basis) "total expenditure" from the budgetary comparison schedule	\$ 13,611
Differences - budget to GAAP	
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	
Encumbrances, June 30, 2014	-
Encumbrances, June 30, 2015	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds.	\$ 13,611

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

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

Public Employees Retirement System

Last Two Fiscal Years*

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

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

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

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

Public Employees Retirement System

Last Two Fiscal Years

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

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

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

Teachers Pension and Annuity Fund

Last Two Fiscal Years*

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

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

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

**MORRIS-UNION JOINTURE COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF COMMISSION CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

Changes of Benefit Terms: None.

Changes of Assumptions: The discount rate changed from the Commission's rate as of June 30, 2014 to the Commission's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

SCHOOL LEVEL FUNDS

NOT APPLICABLE

SPECIAL REVENUE FUND

**MORRIS-UNION JOINTRE COMMISSION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Girl Scout Troop 795</u>	<u>Professional Development Grant</u>	<u>Safety Grant</u>	<u>Havurah Grant</u>	<u>Knights of Columbus Grant</u>	<u>In Memory of Robert Shedlock</u>	<u>In Memory of Larry Martin</u>	<u>Local Drive for Autism</u>	<u>2015</u>
REVENUES									
Intergovernmental									
Local	\$ 327	\$ 462	\$ 8,247	\$ 360	\$ 213	\$ 922	\$ 202	\$ 2,878	\$ 13,611
Total Revenues	<u>\$ 327</u>	<u>\$ 462</u>	<u>\$ 8,247</u>	<u>\$ 360</u>	<u>\$ 213</u>	<u>\$ 922</u>	<u>\$ 202</u>	<u>\$ 2,878</u>	<u>\$ 13,611</u>
EXPENDITURES									
Instruction									
General Supplies	\$ 327	\$ 462	\$ 8,247	\$ 360	\$ 213	\$ 922	\$ 202	\$ 2,878	\$ 13,611
Total Instruction	<u>327</u>	<u>462</u>	<u>8,247</u>	<u>360</u>	<u>213</u>	<u>922</u>	<u>202</u>	<u>2,878</u>	<u>13,611</u>
Total Expenditures	<u>\$ 327</u>	<u>\$ 462</u>	<u>\$ 8,247</u>	<u>\$ 360</u>	<u>\$ 213</u>	<u>\$ 922</u>	<u>\$ 202</u>	<u>\$ 2,878</u>	<u>\$ 13,611</u>

**MORRIS-UNION JOINTURE COMMISSION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**MORRIS-UNION JOINTURE COMMISSION
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue/Project Title</u>	<u>Adjusted Appropriation</u>	<u>Expenditures to Date</u>		<u>Prior Years</u>		<u>Balance June 30, 2015</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Transferred General Fund</u>	<u>Reserve Fund Utilized in Refunding</u>	
Construction of a New School - Warren DLC	<u>\$ 60,262,159</u>	<u>\$ 58,199,469</u>	<u>-</u>	<u>\$ 129,451</u>	<u>\$ 1,933,239</u>	<u>-</u>
	<u>\$ 60,262,159</u>	<u>\$ 58,199,469</u>	<u>\$ -</u>	<u>\$ 129,451</u>	<u>\$ 1,933,239</u>	<u>\$ -</u>
<u>Reconciliation to GAAP</u>						
						\$ -
						<u>1,888,994</u>
						<u>\$ 1,888,994</u>
<u>Recapitulation of Fund Balance</u>						
						<u>\$ 1,888,994</u>
						<u>\$ 1,888,994</u>

**MORRIS-UNION JOINTURE COMMISSION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Revenues and Other Financing Sources

Interest Income	\$ <u>165</u>
Total Revenues and Other Financing Sources	<u>165</u>

Expenditures and Other Financing Uses

Operating Transfer Out - General Fund	<u>102</u>
Total Expenditures and Other Financing Uses	<u>102</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures	63
Fund Balance - Beginning of Year	<u>1,888,931</u>
Fund Balance - End of Year	<u>\$ 1,888,994</u>

Reconciliation to GAAP

Fund Balance, June 30, 2015-Budgetary Basis	\$ <u>1,888,994</u>
Fund Balance, June 30, 2015-GAAP Basis	<u>\$ 1,888,994</u>

**MORRIS-UNION JOINTURE COMMISSION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

ENTERPRISE FUNDS

MORRIS UNION JOINTURE COMMISSION
SPECIAL PROGRAMS ENTERPRISE FUND
COMBINING SCHEDULE OF PROGRAM NET POSITION
AS OF JUNE 30, 2015

	Professional Development	Music Program	Transportation Program	Physical Therapy	Aide Services	CST Services	Behavior Management (Outreach)	Speech Language	Subtotal
ASSETS									
Current Assets									
Cash and Cash Equivalents	347,362	6,360	(4,183,605)	3,650,709	3,340,932	99,864	325,514	3,117,130	6,704,266
Intergovernmental Accounts Receivable	5,190	-	652,187	71,220	370,129	-	17,411	78,378	1,194,515
Other Accounts Receivable	230	-	-	-	-	-	-	-	230
Total Current Assets	352,782	6,360	(3,531,418)	3,721,929	3,711,061	99,864	342,925	3,195,508	7,899,011
Capital Assets									
Land	-	-	3,064,300	-	-	-	-	-	3,064,300
Buildings and Improvements	-	-	3,241,183	-	-	-	-	-	3,241,183
Furniture, Machinery and Equipment	-	-	6,085,461	-	-	-	-	-	6,085,461
Less: Accumulated Depreciation	-	-	(6,352,818)	-	-	-	-	-	(6,352,818)
Total Capital Assets, Net	-	-	6,038,126	-	-	-	-	-	6,038,126
DEFERRED OUTFLOW OF RESOURCES									
Deferred Amounts on Net Pension Liability	-	-	240,460	-	-	-	-	-	240,460
Total Assets and Deferred Outflow of Resources	352,782	6,360	2,747,168	3,721,929	3,711,061	99,864	342,925	3,195,508	14,177,597
LIABILITIES									
Current Liabilities									
Accounts Payable	-	-	75,893	1,101	5,992	-	254	350	83,590
Accrued Liability for Insurance Claims	-	-	270,847	2,614	29,664	-	141	5,262	308,528
Total Current Liabilities	-	-	346,740	3,715	35,656	-	395	5,612	392,118
Noncurrent Liabilities									
Net Pension Liability	-	-	7,646,913	-	-	-	-	-	7,646,913
Compensated Absences	-	-	48,298	34	4,682	-	23,165	2,968	79,147
Total Noncurrent Liabilities	-	-	7,695,211	34	4,682	-	23,165	2,968	7,726,060
DEFERRED INFLOW OF RESOURCES									
Deferred Amounts on Net Pension Liability	-	-	987,132	-	-	-	-	-	987,132
Total Liabilities and Deferred Inflow of Resources	-	-	9,029,083	3,749	40,338	-	23,560	8,580	9,105,310
NET POSITION									
Net Investment in Capital Assets Unrestricted	352,782	6,360	(12,320,041)	3,718,180	3,670,723	99,864	319,365	3,186,928	(965,839)
Total Net Position	352,782	6,360	(6,281,915)	3,718,180	3,670,723	99,864	319,365	3,186,928	5,072,287

MORRIS UNION JOINTURE COMMISSION
SPECIAL PROGRAMS ENTERPRISE FUND
COMBINING SCHEDULE OF PROGRAM NET POSITION
AS OF JUNE 30, 2015
(CONTINUED)

	Occupational Therapy	Adaptive Physical Education	Technical Assess.	Vocational Assess	Inservice Workshops	Applied Behavior Analysis (ABA)	Provisional Teaching Program	Voc Ed Activities	Recreational Programs	Sheet 1 Subtotal	Subtotal
ASSETS											
Current Assets											
Cash and Cash Equivalents	5,787,637	40,379	76,745	5,587	32,140	1,309,515	258,770	5,555	189,252	6,704,266	14,409,846
Intergovernmental Accounts Receivable - Other	122,603	5,353	-	-	-	48,534	-	-	12,920	1,194,515	1,385,925
Other Accounts Receivable	857	-	-	-	-	-	-	-	-	230	1,087
Total Current Assets	5,911,097	45,732	76,745	5,587	32,140	1,358,049	258,770	5,555	202,172	7,899,011	15,794,858
Capital Assets											
Land	-	-	-	-	-	-	-	-	-	3,064,300	3,064,300
Buildings and Improvements	-	-	-	-	-	-	-	-	-	3,241,183	3,241,183
Furniture, Machinery and Equipment	-	-	-	-	-	-	-	-	-	6,085,461	6,085,461
Less: Accumulated Depreciation	-	-	-	-	-	-	-	-	-	(6,352,818)	(6,352,818)
Total Capital Assets, Net	-	-	-	-	-	-	-	-	-	6,038,126	6,038,126
DEFERRED OUTFLOW OF RESOURCES											
Deferred Amounts on Net Pension Liability	-	-	-	-	-	-	-	-	-	240,460	240,460
Total Assets and Deferred Outflow of Resources	5,911,097	45,732	76,745	5,587	32,140	1,358,049	258,770	5,555	202,172	14,177,597	22,073,444
LIABILITIES											
Current Liabilities											
Accounts Payable	398	152	-	-	-	-	-	-	2,819	83,590	86,959
Accrued Liability for Insurance Claims	7,446	245	-	-	-	-	569	-	1,039	308,528	317,827
Total Current Liabilities	7,844	397	-	-	-	-	569	-	3,858	392,118	404,786
Noncurrent Liabilities											
Compensated Absences	4,455	-	-	-	-	1,133	195	-	3,062	7,646,913	7,646,913
Total Noncurrent Liabilities	4,455	-	-	-	-	1,133	195	-	3,062	7,726,060	7,734,905
DEFERRED INFLOW OF RESOURCES											
Deferred Amounts on Net Pension Liability	-	-	-	-	-	-	-	-	-	987,132	987,132
Total Liabilities and Deferred Inflow of Resources	12,299	397	-	-	-	1,133	764	-	6,920	8,118,178	8,139,691
NET POSITION											
Net Investment in Capital Assets										6,038,126	6,038,126
Unrestricted	5,898,798	45,335	76,745	5,587	32,140	1,356,916	258,006	5,555	195,252	(965,859)	6,908,495
Total Net Position	5,898,798	45,335	76,745	5,587	32,140	1,356,916	258,006	5,555	195,252	5,072,287	12,946,621

MORRIS UNION JOINTURE COMMISSION
SPECIAL PROGRAMS ENTERPRISE FUND
COMBINING SCHEDULE OF PROGRAMS NET POSITION
AS OF JUNE 30, 2015
(CONTINUED)

	Augmentative/ Alternative Communication	Warren In District Special Ed.	S. Orange/ Maplewood In District Special Ed.	Roselle Park Outreach Services	Watchung Borough Services	Randolph Township In District	Transition Assessment	Counseling Services	Daily Speech Services	Sheet 2 Subtotal	Totals
ASSETS											
Current Assets											
Cash and Cash Equivalents	42,573	92,431	213,726	21,201	5,992	6,430	34,574	(15)	7,309	14,409,846	14,834,067
Intergovernmental Accounts Receivable - Other										1,383,925	1,383,925
Other Accounts Receivable	-	-	-	-	-	-	-	-	-	1,087	1,087
Total Current Assets	42,573	92,431	213,726	21,201	5,992	6,430	34,574	(15)	7,309	15,794,858	16,219,079
Capital Assets											
Land										3,064,300	3,064,300
Buildings and Improvements										3,241,183	3,241,183
Furniture, Machinery and Equipment										6,085,461	6,085,461
Less: Accumulated Depreciation	-	-	-	-	-	-	-	-	-	(6,352,818)	(6,352,818)
Total Capital Assets, Net	-	-	-	-	-	-	-	-	-	6,038,126	6,038,126
DEFERRED OUTFLOW OF RESOURCES											
Deferred Amounts on Net Pension Liability	-	-	-	-	-	-	-	-	-	240,460	240,460
Total Assets and Deferred Outflow of Resources	42,573	92,431	213,726	21,201	5,992	6,430	34,574	(15)	7,309	22,073,444	22,497,665
LIABILITIES											
Current Liabilities											
Accounts Payable			1,518							86,959	88,477
Accrued Liability for Insurance Claims	-	1,442	3,593	-	-	-	-	-	-	317,827	322,862
Total Current Liabilities	-	1,442	5,111	-	-	-	-	-	-	404,786	411,339
Noncurrent Liabilities											
Compensated Absences	-	2,851	-	-	-	-	-	-	-	7,646,913	7,646,913
Total Noncurrent Liabilities	-	2,851	-	-	-	-	-	-	-	87,992	90,843
										7,734,905	7,737,756
DEFERRED INFLOW OF RESOURCES											
Deferred Amounts on Net Pension Liability	-	-	-	-	-	-	-	-	-	987,132	987,132
Total Liabilities and Deferred Inflow of Resources	-	4,293	5,111	-	-	-	-	-	-	9,126,823	9,136,227
NET POSITION											
Net Investment in Capital Assets Unrestricted	42,573	88,138	208,615	21,201	5,992	6,430	34,574	(15)	7,309	6,038,126	6,038,126
										6,908,495	7,323,312
Total Net Position	42,573	88,138	208,615	21,201	5,992	6,430	34,574	(15)	7,309	12,946,621	13,361,438

MORRIS UNION JOINTURE COMMISSION
SPECIAL PROGRAMS ENTERPRISE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN PROGRAM NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Professional Development	Music Program	Transportation Program	Physical Therapy	Aide Services	CST Services	Behavior Management (Outreach)	Speech Language	Subtotal
REVENUES									
OPERATING REVENUES									
Program Fees	\$ 93,624	\$ 25,975	\$ 6,974,712	\$ 460,685	\$ 1,991,587	\$ 1,980	\$ 88,685	\$ 385,430	\$ 10,022,678
Miscellaneous Fees	-	-	13,865	-	-	-	-	-	13,865
Total Operating Revenues	<u>93,624</u>	<u>25,975</u>	<u>6,988,577</u>	<u>460,685</u>	<u>1,991,587</u>	<u>1,980</u>	<u>88,685</u>	<u>385,430</u>	<u>10,036,543</u>
OPERATING EXPENSES									
Instruction									
Salaries		16,100							16,100
Purchased Professional /Technical Services		2,070							2,070
Supplies and Materials		5,176							5,176
Support Services									
Salaries			4,494,855	43,902	726,342		1,058	118,336	5,384,493
Employee Benefits		1,232	1,814,743	42,784	328,919		12,244	15,801	2,215,723
Purchased Professional Education Services	50,429								50,429
Purchased Professional /Technical Services			37,373						37,373
Other Purchased Services	9,220		173,331						182,551
Supplies and Materials	1,716		820,464						822,180
Miscellaneous			63,974	762			5	1,421	66,162
Depreciation	-	-	596,224	-	-	-	-	-	596,224
Total Operating Expenses	<u>61,365</u>	<u>24,578</u>	<u>8,000,964</u>	<u>87,448</u>	<u>1,055,261</u>	<u>-</u>	<u>13,307</u>	<u>135,558</u>	<u>9,378,481</u>
Operating Income (Loss)	32,259	1,397	(1,012,387)	373,237	936,326	1,980	75,378	249,872	658,062
Transfers In									
Transfers Out	-	-	-	-	-	-	-	-	-
Change in Net Position	32,259	1,397	(1,012,387)	373,237	936,326	1,980	75,378	249,872	658,062
Total Net Position- Beginning of Year (Restated)	<u>320,523</u>	<u>4,963</u>	<u>(5,269,528)</u>	<u>3,344,943</u>	<u>2,734,397</u>	<u>97,884</u>	<u>243,987</u>	<u>2,937,056</u>	<u>4,414,225</u>
Total Net Position - Ending of Year	<u>\$ 352,782</u>	<u>\$ 6,360</u>	<u>\$ (6,281,915)</u>	<u>\$ 3,718,180</u>	<u>\$ 3,670,723</u>	<u>\$ 99,864</u>	<u>\$ 319,365</u>	<u>\$ 3,186,928</u>	<u>\$ 5,072,287</u>

MORRIS UNION JOINTURE COMMISSION
SPECIAL PROGRAMS ENTERPRISE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN PROGRAM NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

	Occupational Therapy	Adaptive Physical Education	Technical Assess.	Vocational Assess	Inservice Workshops	Applied Behavior Analysis (ABA)	Provisional Teaching Program	Voc Ed Activities	Recreational Programs	Sheet 1 Subtotal	Subtotal
REVENUES											
OPERATING REVENUES											
Program Fees	\$ 751,878	\$ 19,549	\$ -	\$ -	\$ 775	\$ 223,391	\$ 57,975		\$ 198,731	\$ 10,022,678	\$ 11,274,977
Miscellaneous Fees	-	-	-	-	-	-	-	-	460	13,865	14,325
Total Operating Revenues	<u>751,878</u>	<u>19,549</u>	<u>-</u>	<u>-</u>	<u>775</u>	<u>223,391</u>	<u>57,975</u>	<u>-</u>	<u>199,191</u>	<u>10,036,543</u>	<u>11,289,302</u>
OPERATING EXPENSES											
Instruction											
Salaries										16,100	16,100
Purchased Professional /Technical Services										2,070	2,070
Supplies and Materials								4,874		5,176	10,050
Support Services											
Salaries	59,304	23,817				70,485	37,532		75,978	5,384,493	5,651,609
Employee Benefits	18,049	6,694				5,153	1,816		7,452	2,215,723	2,254,887
Purchased Professional Education Services										50,429	50,429
Purchased Professional /Technical Services										37,373	37,373
Other Purchased Services									9,914	182,551	192,465
Supplies and Materials									27,529	822,180	849,709
Miscellaneous	131								8,686	66,162	74,979
Depreciation	-	-	-	-	-	-	-	-	-	596,224	596,224
Total Operating Expenses	<u>77,484</u>	<u>30,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,638</u>	<u>39,348</u>	<u>4,874</u>	<u>129,559</u>	<u>9,378,481</u>	<u>9,735,895</u>
Operating Income (Loss)	674,394	(10,962)	-	-	775	147,753	18,627	(4,874)	69,632	658,062	1,553,407
Transfers In											
Transfers Out											
Change in Net Position	674,394	(10,962)	-	-	775	147,753	18,627	(4,874)	69,632	658,062	1,553,407
Total Net Position- Beginning of Year	<u>5,224,404</u>	<u>56,297</u>	<u>76,745</u>	<u>\$ 5,587</u>	<u>\$ 31,365</u>	<u>1,209,163</u>	<u>239,379</u>	<u>10,429</u>	<u>125,620</u>	<u>4,414,225</u>	<u>11,393,214</u>
Total Net Position - Ending of Year	<u>\$ 5,898,798</u>	<u>\$ 45,335</u>	<u>\$ 76,745</u>	<u>\$ 5,587</u>	<u>\$ 32,140</u>	<u>\$ 1,356,916</u>	<u>\$ 258,006</u>	<u>\$ 5,555</u>	<u>\$ 195,252</u>	<u>\$ 5,072,287</u>	<u>\$ 12,946,621</u>

MORRIS UNION JOINTURE COMMISSION
SPECIAL PROGRAMS ENTERPRISE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENSES AND CHANGES IN PROGRAM NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

	Augmentative/ Alternative Communication	Warren In District Special Ed.	S. Orange/ Maplewood In District Special Ed.	Roselle Park Outreach Services	Watchung Borough Services	Randolph Township In District	Transition Assessment	Counseling Services	Daily Speech Services	Sheet 2 Subtotal	Totals
REVENUES											
OPERATING REVENUES											
Program Fees	\$ (447)	\$ -	\$ 200,430	\$ -	\$ 9,910	-	\$ 51,340	-	-	\$ 11,274,977	\$ 11,536,210
Miscellaneous Fees	-	-	-	-	-	-	-	-	-	14,325	14,325
Total Operating Revenues	(447)	-	200,430	-	9,910	-	51,340	-	-	11,289,302	11,550,535
OPERATING EXPENSES											
Instruction											
Salaries			88,883		5,068					16,100	110,051
Purchased Professional /Technical Services					377					2,070	2,447
Supplies and Materials										10,050	10,050
Support Services											
Salaries							24,565			5,651,609	5,676,174
Employee Benefits			73,629				1			2,254,887	2,328,517
Purchased Professional Education Services										50,429	50,429
Purchased Professional /Technical Services										37,373	37,373
Other Purchased Services										192,465	192,465
Supplies and Materials							500			849,709	850,209
Miscellaneous	-	-	-	-	-	-	-	-	-	74,979	74,979
Depreciation	-	-	-	-	-	-	-	-	-	596,224	596,224
Total Operating Expenses	-	-	162,512	-	5,445	-	25,066	-	-	9,735,895	9,928,918
Operating Income (Loss)	(447)	-	37,918	-	4,465	-	26,274	-	-	1,553,407	1,621,617
Transfers In											
Transfers Out	-	-	-	-	-	-	-	-	-	-	-
Change in Net Position	(447)	-	37,918	-	4,465	-	26,274	-	-	1,553,407	1,621,617
Total Net Position- Beginning of Year	43,020	88,138	170,697	21,201	1,527	6,430	8,300	(15)	7,309	11,393,214	11,739,821
Total Net Position - Ending of Year	\$ 42,573	\$ 88,138	\$ 208,615	\$ 21,201	\$ 5,992	\$ 6,430	\$ 34,574	\$ (15)	\$ 7,309	\$ 12,946,621	\$ 13,361,438

MORRIS UNION JOINTURE COMMISSION
SPECIAL PROGRAMS ENTERPRISE FUND
COMBINED SCHEDULE OF PROGRAM CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Professional Development	Music Program	Transportation Program	Physical Therapy	Aide Services	CST Services	Behavior Management (Outreach)	Speech Language	Subtotal
CASH FLOWS FROM OPERATING ACTIVITIES									
Receipts from Customers	\$ 92,599	\$ 25,975	\$ 7,064,884	\$ 461,806	\$ 1,858,584	\$ 1,980	\$ 85,099	\$ 367,446	\$ 9,938,373
Payments to Employees and Benefits	-	(17,332)	(6,351,012)	(86,686)	(1,074,974)	-	(13,647)	(135,192)	(7,678,843)
Payments to Suppliers for Goods and Services	(61,595)	(7,246)	(1,145,394)	(2,309)	-	-	(5)	(1,421)	(1,217,970)
Net Cash Provided by(Used for) operating activities	31,004	1,397	(431,522)	372,811	763,610	1,980	71,447	230,833	1,041,560
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Cash Received From Other Funds	-	-	-	-	-	-	-	-	-
Cash (Paid to) Other Funds	-	-	-	-	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	-	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Purchases of capital assets	-	-	(151,955)	-	-	-	-	-	(151,955)
Net cash provided by(used for) capital and related financing activities	-	-	(151,955)	-	-	-	-	-	(151,955)
Net increase (decrease) in cash and cash equivalents	31,004	1,397	(583,477)	372,811	763,610	1,980	71,447	230,833	889,605
Balances (Overdraft) - Beginning of Year	316,358	4,963	(3,600,128)	3,277,898	2,577,322	97,884	254,067	2,886,297	5,814,661
Balances (Overdraft) - End of Year	\$ 347,362	\$ 6,360	\$ (4,183,605)	\$ 3,650,709	\$ 3,340,932	\$ 99,864	\$ 325,514	\$ 3,117,130	\$ 6,704,266
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES									
Operating Income(Loss)	\$ 32,259	\$ 1,397	\$ (1,012,387)	\$ 373,237	\$ 936,326	\$ 1,980	\$ 75,378	\$ 249,872	\$ 658,062
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities									
Depreciation Expense			596,224						596,224
(Increase) Decrease in accounts receivable	(1,025)		76,307	1,121	(153,003)		(3,586)	(17,984)	(98,170)
Increase(Decrease) Accrued Liabilities for Insurance Claims			17,683	142	8,863		43	152	26,883
Increase(Decrease) in net pension liability			(41,414)						(41,414)
Increase(decrease) in accounts payable	(230)	-	(67,935)	(1,689)	(28,576)	-	(388)	(1,207)	(100,025)
Total Adjustments	(1,255)	-	580,865	(426)	(172,716)	-	(3,931)	(19,039)	383,498
Net Cash Provided (Used) by Operating Activities	\$ 31,004	\$ 1,397	\$ (431,522)	\$ 372,811	\$ 763,610	\$ 1,980	\$ 71,447	\$ 230,833	\$ 1,041,560

MORRIS UNION JOINTURE COMMISSION
SPECIAL PROGRAMS ENTERPRISE FUND
COMBINED SCHEDULE OF PROGRAM CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

	Occupational Therapy	Adaptive Physical Education	Technical Assess.	Vocational Assess	Inservice Workshops	Applied Behavior Analysis (ABA)	Provisional Teaching Program	Voc Ed Activities	Recreational Programs	Sheet 1 Subtotal	Subtotal
CASH FLOWS FROM OPERATING ACTIVITIES											
Receipts from Customers	\$ 743,400	\$ 19,110	\$ 5,503	-	775	\$ 200,734	\$ 57,975	\$ -	\$ 209,542	\$ 9,938,373	\$ 11,175,412
Payments to Employees and Benefits	(78,409)	(30,824)	-	-	-	(75,638)	(39,348)	-	(83,408)	(7,678,843)	(7,986,470)
Payments to Suppliers for Goods and Services	(131)	-	-	-	-	-	-	(4,874)	(43,796)	(1,217,970)	(1,266,771)
Net Cash Provided by(Used for) operating activities	664,860	(11,714)	5,503	-	775	125,096	18,627	(4,874)	82,338	1,041,560	1,922,171
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES											
Cash Received From Other Funds	-	-	-	-	-	-	-	-	-	-	-
Cash (Paid to) Other Funds	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	-	-	-	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES											
Purchases of capital assets	-	-	-	-	-	-	-	-	-	(151,955)	(151,955)
Net cash provided by(used for) capital and related financing activities	-	-	-	-	-	-	-	-	-	(151,955)	(151,955)
Net increase (decrease) in cash and cash equivalents	664,860	(11,714)	5,503	-	775	125,096	18,627	(4,874)	82,338	889,605	1,770,216
Balances (Overdraft) - Beginning of Year	5,122,777	52,093	71,242	\$ 5,587	\$ 31,365	1,184,419	240,143	10,429	106,914	5,814,661	12,639,630
Balances (Overdraft) - End of Year	\$ 5,787,637	\$ 40,379	\$ 76,745	\$ 5,587	\$ 32,140	\$ 1,309,515	\$ 258,770	\$ 5,555	\$ 189,252	\$ 6,704,266	\$ 14,409,846
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES											
Operating Income(Loss)	\$ 674,394	\$ (10,962)	\$ -	-	775	\$ 147,753	\$ 18,627	\$ (4,874)	\$ 69,632	\$ 658,062	\$ 1,553,407
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities											
Depreciation Expense										596,224	596,224
(Increase) Decrease in accounts receivable	(8,478)	(439)	5,503			(22,657)			10,351	(98,170)	(113,890)
Increase(Decrease) Accrued Liabilities for Insurance Claims	339	111							22	26,883	27,355
Increase(Decrease) in net pension liability										(41,414)	(41,414)
Increase(decrease) in accounts payable	(1,395)	(424)							2,333	(100,025)	(99,511)
Total Adjustments	(9,534)	(752)	5,503			(22,657)			12,706	383,498	368,764
Net Cash Provided (Used) by Operating Activities	\$ 664,860	\$ (11,714)	\$ 5,503	\$ -	\$ 775	\$ 125,096	\$ 18,627	\$ (4,874)	\$ 82,338	\$ 1,041,560	\$ 1,922,171

MORRIS UNION JOINTURE COMMISSION
SPECIAL PROGRAMS ENTERPRISE FUND
COMBINED SCHEDULE OF PROGRAM CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

	Augmentative/ Alternative Communication	Warren In District Special Ed.	S. Orange/ Maplewood In District Special Ed.	Roselle Park Outreach Services	Watchung Borough Services	Randolph Township In District	Transition Assessment	Counseling Services	Daily Speech Services	Sheet 2 Subtotal	Totals
CASH FLOWS FROM OPERATING ACTIVITIES											
Receipts from Customers	\$ 3,963	\$ -	\$ 200,430	\$ -	\$ 9,910	-	58,240	-	-	\$ 11,175,412	\$ 11,447,955
Payments to Employees and Benefits	-	-	(166,652)	-	(5,068)	\$ -	(24,566)	\$ -	\$ -	(7,986,470)	(8,182,756)
Payments to Suppliers for Goods and Services	-	(1,296)	-	(98)	(377)	-	(500)	-	-	(1,266,771)	(1,269,042)
Net Cash Provided by(Used for) operating activities	3,963	(1,296)	33,778	(98)	4,465	-	33,174	-	-	1,922,171	1,996,157
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES											
Cash Received From Other Funds	-	-	-	-	-	-	-	-	-	-	-
Cash (Paid to) Other Funds	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by (used for) noncapital financing activities	-	-	-	-	-	-	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES											
Purchases of capital assets	-	-	-	-	-	-	-	-	-	(151,955)	(151,955)
Net cash provided by(used for) capital and related financing activities	-	-	-	-	-	-	-	-	-	(151,955)	(151,955)
Net increase (decrease) in cash and cash equivalents	3,963	(1,296)	33,778	(98)	4,465	-	33,174	-	-	1,770,216	1,844,202
Balances (Overdraft) - Beginning of Year	38,610	93,727	179,948	21,299	1,527	6,430	1,400	(15)	7,309	12,639,630	12,989,865
Balances (Overdraft) - End of Year	\$ 42,573	\$ 92,431	\$ 213,726	\$ 21,201	\$ 5,992	\$ 6,430	\$ 34,574	\$ (15)	\$ 7,309	\$ 14,409,846	\$ 14,834,067
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES											
Operating Income(Loss)	\$ (447)	\$ -	\$ 37,918	\$ -	\$ 4,465	\$ -	\$ 26,274	\$ -	\$ -	\$ 1,553,407	\$ 1,621,617
Adjustments to reconcile operating income(loss) to net cash provided by (used for) operating activities											
Depreciation Expense										596,224	596,224
(Increase) Decrease in accounts receivable	4,410						6,900	-	-	(113,890)	(102,580)
Increase(Decrease) Accrued Liabilities for Insurance Claims			1,604							27,355	28,959
Increase(Decrease) in net pension liability										(41,414)	(41,414)
Increase(decrease) in accounts payable	-	(1,296)	(5,744)	(98)	-	-	-	-	-	(99,511)	(106,649)
Total Adjustments	4,410	(1,296)	(4,140)	(98)	-	-	6,900	-	-	368,764	374,540
Net Cash Provided (Used) by Operating Activities	\$ 3,963	\$ (1,296)	\$ 33,778	\$ (98)	\$ 4,465	\$ -	\$ 33,174	\$ -	\$ -	\$ 1,922,171	\$ 1,996,157

FIDUCIARY FUNDS

AGENCY FUNDS

**MORRIS-UNION JOINTURE COMMISSION
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2015**

	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 166,657	\$ 166,657
Accounts Receivable	<u>1,915</u>	<u>1,915</u>
Total Assets	<u>\$ 168,572</u>	<u>\$ 168,572</u>
LIABILITIES		
Payroll Deductions and Withholdings	\$ 163,116	\$ 163,116
Accrued Salaries and Wages	2,559	2,559
Flexible Spending Deposits	<u>2,897</u>	<u>2,897</u>
Total Liabilities	<u>\$ 168,572</u>	<u>\$ 168,572</u>

**MORRIS UNION JOINTURE COMMISSION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-7

**MORRIS-UNION JOINTURE COMMISSION
AGENCY FUNDS
STUDENT ACTIVITY AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**MORRIS-UNION JOINTURE COMMISSION
AGENCY FUNDS
PAYROLL AGENCY FUND SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance July 1, <u>2014</u>	<u>Additional</u>	<u>Deletions</u>	Balance June 30, <u>2015</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 183,492	\$ 23,156,758	\$ 23,173,593	\$ 166,657
Accounts Receivable	<u>1,915</u>	<u>-</u>	<u>-</u>	<u>1,915</u>
Total Assets	<u>\$ 185,407</u>	<u>\$ 23,156,758</u>	<u>\$ 23,173,593</u>	<u>\$ 168,572</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	\$ 181,662	\$ 9,911,676	\$ 9,930,222	\$ 163,116
Accrued Salaries and Wages	754	13,225,923	13,224,118	2,559
Flexible, Spending Deposits	<u>2,991</u>	<u>19,159</u>	<u>19,253</u>	<u>2,897</u>
	<u>\$ 185,407</u>	<u>\$ 23,156,758</u>	<u>\$ 23,173,593</u>	<u>\$ 168,572</u>

LONG-TERM DEBT

**MORRIS-UNION JOINTURE COMMISSION
 SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
 CERTIFICATES OF PARTICIPATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Decreased</u>	<u>Balance, June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Series 2013-Certificates of Participation	6/12/2013	\$ 43,830,000	8/1/2015	\$ 2,150,000	4.000%			
			8/1/2016	2,235,000	4.000%			
			8/1/2017	2,340,000	5.000%			
			8/1/2018	2,435,000	3.000%			
			8/1/2019	2,525,000	4.000%			
			8/1/2020	2,600,000	2.250%			
			8/1/2021	2,665,000	2.500%			
			8/1/2022	2,765,000	5.000%			
			8/1/2023	2,905,000	5.000%			
			8/1/2024	3,025,000	3.125%			
			8/1/2025	3,155,000	5.000%			
			8/1/2026	3,320,000	5.000%			
			8/1/2027	3,465,000	3.750%			
8/1/2028	3,540,000	3.750%						
						<u>\$ 41,200,000</u>	<u>\$ 2,075,000</u>	<u>\$ 39,125,000</u>
						<u>\$ 41,200,000</u>	<u>\$ 2,075,000</u>	<u>\$ 39,125,000</u>
					Paid by Budget Appropriation		<u>\$ 2,075,000</u>	

MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Description</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2015</u>
Multi-Bus Lease	3.29%	\$ 459,250	\$ 88,197		\$ 88,197	\$ -
Multi-Bus Lease	2.99%	408,500	<u>112,045</u>	<u>-</u>	<u>112,045</u>	<u>-</u>
			<u>\$ 200,242</u>	<u>\$ -</u>	<u>\$ 200,242</u>	<u>\$ -</u>

**MORRIS-UNION JOINTURE COMMISSION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment In Capital Assets	\$ 12,865,094	\$ 22,056,236	\$ 21,945,912	\$ 24,210,221	\$ 27,810,651	\$ 30,453,317	\$ 38,665,012	\$ 29,593,768	\$ 25,908,789	\$ 24,780,794
Restricted	5,450,315	5,346,558	3,777,336	3,763,927	4,340,110	3,522,061	2,062,690	1,896,541	1,888,931	1,888,994
Unrestricted	10,036,644	10,321,474	15,995,387	17,378,667	16,266,661	17,562,553	12,913,746	13,171,716	(7,086,016)	(6,692,829)
Total Governmental Activities Net Position	\$ 28,352,053	\$ 37,724,268	\$ 41,718,635	\$ 45,352,815	\$ 48,417,422	\$ 51,537,931	\$ 53,641,448	\$ 44,662,025	\$ 20,711,704	\$ 19,976,959
Business-Type Activities										
Net Investment In Capital Assets	\$ 7,909	\$ 6,547	\$ 4,900	\$ 13,190	\$ 16,182	\$ 18,449	\$ 15,372	\$ 8,422,498	\$ 6,638,951	\$ 6,179,769
Unrestricted	5,638,595	7,124,750	8,542,284	8,387,254	8,331,625	10,005,592	11,537,650	12,960,789	5,250,605	7,338,277
Total Business-Type Activities Net Position	\$ 5,646,504	\$ 7,131,297	\$ 8,547,184	\$ 8,400,444	\$ 8,347,807	\$ 10,024,041	\$ 11,553,022	\$ 21,383,287	\$ 11,889,556	\$ 13,518,046
District-Wide										
Net Investment In Capital Assets	\$ 12,873,003	\$ 22,062,783	\$ 21,950,812	\$ 24,223,411	\$ 27,826,833	\$ 30,471,766	\$ 38,680,384	\$ 38,016,266	\$ 32,547,240	\$ 30,960,563
Restricted	5,450,315	5,346,558	3,777,336	3,763,927	4,340,110	3,522,061	2,062,690	1,896,541	1,888,931	1,888,994
Unrestricted	15,675,239	17,446,224	24,537,671	25,765,921	24,598,286	27,568,145	24,451,396	26,132,505	(1,835,411)	645,448
Total District Net Position	\$ 33,998,557	\$ 44,855,565	\$ 50,265,819	\$ 53,753,259	\$ 56,765,229	\$ 61,561,972	\$ 65,194,470	\$ 66,045,312	\$ 32,600,760	\$ 33,495,005

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

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Special Education	\$ 18,862,948	\$ 19,817,370	\$ 22,897,992	\$ 24,532,101	\$ 25,974,397	\$ 27,423,707	\$ 26,162,286	\$ 26,393,876	\$ 22,168,032	\$ 25,172,540
Support Services:										
Student & Instruction Related Services	207,489	73,707	1,138	369,640	409,080	308,185	232,295	175,898	180,260	689
General Administration	809,540	911,480	1,083,049	986,660	1,263,699	1,126,766	1,282,757	2,042,873	1,300,550	1,419,353
School Administration Services									1,004,827	1,592,740
Central Services and Other Support Services	598,224	617,775	1,656,119	3,061,093	3,136,273	3,205,627	3,122,308	873,385	1,072,551	1,098,215
Plant Operations And Maintenance	111,242	141,060	203,783	275,322	238,333	407,101	399,001	552,674	755,905	677,935
Pupil Transportation	332,551	377,248	397,576	447,864	420,502	427,891	100,165	-	-	-
Support Svc- Central Svc/Admin Info Tech										
Capital Outlay	11,446	24,969	58,571	331,380	117,633					
Unallocated Depreciation	161,175	170,558	185,492	213,454	229,365	366,202		1,743,493	1,683,822	1,606,399
Debt Service										
Total Governmental Activities Expenses	<u>21,094,615</u>	<u>22,134,167</u>	<u>26,483,720</u>	<u>30,217,514</u>	<u>31,789,282</u>	<u>33,265,479</u>	<u>31,298,812</u>	<u>31,782,199</u>	<u>28,165,947</u>	<u>31,567,871</u>
Business-Type Activities:										
Special Programs	6,325,995	6,672,978	7,985,677	8,964,670	8,267,321	8,204,936	8,891,061	10,107,860	10,138,059	9,928,918
Food Service	259,768	257,195	308,240	321,382	303,125	314,824	297,956	303,881	297,315	291,364
Total Business-Type Activities Expense	<u>6,585,763</u>	<u>6,930,173</u>	<u>8,293,917</u>	<u>9,286,052</u>	<u>8,570,446</u>	<u>8,519,760</u>	<u>9,189,017</u>	<u>10,411,741</u>	<u>10,435,374</u>	<u>10,220,282</u>
Total District Expenses	<u>\$ 27,680,378</u>	<u>\$ 29,064,340</u>	<u>\$ 34,777,637</u>	<u>\$ 39,503,566</u>	<u>\$ 40,359,728</u>	<u>\$ 41,785,239</u>	<u>\$ 40,487,829</u>	<u>\$ 42,193,940</u>	<u>\$ 38,601,321</u>	<u>\$ 41,788,153</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Operating Grants And Contributions	\$ 22,100,202	\$ 23,541,286	26,920,545	30,051,230	32,472,659	33,332,156	30,965,158	29,444,082	26,591,725	26,406,491
Capital Grants And Contributions	1,963,872	1,350,718	1,513,694	1,654,030	1,497,000	1,560,604	1,704,065	2,157,832	1,751,938	4,242,432
Capital Grants And Contributions								20,031	-	-
Total Governmental Activities Program Revenues	<u>24,064,074</u>	<u>24,892,004</u>	<u>28,434,239</u>	<u>31,705,260</u>	<u>33,969,659</u>	<u>34,892,760</u>	<u>32,669,223</u>	<u>31,621,945</u>	<u>28,343,663</u>	<u>30,648,923</u>
Business-Type Activities:										
Charges For Services										
Special Programs	7,928,712	8,159,133	9,403,211	10,540,020	9,295,555	10,549,254	11,052,644	11,723,995	11,114,386	11,550,535
Food Service	73,475	89,224	144,644	184,840	149,682	167,235	148,830	134,445	123,399	112,590
Operating Grants And Contributions	55,771	53,468	61,949	65,788	74,391	69,707	81,399	77,717	76,353	79,031
Capital Grants And Contributions										
Total Business Type Activities Program Revenues	<u>8,057,958</u>	<u>8,301,825</u>	<u>9,609,804</u>	<u>10,790,648</u>	<u>9,519,628</u>	<u>10,786,196</u>	<u>11,282,873</u>	<u>11,936,157</u>	<u>11,314,138</u>	<u>11,742,156</u>
Total District Program Revenues	<u>\$ 32,122,032</u>	<u>\$ 33,193,829</u>	<u>\$ 38,044,043</u>	<u>\$ 42,495,908</u>	<u>\$ 43,489,287</u>	<u>\$ 45,678,956</u>	<u>\$ 43,952,096</u>	<u>\$ 43,558,102</u>	<u>\$ 39,657,801</u>	<u>\$ 42,391,079</u>
Net (Expense)/Revenue										
Governmental Activities	\$ 2,969,459	\$ 2,757,837	\$ 1,950,519	\$ 1,487,746	\$ 2,180,377	\$ 1,627,281	\$ 1,370,411	\$ (160,254)	\$ 177,716	\$ (918,948)
Business-Type Activities	1,472,195	1,371,652	1,315,887	1,504,596	949,182	2,266,436	2,093,856	1,524,416	878,764	1,521,874
Total District-Wide Net Expense	<u>\$ 4,441,654</u>	<u>\$ 4,129,489</u>	<u>\$ 3,266,406</u>	<u>\$ 2,992,342</u>	<u>\$ 3,129,559</u>	<u>\$ 3,893,717</u>	<u>\$ 3,464,267</u>	<u>\$ 1,364,162</u>	<u>\$ 1,056,480</u>	<u>\$ 602,926</u>

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Federal And State Aid Not Restricted							\$ 4,500			
Extraordinary Item					\$ (475,000)					
Investment Earnings	\$ 1,146,953	\$ 1,103,349	\$ 1,192,361	\$ 2,262,166	41,606	\$ 6,201	2,019	\$ 91,256	\$ 83,803	\$ 93,801
Miscellaneous Income	515,306	1,324,170	951,487	729,434	315,705	896,771	161,687	86,281	88,512	197,502
Transfers	(128,367)	(113,141)	(100,000)	1,693,655	1,001,919	590,256	564,900	584,000	510,621	(106,600)
Total Governmental Activities	<u>1,533,892</u>	<u>2,314,378</u>	<u>2,043,848</u>	<u>4,685,255</u>	<u>884,230</u>	<u>1,493,228</u>	<u>733,106</u>	<u>761,537</u>	<u>682,936</u>	<u>184,703</u>
Business-Type Activities:										
Investment Earnings				165	100	54	25	20	18	16
Cancellation of Prior Year Payables				42,154						
Miscellaneous										
Transfers	131,569	113,141	100,000	(1,693,655)	(1,001,919)	(590,256)	(564,900)	(584,000)	(510,621)	106,600
Total Business-Type Activities	<u>131,569</u>	<u>113,141</u>	<u>100,000</u>	<u>(1,651,336)</u>	<u>(1,001,819)</u>	<u>(590,202)</u>	<u>(564,875)</u>	<u>(583,980)</u>	<u>(510,603)</u>	<u>106,616</u>
Total District-Wide	<u>\$ 1,665,461</u>	<u>\$ 2,427,519</u>	<u>\$ 2,143,848</u>	<u>\$ 3,033,919</u>	<u>\$ (117,589)</u>	<u>\$ 903,026</u>	<u>\$ 168,231</u>	<u>\$ 177,557</u>	<u>\$ 172,333</u>	<u>\$ 291,319</u>
Change In Net Position										
Governmental Activities	\$ 4,503,351	\$ 5,072,215	\$ 3,994,367	\$ 6,173,001	\$ 3,064,607	\$ 3,120,509	\$ 2,103,517	\$ 601,283	\$ 860,652	\$ (734,245)
Business-Type Activities	1,603,764	1,484,793	1,415,887	(146,740)	(52,637)	1,676,234	1,528,981	940,436	368,161	1,628,490
Total District	<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>	<u>\$ 1,541,719</u>	<u>\$ 1,228,813</u>	<u>\$ 894,245</u>

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved		\$ 30,104	\$ 59,364	\$ 83,813	\$ 824,250					
Unreserved	\$ 10,736,392	15,339,178	15,995,387	18,118,795	17,131,336					
Restricted										
Committed								\$ 658,290		
Assigned						\$ 4,033,817	\$ 818,247	731,509	\$ 2,856,491	\$ 1,556,439
Unassigned						14,425,950	12,822,468	12,057,192	10,371,719	12,676,113
Total General Fund	\$ 10,736,392	\$ 15,369,282	\$ 16,054,751	\$ 18,202,608	\$ 17,955,586	\$ 18,459,767	\$ 13,640,715	\$ 13,446,991	\$ 13,228,210	\$ 14,232,552
All Other Governmental Funds										
Reserved	\$ 14,992,966	\$ 4,343,399	\$ 2,232,504	\$ 2,232,504	\$ 2,053,216					
Unreserved	6,450,102	973,055	1,485,468	1,447,610	1,462,644					
Restricted						\$ 3,522,061	\$ 2,062,690	\$ 1,896,541	\$ 1,888,931	\$ 1,888,994
Total All Other Governmental Funds	\$ 21,443,068	\$ 5,316,454	\$ 3,717,972	\$ 3,680,114	\$ 3,515,860	\$ 3,522,061	\$ 2,062,690	\$ 1,896,541	\$ 1,888,931	\$ 1,888,994

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

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tuition Charges	\$ 22,100,202	\$ 23,541,286	\$ 26,920,546	\$ 30,051,230	\$ 32,472,659	\$ 33,332,156	\$ 30,965,158	\$ 29,304,323	\$ 26,311,313	\$ 26,758,360
Miscellaneous	2,662,528	2,435,797	2,155,425	3,001,317	383,446	932,089	196,063	219,160	191,341	304,914
State Sources	643,893	1,298,359	1,502,117	1,644,313	1,470,865	1,531,487	1,676,208	2,148,236	1,732,912	1,873,530
Federal Sources	319,710	44,080								
Total Revenue	<u>25,726,333</u>	<u>27,319,522</u>	<u>30,578,088</u>	<u>34,696,860</u>	<u>34,326,970</u>	<u>35,795,732</u>	<u>32,837,429</u>	<u>31,671,719</u>	<u>28,235,566</u>	<u>28,936,804</u>
Expenditures										
Instruction										
Special Education	14,568,924	14,680,830	17,349,835	18,719,983	19,029,563	19,910,251	17,667,964	24,530,708	20,172,645	19,519,480
Support Services:										
Student & Inst. Related Services	441,211	2,053	1,005	246,009	304,978	225,548	188,463	175,898	180,260	641
General Administration	596,339	920,062	965,256	939,628	944,201	944,664	1,226,615	976,796	1,300,550	1,190,728
School Administration									1,004,827	1,346,405
Central Services and Other Support Service	548,926	576,335	1,569,701	2,924,605	2,969,090	3,002,519	2,971,490	815,979	1,072,551	1,056,985
Plant Operations And Maintenance	109,627	136,536	199,422	240,128	220,849	359,587	370,877	552,674	755,905	666,743
Unallocated Benefits - Special Educ.	3,458,235	3,677,021	4,068,230	4,607,847	5,513,431	5,986,360	6,089,719			
Unallocated Benefits	852,691	1,564,586	1,550,002	1,548,079	1,847,351	1,924,088	2,132,412			
Debt Service										
Principal								2,061,845	2,857,779	2,275,242
Interest on Long Term Debt								2,093,203	1,045,206	1,593,422
Cost of Issuance								1,066,077	-	-
Advance Refunding Escrow								1,933,239	-	-
Capital Outlay	31,991,185	17,692,682	6,333,731	5,513,487	4,844,202	3,522,589	9,033,212	1,367,104	582,855	176,153
Total Expenditures	<u>52,567,138</u>	<u>39,250,105</u>	<u>32,037,182</u>	<u>34,739,766</u>	<u>35,673,665</u>	<u>35,875,606</u>	<u>39,680,752</u>	<u>35,573,523</u>	<u>28,972,578</u>	<u>27,825,799</u>
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	<u>(26,840,805)</u>	<u>(11,930,583)</u>	<u>(1,459,094)</u>	<u>(42,906)</u>	<u>(1,346,695)</u>	<u>(79,874)</u>	<u>(6,843,323)</u>	<u>(3,901,804)</u>	<u>(737,012)</u>	<u>1,111,005</u>

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)		550,000	646,082	459,250	408,500					
Proceeds of COP's							43,830,000		-	
Premium on COP's							1,963,895		-	
Payment to Escrow Agent Extraordinary Item					(475,000)		(42,835,964)		-	
Transfers In	7,864	5,890		3,544,655	1,308,669	664,100	1,668,610	798,451	709,773	102
Transfers Out	(136,231)	(119,031)	(100,000)	(1,851,000)	(306,750)	(73,844)	(1,103,710)	(214,451)	(199,152)	(106,702)
Total Other Financing Sources (Uses)	<u>(128,367)</u>	<u>436,859</u>	<u>546,082</u>	<u>2,152,905</u>	<u>935,419</u>	<u>590,256</u>	<u>564,900</u>	<u>3,541,931</u>	<u>510,621</u>	<u>(106,600)</u>
Net Change In Fund Balances	<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>	<u>\$ (359,873)</u>	<u>\$ (226,391)</u>	<u>\$ 1,004,405</u>
Debt Service As A Percentage Of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.92%	13.74%	13.99%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	Interest Earned	Rentals	Member Fees	Tuition	Prior Year Refunds	Miscellaneous	Total
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	34,228,928
2012	109,627	9,710		30,965,158	550	41,800	31,126,845
2013	86,569	8,605	25,650	29,304,323		64,022	29,489,169
2014	83,640	2,111	25,077	26,311,313		61,324	26,483,465
2015	93,636	54,688	24,692	26,758,360		118,122	27,049,498

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

NOT APPLICABLE

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

NOT APPLICABLE

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

NOT APPLICABLE

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

NOT APPLICABLE

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

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

Source: District records

Note:

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

N/A-Not Applicable

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

NOT APPLICABLE

**MORRIS-UNION JOINTURE COMMISSION
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF JUNE 30, 2015
 (Unaudited)**

Net Direct Debt of School District as of June 30, 2015	\$	39,125,000
Net Overlapping Debt of School District		-
Total Direct and Overlapping Debt	\$	39,125,000

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

NOT APPLICABLE

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

NOT APPLICABLE

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

NOT APPLICABLE

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Special education	194.0	214.0	263.0	271.0	254.0	248.0	210.0	195.0	156.0	164.0
Support Services:										
Student & Instruction Related Services	72.0	75.0	70.0	71.0	94.0	96.0	98.0	97.0	73.0	77.0
General and Central Administration	13.0	14.0	14.0	14.0	14.0	15.0	15.0	13.0	14.0	17.0
School Administrative Services	14.0	10.0	18.0	19.0	18.0	15.0	14.0	14.0	13.0	12.0
Plant Operations and Maintenance	9.0	12.0	15.0	15.0	16.0	16.0	14.0	13.0	14.0	11.0
Pupil Transportation	100.0	113.0	127.0	136.0	130.0	113.0	120.0	117.0	124.0	130.0
Food Service	3.0	3.0	1.0	1.0	1.0	1.0	2.0	2.0	1.0	1.0
Total	<u>405.0</u>	<u>441.0</u>	<u>508.0</u>	<u>527.0</u>	<u>527.0</u>	<u>504.0</u>	<u>473.0</u>	<u>451.0</u>	<u>395.0</u>	<u>412.0</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2006	298	\$ 20,575,953	\$ 69,047	8.80%	101.85	2.93:1	298	296	-5.10%	99.33%
2007	302	21,557,423	71,382	3.38%	116.00	2.60:1	306	289	2.68%	94.44%
2008	336	25,703,451	76,498	7.17%	152.00	2.53:1	342	323	11.76%	94.44%
2009	357	29,226,279	81,866	7.02%	153.00	2.33:1	355	335	3.80%	94.37%
2010	366	30,829,463	84,234	2.89%	156.42	2.34:1	366	344	3.10%	93.99%
2011	375	32,353,017	86,275	2.42%	151.00	2.48:1	375	349	2.46%	93.07%
2012	338	30,647,540	90,673	5.10%	140.00	2.43:1	338	321	-9.87%	94.97%
2013	317	27,052,055	85,338	-5.88%	130.91	2.42:1	317	298	-15.47%	94.01%
2014	287	24,486,738	85,320	-0.02%	107.05	2.68:1	282	266	-16.57%	94.33%
2015	269	23,780,982	88,405	3.62%	102.92	2.61:1	275	257	-13.25%	93.45%

Sources: District records

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

N/A - Not Available

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

<u>District Building</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Development Learning Center 1 (1953)										
Square Feet	62,363	62,363	62,363	62,363	62,363	62,363	62,363	62,363	62,363	62,363
Capacity (students)	183	183	183	183	183	183	183	183	183	183
Enrollment	151	173	112	107	99	99	99	80	66	55
Development Learning Center 2 (Leased)										
Capacity (students)	126	126	126	126	126	126				
Enrollment	111	105	91	79	75	63				
Development Learning Center 3 (Leased) (Closed June 30, 2007)										
Capacity (students)	48	48								
Enrollment	36	24								
Development Learning Center 3 (Lease-Purchase) (Opened During June 30, 2007 School Year)										
Square Feet			167,000	167,000	167,000	167,000	167,000	185,000	185,000	185,000
Capacity (students)			219	219	219	219	219	280	280	280
Enrollment			133	171	192	213	239	237	221	214

Number of Schools at June 30, 2015 = 2

Source: District Records

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

UNDISTRIBUTED EXPENDITURES-REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

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

Source: District records.

MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF INSURANCE
JUNE 30, 2015
(Unaudited)

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

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

EXHIBIT K-1

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris-Union Jointure Commission as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Morris-Union Jointure Commission's basic financial statements and have issued our report thereon dated November 23, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

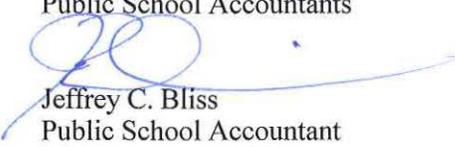
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Morris-Union Jointure Commission in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 23, 2015.

Purpose of this Report

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

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 23, 2015

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Morris-Union Jointure Commission's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Morris-Union Jointure Commission's major state programs for the fiscal year ended June 30, 2015. The Morris-Union Jointure Commission's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Morris-Union Jointure Commission's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Morris-Union Jointure Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Morris-Union Jointure Commission's compliance.

Opinion on Each Major State Program

In our opinion, the Morris-Union Jointure Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Morris-Union Jointure Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Morris-Union Jointure Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Morris-Union Jointure Commission's internal control over compliance.

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Morris-Union Jointure Commission as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 23, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 23, 2015

MORRIS-UNION JOINTURE COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Number	Grant Period	Award Amount	Balance June 30, 2015								MEMO	
					Balance July 1, 2014	Adjustment	Cash Received	Budgetary Expenditures	Refund Prior Year's Balances	(Accounts Receivable)	Deferred Revenues	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
<u>Enterprise Fund</u>														
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	\$ 21,140	\$ -		\$ 19,489	\$ 21,140		\$ (1,651)			\$ (1,651)	\$ 21,140
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	19,099	(1,530)		1,530							-
National School Lunch Program	10.555	N/A												-
Cash Assistance			7/1/14-6/30/15	43,723			40,449	43,723		(3,274)			(3,274)	43,723
Cash Assistance			7/1/13-6/30/14	40,772	(3,387)		3,387							-
Non-cash Assistance			7/1/14-6/30/15	12,783			12,783	12,177			\$ 606			12,177
Non-cash Assistance			7/1/13-6/30/14	14,814	571	-	-	571	-	-	-	-	-	571
Total Enterprise Fund					(4,346)	-	77,638	77,611	-	(4,925)	606	-	(4,925)	77,611
Total Federal Financial Assistance					\$ (4,346)	\$ -	\$ 77,638	\$ 77,611	\$ -	\$ (4,925)	\$ 606	\$ -	\$ (4,925)	\$ 77,611

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Note: This schedule was not subject to a single audit in accordance with OMB A-133.

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

MORRIS-UNION JOINTURE COMMISSION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2014	Carryover Amount	Cash Received	Budgetary Expenditures	Refund Prior Year's Balance	Balance June 30, 2015				MEMO	
									(Accounts Receivable)	Deferred Revenues	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education														
<u>General Fund</u>														
Reimbursed Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	\$ 607,076			\$ 581,116	\$ 607,076		\$ (25,960)				\$ (25,960)	\$ 607,076
Reimbursed Social Security Contributions	14-495-034-5095-002	7/1/13-6/30/14	628,356	(678)		678								
On-Behalf TPAF Pension System-NCGI Prem.	15-495-034-5094-007	7/1/14-6/30/15	32,850			32,850	32,850							32,850
On-Behalf TPAF Pension Benefit Contributions Normal Costs	15-495-034-5094-006	7/1/14-6/30/15	456,601			456,601	456,601							456,601
On-Behalf TPAF Post Retirement-Medical	15-495-034-5094-001	7/1/14-6/30/15	777,003	-	-	777,003	777,003	-	-	-	-	-	-	777,003
Total General Fund				<u>(678)</u>	<u>-</u>	<u>1,848,248</u>	<u>1,873,530</u>	<u>-</u>	<u>(25,960)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,960)</u>	<u>1,873,530</u>
State Department of Agriculture														
<u>Enterprise Fund</u>														
National School Lunch Program State Share	15-100-010-3350-023	7/1/14-6/30/15	1,420			1,316	1,420		(104)				(104)	1,420
National School Lunch Program State Share	14-100-010-3350-023	7/1/13-6/30/14	1,563	(195)		195								
Total Enterprise Fund				<u>(195)</u>	<u>-</u>	<u>1,511</u>	<u>1,420</u>	<u>-</u>	<u>(104)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104)</u>	<u>1,420</u>
Total State Financial Assistance				<u>(873)</u>	<u>-</u>	<u>1,849,759</u>	<u>1,874,950</u>	<u>-</u>	<u>(26,064)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,064)</u>	<u>1,874,950</u>
State Financial Assistance Not Subject to Single Audit Determination														
<u>General Fund</u>														
On-Behalf TPAF Pension System-NCGI Prem.	15-495-034-5094-007	7/1/14-6/30/15	32,850			(32,850)	(32,850)							(32,850)
On-Behalf TPAF Pension Benefit Contributions Normal Costs	15-495-034-5094-006	7/1/14-6/30/15	456,601			(456,601)	(456,601)							(456,601)
On-Behalf TPAF Post Retirement-Medical	15-495-034-5094-001	7/1/14-6/30/15	777,003			(777,003)	(777,003)							(777,003)
Total State Financial Assistance Subject to Single Audit				<u>\$ (873)</u>	<u>\$ -</u>	<u>\$ 583,305</u>	<u>\$ 608,496</u>	<u>\$ -</u>	<u>\$ (26,064)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,064)</u>	<u>\$ 608,496</u>

**MORRIS-UNION JOINTURE COMMISSION
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,873,530	\$ 1,873,530
Food Service Fund	\$ 77,611	1,420	79,031
Total Financial Assistance	<u>\$ 77,611</u>	<u>\$ 1,874,950</u>	<u>\$ 1,952,561</u>

**MORRIS-UNION JOINTURE COMMISSION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$607,076 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$489,451 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$777,003 represents the amount paid by the State on behalf of the Commission for the fiscal year ended June 30, 2015.

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

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

**MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 - Financial Statement Findings

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

THERE ARE NONE

**MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE

**MORRIS-UNION JOINTURE COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

THERE ARE NONE

**MORRIS-UNION JOINTURE COMMISSION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-001

Condition:

There were certain unrecorded liabilities pertaining to health benefits, utilities and food services at June 30, 2014 that should have been recorded as accounts payable at year end.

Current Status:

Corrective action has been taken.

Finding 2014-002

Condition:

TPAF social security reimbursements revealed that there was an overclaim submitted for October 2013 in the amount of \$26,844

Current Status:

Corrective action has been taken.