

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Township of Commercial Board of Education**

**Port Norris, New Jersey**

**For the Fiscal Year Ended June 30, 2011**

**Prepared by**

**Commercial Township Board of Education**

**Finance Department**

**SCHOOL DISTRICT  
OF  
TOWNSHIP OF COMMERCIAL**

**COMPREHENSIVE ANNUAL  
Financial Report**

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**Port Norris, New Jersey**

**For the Fiscal Year Ended June 30, 2011**

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OF THE COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
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**INTRODUCTORY SECTION**

# Commercial Township School District

**ADMINISTRATION BUILDING**  
**1308 NORTH AVENUE • P.O. BOX 650**  
**PORT NORRIS, NEW JERSEY 08349**

**TELEPHONE: (856) 785-0362      FAX: (856) 785-2354**

**JOHN SAPORITO**  
**SUPERINTENDENT**

**FRANK BADESSA**  
**SCHOOL BUSINESS ADMINISTRATOR**

October 3, 2011

Honorable President and  
Members of the Board of Education  
Commercial Township School District  
Cumberland County, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Commercial Township Public School District (District) or the fiscal year ended June 30, 2011, 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. 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 financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections as follows:

- The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials.
- The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon.
- The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section - The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, P.L. 98-502 and as amended by the Single Audit Act Amendments of 1996, P.L. 104-156 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.



**1. REPORTING ENTITY AND ITS SERVICES:**

The Commercial Township Public School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by Statement No. 14. All funds of the District are included in this report. The Commercial Township Board of Education and its two schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with a June enrollment of 665 students, which is the same as the previous year enrollment. The following details the changes in the student enrollment of the District over the last ten years.

**Average Daily Enrollment**

<b><u>Fiscal Year</u></b>	<b><u>Student Enrollment</u></b>	<b><u>Percent Change</u></b>
2010-11	665	0.00%
2009-10	665	.15%
2008-09	664	.79%
2007-08	659	(.76)%
2006-07	674	(.59)%
2005-06	678	(4.10)%
2004-05	707	(0.14)%
2003-04	708	(1.26)%
2002-03	717	.28%
2001-02	715	1.42%

**2. ECONOMIC CONDITION AND OUTLOOK:**

Commercial Township continues to be an economically depressed area, which continues to experience limited growth residentially and industrially. It is safe to say that this pattern shall continue.

**3. MAJOR INITIATIVES:**

The Commercial Township School District will continue to provide our students with a challenging curriculum and many educational programs to enable them to meet the State mandated Core Curriculum Content Standards.

Funds were placed in the budget for complete resurfacing and restoration of the entire parking lots at both schools in addition to the installation of a new access road at the elementary school site. Funds were provided for the hiring of math and language arts coaches in order to improve test scores in those areas.

Funding provided by NCLB will continue to allow our district to employ additional teaching staff to enhance student reading and math skills.

#### **4. INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control 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 financial assistance, the District also is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

#### **5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District 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 voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service 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 canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

#### **6. ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

## **7. DEBT ADMINISTRATION:**

At June 30, 2011 the district's outstanding debt issues were \$2,601,781 including \$2,345,000 in general obligation bonds. In August 1993, the district issued New Jersey Economic Development Authority bonds in the amount of \$495,990, of which \$256,781 is outstanding at June 30, 2011. The proceeds of this bond issue were placed in the district's capital projects fund for use to provide funds for capital improvements to the district's building and grounds. These improvements included re-roofing project, five classroom additions, and a covered walkway.

## **8. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 3. The District 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 Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

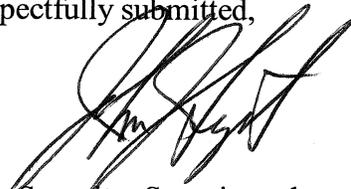
## **10. OTHER INFORMATION:**

**A) Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Raymond Colavita, C.P.A., R.M.A. of the accounting firm of Nightlinger, Colavita and Volpa, P.A. was selected by the Board's Audit Committee. 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 of 1984, P.L. 98-502 and as amended by the Single Audit Act Amendments of 1996, P.L. 104-156, and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's 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 Commercial Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the public school district 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 financial and accounting staff. We received the complete cooperation from Nightlinger, Colavita & Volpa, P.A. and appreciate the courtesies extended to us.

Respectfully submitted,

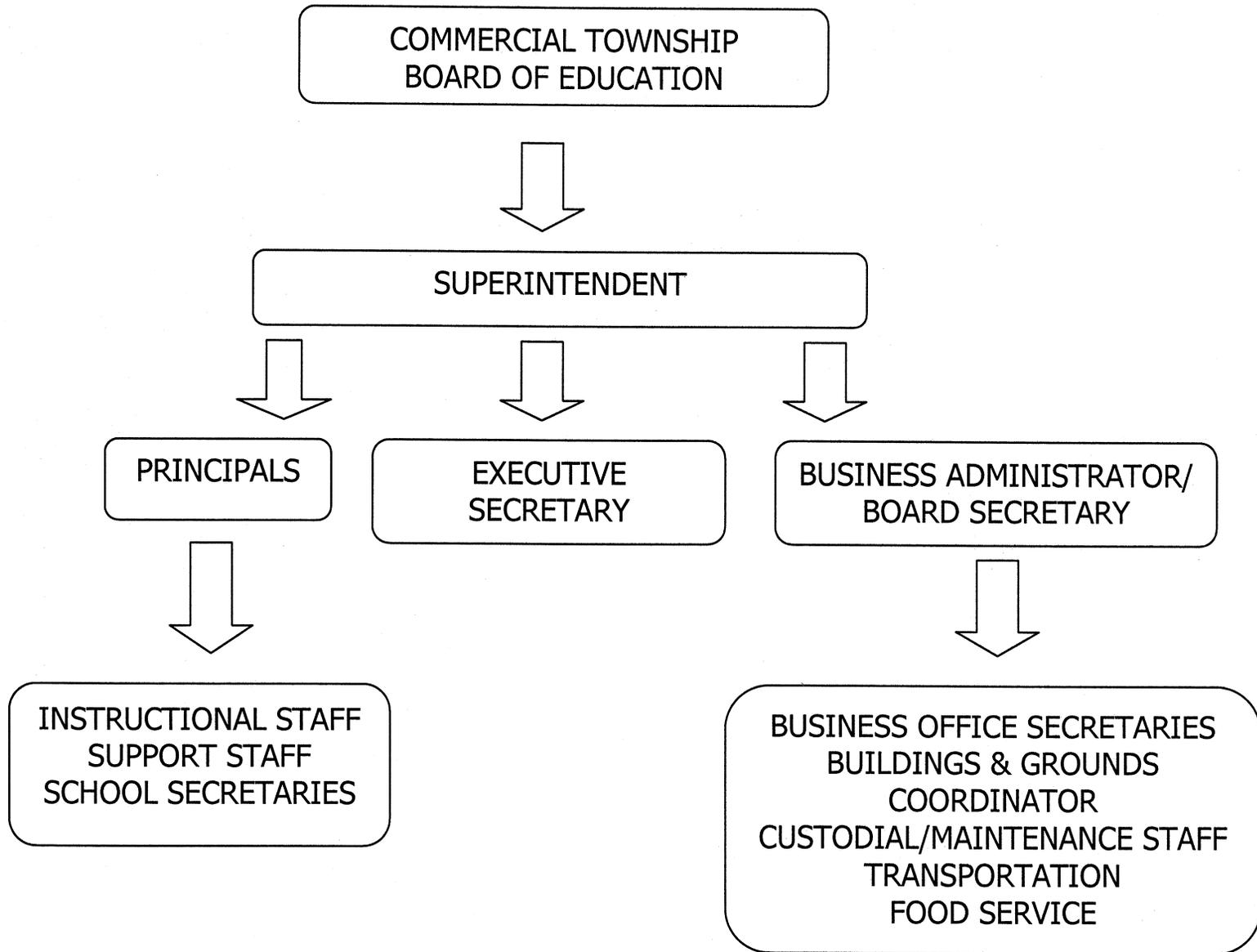


John Saporito, Superintendent



Lisa DiNovi, Acting School Business Administrator/Board Secretary

# COMMERCIAL TOWNSHIP PUBLIC SCHOOLS ORGANIZATION CHART



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**PORT NORRIS, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2011**

<b><u>MEMBERS OF THE BOARD OF EDUCATION</u></b>	<b><u>TERM EXPIRES</u></b>
Carol Perrelli, President	2012
Melissa Chamberlain, Vice President	2013
Julie Baum-Abbott	2013
Guy Defrabrites	2013
Tom Beachaump	2014
Marida Tindell	2014
Stacy Wilson-Smith	2014
William Gatier	2012
Lewis Tomlin	2012

**OTHER OFFICIALS**

John Saporito, Superintendent

Dr. Frank Badessa, Board Secretary

Frank DiDomenico, Solicitor

**TOWNSHIP OF COMMERCIAL BOARD OF EDUCATION**  
**CONSULTANTS AND ADVISORS**

**ARCHITECT**

**Manders & Merighi Associates**  
1138 East Chestnut Avenue  
Vineland, New Jersey 08360

**AUDIT FIRM**

**Raymond Colavita, CPA, RMA, PSA**  
**Nightlinger, Colavita and Volpa, PA**  
P.O. Box 799  
Williamstown, NJ 08094

**ATTORNEY**

**Richard H. Daniels**  
706 N. High Street, PO Box 290  
Millville, NJ 08332

**Frank DiDomenico**  
8 Lasalle Drive, PO Box 1356  
Vineland, NJ 08362

**OFFICIAL DEPOSITORY**

**Sun National Bank**  
31 East Main Street  
Port Norris, NJ 08349

**Susquehanna Bank**  
114 N. Main Street  
Mullica Hill, NJ 08062

**INSURANCE AGENCY**

**The Hardenbergh Insurance Agency, Inc.**  
1000 Plaza at Main Street  
Voorhees, NJ 08043

**FINANCIAL SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

(856) 629-3111  
Fax (856) 728-2245

October 3, 2011

## INDEPENDENT AUDITOR'S REPORT

The Honorable President and  
Members of the Board of Education  
Township of Commercial School District  
County of Cumberland, New Jersey 08349

Dear Members of the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Township of Commercial School District in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Commercial Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of Commercial Board of Education in the County of Cumberland, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 3, 2011 on our consideration of the Township of Commercial Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 11 through 20 and 57 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Commercial Board of Education's, basic financial statements as a whole. The introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory and statistical sections 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.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
COMMERCIAL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

UNAUDITED

The discussion and analysis of Commercial Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- ❖ General revenues accounted for \$12,020,999 in revenue or 82.2% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,605,998 or 17.8% to total revenues of \$14,626,997.
- ❖ Total net assets of governmental activities totaled \$4,645,889.
- ❖ Net Capital Assets of governmental activities comprised \$4,781,888.
- ❖ The School District had \$14,539,688 in program expenses. These expenses were offset by program specific charges for services, grants or contributions of \$2,605,998 mentioned above in arriving at the net governmental activity expenses of the district. General revenues comprising federal and state aid of \$10,173,152, property taxes of \$1,791,040 and other miscellaneous revenues and adjustments of \$56,807 were adequate to provide for the programs maintained by the school.
- ❖ The General Fund had \$12,258,926 in revenues, \$12,278,659 in expenditures and other financing use reductions of \$49,437. The General Fund's balance decreased \$69,170 over 2010. This decrease was anticipated by the Board of Education.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Commercial Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Commercial Township school district, the General Fund is by far the most significant fund.

## **Reporting the School District as a Whole**

### **Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ❖ **Governmental Activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. There are two school buildings maintained by the district, which are the Port Norris middle school and the Haleyville elementary school.
- ❖ **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

The analysis of the School District's major (all) funds begins on page 23. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

### **Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

**Governmental Funds (Continued)**

The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same. The Food Service fund is the only enterprise fund maintained by the district.

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole, which includes the Business-type Activities.

Table 1 provides a comparative summary of the School District's net assets for the years ended in 2011 and 2010.

Table 1  
Net Assets

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current and Other Assets	\$ 1,482,951	\$ 1,576,106
Capital Assets, Net	7,405,246	7,720,093
Total Assets	<u>8,888,197</u>	<u>9,296,199</u>
<b>Liabilities</b>		
Long-term Liabilities	3,702,739	4,183,836
Other Liabilities	435,248	449,462
Total Liabilities	<u>4,137,987</u>	<u>4,633,298</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	4,803,720	4,897,083
Restricted	1,466,286	1,526,428
Unrestricted	(1,519,796)	(1,760,610)
Total Net Assets	<u>\$ 4,750,210</u>	<u>\$ 4,662,901</u>

Table 2 shows the changes in net assets from fiscal year's 2011 and 2010.

Table 2  
Changes in Net Assets

	2011	2010
<b>Revenues</b>		
Programs Revenues		
Charges for Services	\$ 101,460	\$ 89,975
Operating Grants and Contributions	2,504,538	2,465,034
General Revenues		
Property Taxes	1,791,040	1,674,018
Grants and Entitlements	10,173,152	10,447,899
Other	56,807	131,238
<b>Total Revenues</b>	<b>14,626,997</b>	<b>14,808,164</b>
<b>Program Expenses</b>		
Instruction	4,411,254	4,398,321
Support Services		
Pupils and Instructional Staff	4,025,714	3,820,203
General Administration, School		
Administration, Business	3,253,734	3,606,123
Operations and Maintenance of Facilities	899,009	817,433
Pupil Transportation	808,002	993,527
Summer School	10,732	55,884
Interest on Debt	85,405	72,764
Enterprise Funds	526,420	515,639
Other	519,418	451,476
<b>Total Expenses</b>	<b>14,539,688</b>	<b>14,731,370</b>
<b>Increase in Net Assets</b>	<b>\$ 87,309</b>	<b>\$ 76,794</b>

### Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Of the District's \$14,626,997 in total revenues for the fiscal year ended June 30, 2011, property taxes made up 12.2% of the revenues raised for governmental activities. Federal, state and local grants accounted for another 86.7% and other revenues, net of adjustments made up 1.1%. The total cost of all program and services was \$14,539,688, of which the net amount spent on governmental activities was \$11,838,918. Of this amount, Instruction comprised 28.7%.

### Business-Type Activities

Revenues for the District's business-type activities (food service program and extended day program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service expenses exceeded revenues by \$99,604 and Extended Day revenues exceeded expenses by \$4,832.
- ❖ To offset the food services deficit, the General Fund subsidized the food service operation by \$50,000. The fund, however, ended the year with a net negative change of \$49,604. The district will continue to identify a means to bring the food service cost to the district under control.
- ❖ Charges for services in the food service fund represent \$77,806 of revenue. This represents amount paid by patrons for daily food services or 19% of the revenue in the food service fund.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$330,188, which represents 81% of the revenue.

### Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2011</u>	<u>Net Cost of Services 2011</u>	<u>Total Cost of Services 2010</u>	<u>Net Cost of Services 2010</u>
Instruction	\$ 4,411,254	\$ 3,403,164	\$ 4,398,321	\$ 3,428,232
Support Services				
Tuition	3,061,878	3,061,878	2,797,250	2,797,250
Pupils and Instructional Staff	963,836	560,571	1,022,953	662,048
General Administration, School				
Administration, Business	848,971	848,971	892,711	892,711
Operation and Maintenance of Facilities	899,009	899,009	817,433	817,433
Pupil Transportation	808,002	808,002	993,527	993,527
Employee Benefits	2,404,763	1,641,768	2,713,412	1,936,379
Summer School	10,732	10,732	55,884	55,884
Interest and Fiscal Charges	85,405	85,405	72,764	72,764
Other	519,418	519,418	451,476	451,476
<b>Total Expenses</b>	<b>\$ 14,013,268</b>	<b>\$ 11,838,918</b>	<b>\$ 14,215,731</b>	<b>\$ 12,107,704</b>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School district which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

### The School District's Funds

Information about the School District's major funds starts on page 23. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$14,194,788 and expenditures of \$14,176,993. The net negative change in fund balance for the year was \$32,205, which included the transfer to the food service fund of \$50,000. The School District is able to meet current operating costs with no urgent need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects and permanent fund expenditures) for the fiscal year ended June 30, 2011, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2010</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 1,846,723	13.0%	\$ 48,116	2.7%
State Sources	11,128,210	78.4%	1,907,174	20.7%
Federal Sources	1,219,292	8.6%	(1,660,319)	-57.7%
Total	<u>\$ 14,194,225</u>	<u>100.0%</u>	<u>\$ 294,971</u>	<u>2.1%</u>

The increase in Local Sources is attributed to increases in the local tax levy of \$117,022, offset by reduced miscellaneous revenue of \$60,868 and interest earnings of \$8,038.

The increase in State Sources is attributed to higher general fund state aid of \$1,946,453 and grants for special projects of \$31,265, offset by reduced state debt service aid of \$70,544.

The decrease in Federal Sources is attributed to increases in various grant awards of \$51,007 offset by the reduction of ARRA funds to assist local school districts of \$1,711,326.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2011.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2010</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 4,411,254	31.1%	\$ 12,933	0.3%
Undistributed Expenditures	9,193,654	64.8%	217,497	2.4%
Capital Outlay	199,491	1.4%	(782,739)	-527.8%
Summer School	10,732	0.1%	(45,152)	-85.3%
Debt Service:				
Principal	271,536	1.9%	31,843	14.0%
Interest	90,326	0.6%	(299)	-0.2%
<b>Total</b>	<b>\$ 14,176,993</b>	<b>100.0%</b>	<b>\$ (565,917)</b>	<b>-4.3%</b>

The increase in Current – Instruction is attributed an increase in special education instruction of \$199,374, offset by decreases in other special instruction of \$74,748, other instruction of \$13,547, and regular instruction of \$98,146.

The increase in Current – Undistributed Expenditures is attributed to increases in District Tuition of \$264,628, Plant Operations and Maintenance of \$81,576 and Employee Benefits of \$162,041, offset by reductions in Pupil Transportation of \$185,525, Student and Instruction Related Services of \$59,117 and School Administrative Services of \$46,106.

The decrease in capital outlay is attributed to decreases in equipment purchases and construction services of \$782,739.

The increase in debt service of \$31,544 is attributed to increased outstanding debt.

### **General Fund Budgeting Highlights**

The School District's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

**General Fund Budgeting Highlights (Continued)**

During the course of the fiscal year 2011, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

Some of the normal budgetary situations requiring attention during the year are:

- ❖ Staffing changes based on student needs.
- ❖ Additional costs for student transportation both in regular education and special education.
- ❖ Accounting changes in maintenance and operations
- ❖ Changes in appropriations to prevent budget overruns.

While the District's final budget for the general fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show an actual decrease in fund balance of \$135,777.

- ❖ Actual revenues were \$21,760 more than expected (excluding On-Behalf pension and social security state aid of \$597,424), due primarily to interest and miscellaneous revenue.
- ❖ The actual expenditures were \$349,997 less than expected, which included the effects of state On-Behalf pension and social security aid of \$597,424, offset by favorable variances in various budget appropriations of \$974,421.

**Capital Assets**

At the end of the fiscal year 2011, the School District had \$7,405,246 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2010 balances compared to 2011.

Table 4  
Capital Assets (Net of Depreciation) at June 30

	<u>2011</u>	<u>2010</u>
Land	\$ 14,877	\$ 14,877
Construction in Progress		882,749
Land Improvements	673,664	
Building and Improvements	6,188,110	6,369,261
Equipment	528,595	453,206
	<u>                    </u>	<u>                    </u>
Totals	<u>\$ 7,405,246</u>	<u>\$ 7,720,093</u>

Overall capital assets decreased \$314,847 from fiscal year 2010 to fiscal year 2011. Increases in capital assets of \$197,125 were offset by depreciation expense of \$511,972.

## Debt Administration

At June 30, 2011, the School District had \$3,702,739 as outstanding debt. Of this amount, \$1,100,958 is for compensated absences, \$256,781 for NJEDA Loans, and the balance of \$2,345,000 is for refunding bonds dated 11/17/09.

At June 30, 2011, the School District's overall legal debt margin was \$7,835,390 and the unvoted debt margin was \$5,233,609, or 67% of the total amount permitted by statute. The detail of the open debt issues is as follows:

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Outstanding at June 30, 2011</u>
Construction of additions and renovations to schools	8/18/93	\$ 692,500	\$ 109,339
Construction of additions and renovations to schools	8/18/93	692,500	147,442
Construction of additions and renovations to schools	11/17/2009	2,370,000	2,345,000

## For the Future

The Commercial Township School District is presently in good financial condition. A major concern is the continued increases in mandated expenditures, the reduction in federal aid and the level of surplus needed to fund the budget, putting increased reliance on local property taxes or other aid. Future finances are not without challenges as expenditures continue to grow and state funding is not keeping pace or decreasing.

The Commercial Township School District has experienced difficulty in getting the school budget passed by the voters in recent years. The contributing factors are continued flat funding from the state with continuing rising costs to run our schools.

Commercial Township is primarily a residential community, with very few ratables and the burden is, therefore, focused on homeowners to absorb the cost through higher taxes.

During the budget process, it was a concern to the Administration and Board of Education how future budgets would be financed. Therefore, the Board of Education and Administration are constantly looking at ways to decrease spending while continuing to provide the best possible education for our students.

In conclusion, the Commercial Township School District has committed itself to responsible fiscal management and plans to continue to meet the challenges of the future. In addition, the School District's system for financial planning, budgeting, and internal financial controls are maintained in accordance with state statutes.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Dr. Frank Badessa, School Business Administrator/Board Secretary at Commercial Township Board of Education, Port Norris, N.J. or email at [badessaf@commercial.k12.nj.us](mailto:badessaf@commercial.k12.nj.us).

**BASIC FINANCIAL STATEMENTS**

## **DISTRICT WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 225,690	\$ 65,751	\$ 291,441
Receivables, Net	954,623	25,358	979,981
Interfund Receivable	14,425		14,425
Inventory		9,907	9,907
Restricted Assets:			
Cash and Cash Equivalents	42,862		42,862
Capital Reserve Account - Cash	50,812		50,812
Unamortized Bond Issue Costs	93,523		93,523
Capital Assets, Net (Note 5):	7,383,414	21,832	7,405,246
Total Assets	8,765,349	122,848	8,888,197
<b>LIABILITIES</b>			
Accounts Payable	377,338	1,518	378,856
Accrued Interest	35,630		35,630
Deferred Revenue	18,883	1,879	20,762
Non-current Liabilities (Note 6):			
Due within one year	449,621		449,621
Due beyond one year	3,237,988	15,130	3,253,118
Total Liabilities	4,119,460	18,527	4,137,987
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	4,781,888	21,832	4,803,720
Restricted for:			
Debt Service	42,862		42,862
Capital Projects	65,122		65,122
Other Purposes	1,358,302		1,358,302
Unrestricted	(1,602,285)	82,489	(1,519,796)
Total Net Assets	\$ 4,645,889	\$ 104,321	\$ 4,750,210

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

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 3,366,236	\$ -	\$ 1,008,090	\$ (2,358,146)	\$ -	\$ (2,358,146)
Special Education	695,354			(695,354)		(695,354)
Other Special Instruction	343,378			(343,378)		(343,378)
Other Instruction	6,286			(6,286)		(6,286)
Support Services:						
Tuition	3,061,878			(3,061,878)		(3,061,878)
Student & Instruction Related Services	963,836		403,265	(560,571)		(560,571)
General and Business Administrative Service	273,396			(273,396)		(273,396)
School Administrative Services	344,906			(344,906)		(344,906)
Central Services	217,143			(217,143)		(217,143)
Admin Info Tech	13,526			(13,526)		(13,526)
Plant Operations and Maintenance	899,009			(899,009)		(899,009)
Pupil Transportation	808,002			(808,002)		(808,002)
Employee Benefits	2,404,763		762,995	(1,641,768)		(1,641,768)
Summer School	10,732			(10,732)		(10,732)
Amortization of Debt Issue Costs	9,516			(9,516)		(9,516)
Interest on Long-term Debt	85,405			(85,405)		(85,405)
Unallocated Depreciation	509,902			(509,902)		(509,902)
Total Governmental Activities	14,013,268		2,174,350	(11,838,918)		(11,838,918)
Business-type Activities:						
Food Service	507,598	77,806	330,188		(99,604)	(99,604)
Extended Day	18,822	23,654			4,832	4,832
Total business-type Activities	526,420	101,460	330,188		(94,772)	(94,772)
Total Primary Government	\$14,539,688	\$ 101,460	\$ 2,504,538	\$ (11,838,918)	\$ (94,772)	\$ (11,933,690)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 1,616,662	\$ -	\$ 1,616,662
Taxes Levied for Debt Service				174,378		174,378
Federal, State and Local Aid not Restricted				10,173,152		10,173,152
Investment Earnings				11,982	561	12,543
Miscellaneous Income				44,264		44,264
Transfers - Food service				(50,000)	50,000	
Total General Revenues, Special Items, Extraordinary Items and Transfers				11,970,438	50,561	12,020,999
Change in Net Assets				131,520	(44,211)	87,309
Net Assets—Beginning				4,514,369	148,532	4,662,901
Net Assets—Ending				\$ 4,645,889	\$ 104,321	\$ 4,750,210

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

## **FUND FINANCIAL STATEMENTS**

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

**GOVERNMENTAL FUNDS**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 225,690	\$ -	\$ -	\$ 42,862	\$ 268,552
Capital and Maintenance Reserve Account	50,812				50,812
Due from Other Funds	768,010				768,010
State Aid Receivable	23,027		455,279		478,306
Federal Aid Receivable		475,914			475,914
Other Accounts Receivable	403				403
<b>Total Assets</b>	<b>\$1,067,942</b>	<b>\$ 475,914</b>	<b>\$ 455,279</b>	<b>\$ 42,862</b>	<b>\$ 2,041,997</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 247,439	\$ 129,899	\$ -	\$ -	\$ 377,338
Due to Other Funds		363,428	390,157		753,585
Deferred Revenue		18,883			18,883
<b>Total Liabilities</b>	<b>247,439</b>	<b>512,210</b>	<b>390,157</b>		<b>1,149,806</b>
Fund Balances:					
Restricted For:					
Excess Surplus	641,437				641,437
Capital Reserve	255				255
Maintenance Reserve	122,500				122,500
Emergency Reserve	41,300				41,300
Designated for Subsequent Year's Expenditures:					
Excess surplus	252,508				252,508
Capital Reserve	50,557				50,557
Maintenance Reserve	50,000				50,000
Assigned Fund Balance				42,860	42,860
Committed to Year-End Encumbrances	111,332				111,332
Assigned:					
Designated for Subsequent Year's Expenditures:	200,000				200,000
Unassigned, Reported in:					
General Fund	(649,386)				(649,386)
Special Revenue Fund		(36,296)			(36,296)
Capital Projects Fund			65,122		65,122
Debt Service Fund				2	2
<b>Total Fund Balances</b>	<b>820,503</b>	<b>(36,296)</b>	<b>65,122</b>	<b>42,862</b>	<b>892,191</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,067,942</b>	<b>\$ 475,914</b>	<b>\$ 455,279</b>	<b>\$ 42,862</b>	

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

The Cost associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued, but are capitalized in the Statement of Net Assets. The total bond issue costs are \$180,000 and the accumulated amortization at June 30, 2010 is \$86,477 93,523

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$13,495,909 and the accumulated depreciation is \$6,112,495 (See Note 5) 7,383,414

Long-term liabilities, representing accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (35,630)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6). (3,687,609)

Net assets of governmental activities \$ 4,645,889

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

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 1,616,662	\$ -	\$ -	\$ 174,378	\$ 1,791,040
Interest Earned on Investments	11,477				11,477
Interest Earned on Capital Reserve Funds	505				505
Miscellaneous	43,701		563		44,264
<b>Total - Local Sources</b>	<b>1,672,345</b>		<b>563</b>	<b>174,378</b>	<b>1,847,286</b>
State sources	10,581,255	359,470		187,485	11,128,210
Federal sources	5,326	1,213,966			1,219,292
<b>Total revenues</b>	<b>12,258,926</b>	<b>1,573,436</b>	<b>563</b>	<b>361,863</b>	<b>14,194,788</b>
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	2,358,146	1,008,090			3,366,236
Special Education Instruction	695,354				695,354
Other Special Instruction	343,378				343,378
Other Instruction	6,286				6,286
Support Services:					
Tuition	3,061,878				3,061,878
Student & Instruction Related Services	560,571	403,265			963,836
General Administrative Services	273,396				273,396
School Administrative Services	344,906				344,906
Central Services	214,777				214,777
Admin Info Tech	13,526				13,526
Plant Operations and Maintenance	899,009				899,009
Pupil Transportation	808,002				808,002
Employee Benefits	2,448,753	165,571			2,614,324
Debt Service:					
Interest and Other Charges				90,326	90,326
Principal				271,536	271,536
Capital Outlay	239,945		(40,454)		199,491
Summer School	10,732				10,732
<b>Total Expenditures</b>	<b>12,278,659</b>	<b>1,576,926</b>	<b>(40,454)</b>	<b>361,862</b>	<b>14,176,993</b>
Excess (Deficiency) of Revenues over Expenditures	(19,733)	(3,490)	41,017	1	17,795
<b>OTHER FINANCING SOURCES (USES)</b>					
Interest Transferred to General fund	563		(563)		
Transfers out - Food Service	(50,000)				(50,000)
<b>Total Other Financing Sources and Uses</b>	<b>(49,437)</b>		<b>(563)</b>		<b>(50,000)</b>
Net Change in Fund Balances	(69,170)	(3,490)	40,454	1	(32,205)
Fund Balance—July 1	889,673	(32,806)	24,668	42,861	924,396
Fund Balance—June 30	\$ 820,503	\$ (36,296)	\$ 65,122	\$ 42,862	\$ 892,191

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

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Total net change in fund balances - governmental funds (from B-2)</b>	<b>\$</b>	<b>(32,205)</b>
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense	\$	(509,902)
Fixed Assets Adjustment		
Capital outlays		197,125
		(312,777)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		190,000
Reduction in NJEDA Loans Payable		81,536
Payment of a capital lease is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		
In the statement of activities, interest on long-term debt is accrued regardless of when it is due. In the governmental funds, interest is reported when due.		4,921
Bond issued costs are expended in the governmental fund as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortized over the life of the bonds:		
Amortization of Bond Issue Costs in 2010-11		(9,516)
In the statement of activities, certain operating expenses, e.g. compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).		209,561
<b>Change in net assets of governmental activities (A-2)</b>	<b>\$</b>	<b>131,520</b>

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

**PROPRIETARY FUNDS**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2011**

	<b>Business-type Activities -</b>		
	<b>Enterprise Funds</b>		
	<b>Food</b>	<b>Extended</b>	
	<b>Service</b>	<b>Day</b>	<b>Totals</b>
	<hr/>	<hr/>	<hr/>
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 15,647	\$ 50,104	\$ 65,751
Accounts Receivable:	24,942	416	25,358
Inventories	9,907		9,907
	<hr/>	<hr/>	<hr/>
Total Current Assets	50,496	50,520	101,016
	<hr/>	<hr/>	<hr/>
Fixed Assets:			
Equipment	167,407		167,407
Accumulated Depreciation	(145,575)		(145,575)
	<hr/>	<hr/>	<hr/>
Total Fixed Assets	21,832		21,832
	<hr/>	<hr/>	<hr/>
Total Assets	72,328	50,520	122,848
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	1,518		1,518
Deferred Revenue	1,879		1,879
Compensated Absences	15,130		15,130
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	18,527		18,527
	<hr/>	<hr/>	<hr/>
<b>NET ASSETS:</b>			
Invested in Capital Assets Net of Related Debt	21,832		21,832
Unrestricted	31,969	50,520	82,489
	<hr/>	<hr/>	<hr/>
Total Net Assets	\$ 53,801	\$ 50,520	\$ 104,321
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Business-type Activities - Enterprise Fund		
	Food Service	Extended Day	Total Enterprise
Operating revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs:	\$ 68,177	\$	\$ 68,177
Daily sales Non-reimbursable Programs	9,629	23,654	33,283
<b>Total Operating Revenue:</b>	<b>77,806</b>	<b>23,654</b>	<b>101,460</b>
Operating expenses:			
Salaries	156,487	16,984	173,471
Employee Benefits	128,339	1,749	130,088
Supplies and Materials	7,440	89	7,529
Depreciation	2,070		2,070
Cost of Sales	174,970		174,970
Management Fee	16,030		16,030
Repairs and Other Expenses	22,262		22,262
<b>Total Operating Expenses</b>	<b>507,598</b>	<b>18,822</b>	<b>526,420</b>
<b>Operating Income (Loss)</b>	<b>(429,792)</b>	<b>4,832</b>	<b>(424,960)</b>
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program	4,534		4,534
Federal Sources:			
National School Breakfast Program	57,051		57,051
National School Lunch Program	212,452		212,452
National Snack Program	10,180		10,180
Food Distribution Program	21,901		21,901
Fruit and Vegetable Grant	24,070		24,070
Interest		561	561
<b>Total Non-operating Revenues (Expenses)</b>	<b>330,188</b>	<b>561</b>	<b>330,749</b>
<b>Income (Loss) before Contributions &amp; Transfers</b>	<b>(99,604)</b>	<b>5,393</b>	<b>(94,211)</b>
Transfers in (out)	50,000		50,000
<b>Change in Net Assets</b>	<b>(49,604)</b>	<b>5,393</b>	<b>(44,211)</b>
<b>Total Net Assets—Beginning</b>	<b>103,405</b>	<b>45,127</b>	<b>148,532</b>
<b>Total Net Assets—Ending</b>	<b>\$ 53,801</b>	<b>\$ 50,520</b>	<b>\$ 104,321</b>

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

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Business-type Activities		
	Enterprise Funds		
	Food Service	Extended Day	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 77,806	\$ 23,654	\$ 101,460
Payments to employees	(156,487)	(16,984)	(173,471)
Payments for employee benefits	(128,339)	(1,749)	(130,088)
Payments to suppliers	(212,029)	(272)	(212,301)
Net cash provided by (used for) operating activities	(419,049)	4,649	(414,400)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	4,534		4,534
Federal Sources	325,654		325,654
Operating subsidies and transfers to other funds	50,000		50,000
Net cash provided by (used for) non-capital financing activities	380,188		380,188
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets			
Net cash provided by (used for) capital and related financing activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends		561	561
Net cash provided by (used for) investing activities		561	561
Net increase (decrease) in cash and cash equivalents	(38,861)	5,210	(33,651)
Balances—beginning of year	54,508	44,894	99,402
Balances—end of year	\$ 15,647	\$ 50,104	\$ 65,751
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (429,792)	\$ 4,832	\$ (424,960)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation and net amortization	2,070		2,070
(Increase) decrease in accounts receivable, net	7,181	(56)	7,125
(Increase) decrease in inventories	3,922		3,922
Increase (decrease) in accounts payable	1,256		1,256
Increase (decrease) in deferred revenue	(3,686)	(127)	(3,813)
Total adjustments	10,743	(183)	10,560
Net cash provided by (used for) operating activities	\$ (419,049)	\$ 4,649	\$ (414,400)

Noncash Noncapital Financing Activities:

During the year, the district received \$32,003 of food commodities from the U. S. Department of Agriculture

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

**FIDUCIARY FUNDS**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2011**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 61,152	\$ 2,238	\$ 322,888
Certificates of Deposit		33,500	
Total Assets	<u>61,152</u>	<u>35,738</u>	<u>322,888</u>
<b>LIABILITIES</b>			
Interfunds Payable			14,425
Summer Reserve			263,340
Accounts Payable		1,500	173
Payable to Student Groups			11,655
Payroll Deductions and Withholdings			33,295
Total Liabilities		<u>1,500</u>	<u>\$ 322,888</u>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Slaims and Other Purposes	<u>\$ 61,152</u>		
Reserved for Scholarships		<u>\$ 34,238</u>	

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

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b><u>Unemployment Compensation Trust</u></b>	<b><u>Private Purpose Scholarship Fund</u></b>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 19,473	\$
Contributions	40,000	
Other	485	682
	<hr/>	<hr/>
Total Additions	59,958	682
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Scholarships Awarded		1,500
Unemployment Claims	38,565	
	<hr/>	<hr/>
Total Deductions	38,565	1,500
	<hr/>	<hr/>
Change in Net Assets	21,393	(818)
Net Assets—Beginning of the Year	39,759	37,074
	<hr/>	<hr/>
Net Assets—End of the Year	\$ 61,152	\$ 36,256
	<hr/> <hr/>	<hr/> <hr/>

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

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Commercial Township School District (District) is organized under the Constitution of the State of New Jersey. The District operates under a locally elected Board form of government consisting of nine members elected to three-year terms, which are staggered. The District provides educational services as authorized by state and federal guidelines.

The District serves an area of thirty-four square miles. It is located in Cumberland County and provides education for all of Commercial Township's grades K through 8. The District currently operates two instructional buildings and an administrative building. The Commercial Township School District had an approximate enrollment at June 30, 2011 of 655 students.

**A. Reporting Entity:**

The Commercial Township School District is a Type II district as provided by statute of the State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments).

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*.

**A. Basis of Presentation:**

The District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

District-wide Statements: The statement of net assets and the statement of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting. The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting:**

The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**GOVERNMENTAL FUND TYPE**

The focus of governmental fund measurement is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The district reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting (Cont'd):**

**GOVERNMENTAL FUND TYPE (CONT'D)**

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**PROPRIETARY FUND TYPE**

The focus of Proprietary Fund measurement is on determination of net income, financial position and cash flows. The applicable generally accepted accounting principles are similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

**Enterprise (Food Service) Funds** - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Funds are comprised of the Food Service Fund and Extended Day Fund.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund Equipment	7 – 20 Years
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**Internal Service Fund** - The Commercial Township School District does not maintain an Internal Service Fund whereby services would be provided on a cost-reimbursement basis.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting (Cont'd):**

**FIDUCIARY FUND TYPE**

Fiduciary Funds include Expendable Trust, Nonexpendable Trust and Agency Funds. The measurement focus of the Expendable Trust Funds is the same as for governmental funds. The measurement focus of the Nonexpendable Trust Funds is similar to Proprietary Funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following is a description of the Fiduciary Funds of the School District:

**Trust and Agency Funds** - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**Expendable Trust Fund** - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include Unemployment Compensation Insurance and a scholarship fund.

**Nonexpendable Trust Fund** - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a Nonexpendable Trust Fund.

**Agency Funds** - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**C. Basis of Accounting and Measurement Focus:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-wide, Proprietary and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual, as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**D. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the second Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**D. Budgets/Budgetary Control (Cont'd):**

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

A reconciliation of the special revenue funds from the budgetary basis of accounting (as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds) to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types is shown on Exhibit C-2.

**E. Encumbrance Accounting:**

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 reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

**F. Tuition Receivable:**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**G. Tuition Payable:**

Tuition charges for the fiscal years 2010-11, 2009-10, 2008-09, and 2007-08 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**H. Inventories and Prepaid Expenses:**

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

On district-wide financial statements and in the Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

**I. Short -Term Interfund Receivables/Payables:**

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

**J. Assets, Liabilities and Equity:**

Transactions

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

Inventories

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. This includes \$1,979 in federal commodities on hand at June 30, 2011. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

Inventory in the Food Service Fund at June 30, 2011 consisted of the following:

Food	\$	8,201
Supplies		1,706
		<hr/>
	\$	9,907
		<hr/> <hr/>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**J. Assets, Liabilities and Equity (Cont'd):**

Capital Assets – The District is establishing a formal system of accounting for its capital assets. Capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. Capital assets acquired or constructed prior to June 30, 2003 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Capital assets are reflected as expenditures in the applicable governmental funds. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	40-50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10

**K. Compensated Absences:**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the General Long-Term Debt.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**L. Deferred Revenue:**

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**M. Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**N. Allocation of Indirect Expenses:**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**O. Extraordinary and Special Items:**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**P. Fund Equity:**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**Q. Comparative Data/Reclassifications:**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**R. Management Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**S. Accrued Liabilities and Long-term Obligations:**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

**T. Fund Balance Reserves:**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

**U. Net Assets:**

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

**V. Revenues – Exchange and Non-exchange Transactions:**

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**V. Revenues – Exchange and Non-exchange Transactions (Cont'd):**

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value. New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 3 requires the disclosure of the level of custodial credit risk assumed by the Board in its cash, cash equivalents and investments.

**Deposits:**

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

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

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

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

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

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

**Investments:**

New Jersey statutes (N.J.S.A.18A:20-37) permits the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

As of June 30, 2011, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<b><u>Cash and Cash</u></b> <b><u>Equivalents</u></b>
Checking accounts	\$ 1,095,489
Certificates of Deposit	<u>33,500</u>
Total	<u>\$ 1,128,989</u>

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

Custodial Credit Risk - Custodial Credit Risk is the risk that, in the event of a bank failure, the School Districts deposits may not be returned to it. Although the School District does not have a formal policy regarding custodial credit risk, as described in Note 1: N.J.S.A. 17:9-41 et. Seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act. As of June 30, 2011, the School Districts bank balance of \$1,157,594 was insured or collateralized as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		907,594
	\$	1,157,594

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to losses in fair value arising in interest rate fluctuations.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

Concentration of Credit Risk - The District does not place a limit on the amount that may be invested in any one issuer. At June 30, 2011, investments are limited to Certificates of Deposit as follows:

<u>Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Certificate of Deposit	\$ <u>33,500</u>	\$ <u>33,500</u>

The investments recorded in the basic financial statements have been recorded at the carrying amount of which the difference between the carrying amount and market value is not material.

**New Jersey Cash Management Fund** – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2011, the District had no funds on deposit with the New Jersey Cash Management Fund.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 4. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Commercial Township Board of Education by inclusion of \$21,520 in the original 1998-99 annual capital outlay budget, which was certified for taxes, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity in the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance, July 1, 2010	\$ 50,307
Interest Earnings	505
Deposits	
Withdrawals	
Ending Balance, June 30, 2011	<u>\$ 50,812</u>

Of this amount, \$50,537 has been appropriated as revenue to fund the 2011-12 operating budget.

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2011 is \$477,528. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$ 14,877	\$ -	\$ -	\$ 14,877
Construction in progress	882,749		(882,749)	-
Total capital assets not being depreciated	897,626		(882,749)	14,877
Land Improvements	129,676		715,206	844,882
Building and building improvements	11,128,483	41,704	167,543	11,337,730
Machinery and equipment	1,142,999	155,421		1,298,420
Totals at historical cost	12,401,158	197,125	882,749	13,481,032
Less accumulated depreciation for :				
Land Improvements	(95,914)	(75,304)		(171,218)
Building and improvements	(4,792,984)	(356,636)		(5,149,620)
Equipment	(713,695)	(77,962)		(791,657)
Total accumulated depreciation	(5,602,593)	(509,902)		(6,112,495)
Total capital assets being depreciated, net of accumulated depreciation	6,798,565	(312,777)	882,749	7,368,537
<b>Government activities capital assets, net</b>	<b>\$ 7,696,191</b>	<b>\$ (312,777)</b>	<b>\$ -</b>	<b>\$ 7,383,414</b>
				<b>To A-1</b>
Business-type activities - Equipment	\$ 167,407			\$ 167,407
Less accumulated depreciation	(143,505)	(2,070)		(145,575)
<b>Business-type activities capital assets, net</b>	<b>\$ 23,902</b>	<b>\$ (2,070)</b>	<b>\$ -</b>	<b>\$ 21,832</b>

Depreciation expense was charged to governmental functions  
as follows:

Unallocated	\$ 509,902
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**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 6. GENERAL LONG-TERM DEBT**

During the fiscal year ended June 30, 2011 the following changes occurred in long-term obligations: was anticipated as revenue in the 2011-12 budget.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due within One Year</b>	<b>Long-term Portion</b>
<b>Governmental Activities:</b>						
Bonds payable:						
General obligation debt	\$ 2,535,000	\$ -	\$ 190,000	\$ 2,345,000	\$ 195,000	\$ 2,150,000
NJEDA loans	338,317		81,536	256,781	83,474	173,307
Total bonds payable	2,873,317		271,536	2,601,781	278,474	2,323,307
Other Liabilities:						
Compensated absences payable	1,295,389		209,561	1,085,828	171,147	914,681
Total other liabilities	\$ 4,168,706	\$ -	\$ 481,097	\$ 3,687,609	\$ 449,621	\$ 3,237,988
					<b>To A-1</b>	
<b>Business-Type Activities:</b>						
Compensated absences payable	\$ 15,130	\$ -	\$ -	\$ 15,130	\$ -	\$ 15,130

**A. Bonds Payable** - Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Principal and interest due on bonds outstanding at June 30, 2011 are as follows:

Year ending June 30,	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2012	\$ 278,474	\$ 81,101	\$ 359,575
2013	280,559	74,113	354,672
2014	282,748	67,011	349,759
2015	195,000	61,238	256,238
2016	200,000	55,044	255,044
2017	210,000	47,894	257,894
2018	225,000	40,244	265,244
2019	235,000	32,072	267,072
2020	230,000	24,662	254,662
2021	235,000	15,638	250,638
2022	230,000	5,175	235,175
	<u>\$ 2,601,781</u>	<u>\$ 504,192</u>	<u>\$ 3,105,973</u>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 6. GENERAL LONG-TERM DEBT (CONT'D)**

**B. Bonds Authorized But Not Issued - As of June 30, 2011**      None.

**C. Capital Leases**

The District had no capital leases as of June 30, 2011.

**NOTE 7. OPERATING LEASES**

The District has commitments to lease seven copiers under operating leases that expire in 2012, and 2013. The total amount of operating lease obligations initiated in the year ended June 30, 2011 was \$0. Future minimum lease payments are as follows:

Year ending June 30,	<u>Amount</u>
2012	\$ 27,437
2013	<u>11,584</u>
Total future minimum lease payments	<u>\$ 39,021</u>

**NOTE 8. PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits (PO Box 295, Trenton, New Jersey, 08625).

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 8. PENSION PLANS (CONT'D)**

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 58A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Public Employees' Retirement System** - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan which was established as of January 1, 1955. The PERS provides retirement, death, disability and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

**Public Employees Retirement System**

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2011	\$ 40,232	\$ 64,108	\$ 104,340	\$ 7,925	\$ 112,265
2010	28,963	37,214	66,177	9,177	75,354

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 8. PENSION PLANS (CONT'D)**

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service, or under the disability provisions of the System. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions.

In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for a 12 month period ending with each August 31 immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits (COLA) after 24 months of retirement.

**Significant Legislation** - During the year ended June 30, 1997, (C. 114, P.L. 1997) was enacted authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations to finance in full or in part, New Jersey's portion of the unfunded accrued liability under the State's retirement systems.

Additional legislation enacted during the year (C. 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by .5% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 2000, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 8. PENSION PLANS (CONT'D)**

**Significant Legislation (Cont'd):**

Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced. C. 415, P.L. 1999 provides for a reduction in this rate of 3% for the calendar years 2000 and 2001 and for a contribution rate reduction of up to 2% of compensation in future calendar years if the State Treasurer determines that excess valuation assets will be used to reduce the normal contributions made to the system by the State and local employers in a fiscal year beginning immediately prior to a calendar year. Where a contribution is required from the Board of Education, the board is billed annually for its normal contribution plus any accrued liability. There is no accrued liability for the PERS as of June 30, 2005 since the requirements were fully funded by the State of New Jersey.

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**Three-Year Trend Information for PERS**

<b><u>Year</u></b> <b><u>Funding</u></b>	<b><u>Annual</u></b> <b><u>Pension</u></b> <b><u>Cost (APC)</u></b>	<b><u>Percentage</u></b> <b><u>of APC</u></b> <b><u>Contributed</u></b>	<b><u>Net</u></b> <b><u>Pension</u></b> <b><u>Obligation</u></b>
6/30/11	\$ 112,265	100 %	\$ 112,265
6/30/10	75,354	100	75,354
6/30/09	63,989	100	63,989

**Three-Year Trend Information for TPAF (Paid on-behalf of the District)**

<b><u>Year</u></b> <b><u>Funding</u></b>	<b><u>Annual</u></b> <b><u>Pension</u></b> <b><u>Cost (APC)</u></b>	<b><u>Percentage</u></b> <b><u>of APC</u></b> <b><u>Contributed</u></b>	<b><u>Net</u></b> <b><u>Pension</u></b> <b><u>Obligation</u></b>
6/30/11	\$ 295,712	100 %	\$ 0
6/30/10	287,855	100	0
6/30/09	269,833	100	0

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 8. PENSION PLANS (CONT'D)**

**Contribution Requirements (Cont'd):**

During the fiscal year ended June 30, 2011, the State of New Jersey contributed \$13,296 to the TPAF for normal and \$282,416 for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$301,712 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

**NOTE 9. POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free 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 \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

**NOTE 10. COMPENSATED ABSENCES**

The School District accounts for compensated absences as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the school district and its employees, is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 10. COMPENSATED ABSENCES (CONT'D)**

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, a liability existed for compensated absences in the governmental activities in the amount of \$1,295,389.

**NOTE 11. DEFERRED COMPENSATION**

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

Travelers	Aflac
Franklin	Lincoln Investment Planning, Inc.
Midland National	American Express Financial

**NOTE 12. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district has chosen to purchase insurance to transfer risk to outside parties.

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District 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 District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's trust fund for the current and prior two years:

<b><u>Fiscal Year</u></b>		<b><u>District Contributions</u></b>		<b><u>Employee Contributions</u></b>		<b><u>Amount Reimbursed</u></b>		<b><u>Ending Balance</u></b>
2010-2011	\$	40,000	\$	19,958	\$	38,565	\$	61,152
2009-2010		30,000		9,547		82,557		39,759
2008-2009		25,000		15,918		36,073		82,769

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

<u>Fiscal Year</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 768,010	\$
Special Revenue fund		363,428
Capital Projects Fund		390,157
Trust and Agency Fund	<u>0</u>	<u>14,425</u>
Total	<u>\$ 768,010</u>	<u>\$ 768,010</u>

**NOTE 14. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$820,503 General Fund balance at June 30, 2011, \$111,332 is reserved for encumbrances; \$50,812 has been reserved in the Capital Reserve Account, of which \$50,557 has been withdrawn and appropriated and included as anticipated revenue for the year ended June 30, 2012; \$172,500 has been reserved in a Maintenance Account, of which \$50,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2012; \$41,300 has been reserved in an Emergency Reserve; \$893,945 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$252,508 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2012); \$200,000 in Assigned Fund Balance has been appropriated and also included as anticipated revenue for the year ending June 30, 2012; and there is a deficit in unreserved and undesignated fund balance of (\$649,386).

**Debt Service Fund** -The fund balance in the Debt Service Fund at June 30, 2011 is \$42,862, of which \$42,860 has been appropriated and also included as anticipated revenue for the year ending June 30, 2011 and \$2 is undesignated.

**NOTE 15. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$893,945 of which \$641,437 must be budgeted in the 2012-13 budget.

**NOTE 16. LITIGATION**

The District is not involved in any lawsuit incidental to its operations. The administration and legal council are not aware of any matters pending or threatened, which are likely to have a material adverse effect on the financial position of the District.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 17. CAPITAL PROJECT**

On June 5, 2001, the voters of the school district approved by referendum acquisitions, improvements and additions in the amount of \$4,450,000 of which \$3,395,000 represents bonds issued on August 1, 2001, \$5,000 was realized in bond premium, \$1,000,742 was funded by the Early Childhood Program Capital Reserve Fund in fiscal year 2000-2001 and the remaining \$49,258 was funded in the 2001-2002 budget out of Fund Balance. The future interest and principal payments on this bond issue have been included in Note 5 to the financial statements (Long-Term Debt) contained herein. On July 9, 2002, the Commissioner of the New Jersey State Department of Education approved a transfer out in the amount of \$405,000 from Unrestricted General Fund Surplus to the Capital Projects Fund in accordance with N.J.S.A. 18A:22-8.2 and N.J.A.C. 6A:26-4.4 to supplement the proceeds from the district's bond authorization of \$4,450,000 which was approved by the voters on June 5, 2001.

As of June 30, 2010, there was an unspent balance of \$18,938, which relates to a 2001 project for additions to the two elementary schools. During the 2010-11 school-year, there was \$40,454 in adjustments to prior year purchase orders, which results in an unspent balance, as of June 30, 2011, of \$59,392.

In addition, there were four projects approved by the NJSDA in the 2009-10 school-year, with unspent balances of \$5,730, as of June 30, 2011.

**NOTE 18. DEFICIT FUND BALANCES**

The District has a deficit in Unrestricted fund balance of (\$649,386) in the General Fund and (\$36,296) in the Special Revenue Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). P.L. 2004, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the General and Special Revenue Fund balances do not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2, any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's general fund deficit is less than the last state aid payments of \$915,856. The special revenue fund deficit of \$36,296 is equal to the last state aid payments.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 19. RECEIVABLES**

Receivables at June 30, 2011 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

Receivables:	General Fund	Special Revenue Fund	Capital Project Fund	Proprietary Funds
Intergovernmental	\$ 23,027	\$ 475,914	\$ 455,279	\$ 24,942
Other	403			416
Totals	<u>\$ 23,430</u>	<u>\$ 475,914</u>	<u>\$ 455,279</u>	<u>\$ 25,358</u>

**NOTE 20. MAINTENANCE RESERVE**

The district also has a maintenance reserve in the amount of \$172,500 at June 30, 2011, of which \$50,000 was anticipated as revenue in the 2011-12 budget.

**NOTE 21. EMERGENCY RESERVE**

The district also has an emergency reserve in the amount of \$41,300 at June 30, 2011, of which none was anticipated as revenue in the 2011-12 budget.

**NOTE 22. SUBSEQUENT EVENTS**

The district is in the process of pursuing the refunding of outstanding bonds in an effort to lower the cost of debt service.

End of Notes to Financial Statements

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,616,662	\$	\$ 1,616,662	\$ 1,616,662	\$
Interest on Investments				11,477	11,477
Interest Earned on Capital Reserve	250		250	505	255
Miscellaneous	32,500		32,500	43,701	11,201
<b>Total - Local Sources</b>	<b>1,649,412</b>		<b>1,649,412</b>	<b>1,672,345</b>	<b>22,933</b>
State Sources:					
Equalization Aid	9,326,011		9,326,011	9,326,011	
Categorical Special Education	450,198		450,198	450,198	
Categorical Security Aid	118,148		118,148	118,148	
Extraordinary Aid				16,470	16,470
Non-Public Transportation Aid		6,397	6,397	6,397	
On-behalf TPAF Post Retirement Medical Contribution				282,416	282,416
On-behalf TPAF Non-Contributory Ins				13,296	13,296
Reimbursement TPAF Social Security				301,712	301,712
<b>Total - State Sources</b>	<b>9,894,357</b>	<b>6,397</b>	<b>9,900,754</b>	<b>10,514,648</b>	<b>613,894</b>
Federal Sources:					
Medicaid Assistance (SEMI)	22,969		22,969	5,326	(17,643)
	22,969		22,969	5,326	(17,643)
<b>TOTAL REVENUES</b>	<b>\$11,566,738</b>	<b>\$ 6,397</b>	<b>\$11,573,135</b>	<b>\$ 12,192,319</b>	<b>\$ 619,184</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool	\$ 24,952	\$ 9,544	\$ 34,496	\$ 33,996	\$ 500
Kindergarten	192,469	15,211	207,680	206,775	905
Grades 1-5	1,241,794	(120,778)	1,121,016	1,048,993	72,023
Grades 6-8	726,110	(15,000)	711,110	604,714	106,396
Home instruction:					
Salaries of Teachers	4,000		4,000	1,190	2,810
Purchased Educational Services	4,000	850	4,850	1,550	3,300
Regular Programs - Undistributed					
Instruction:					
Other Salaries for Instruction	119,318	13,849	133,167	128,501	4,666
Purchased Prof - Educational Services	80,000	(32,217)	47,783	38,766	9,017
Purchased Technical Services	115,000	(6,633)	108,367	54,526	53,841
Other Purchased Services	33,000	(23,000)	10,000	4,221	5,779
General Supplies	107,000	107,251	214,251	194,394	19,857
Textbooks	78,000	(45,934)	32,066	30,463	1,603
Other Objects	7,000	3,784	10,784	10,057	727
<b>Total Regular Programs</b>	<b>\$ 2,732,643</b>	<b>\$ (93,073)</b>	<b>\$ 2,639,570</b>	<b>\$ 2,358,146</b>	<b>\$ 281,424</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>CURRENT EXPENSES: (Continued)</b>					
<b>Special Education</b>					
Learning/Language Disabled:					
Instruction					
Salaries of Teachers	\$ 186,983	\$ -	\$ 186,983	\$ 186,750	\$ 233
Other Salaries for Instructions	154,609	29,901	184,510	153,841	30,669
General Supplies	4,000	(422)	3,578	3,005	573
<b>Total Learning/Language Disabled:</b>	<b>345,592</b>	<b>29,479</b>	<b>375,071</b>	<b>343,596</b>	<b>31,475</b>
Resource Room:					
Salaries of Teachers	241,414	104,586	346,000	346,000	
General Supplies	5,000	805	5,805	5,758	47
<b>Total Resource Room</b>	<b>246,414</b>	<b>105,391</b>	<b>351,805</b>	<b>351,758</b>	<b>47</b>
Preschool Disabilities - Part Time:					
Salaries of Teachers	14,539	(300)	14,239		14,239
<b>Total Preschool Disabilities</b>	<b>14,539</b>	<b>(300)</b>	<b>14,239</b>		<b>14,239</b>
<b>TOTAL SPECIAL EDUCATION</b>	<b>606,545</b>	<b>134,570</b>	<b>741,115</b>	<b>695,354</b>	<b>45,761</b>
Basic Skills/Remedial:					
Salaries of Teachers	443,305	(104,325)	338,980	288,442	50,538
General Supplies	43,500	2,300	45,800	42,973	2,827
Textbooks	10,000	2,000	12,000	11,963	37
<b>Total Basic Skills/Remedial:</b>	<b>496,805</b>	<b>(100,025)</b>	<b>396,780</b>	<b>343,378</b>	<b>53,402</b>
School Sponsored Co-curricular Activities:					
Salaries		3,894	3,894	3,894	
<b>Total School Sponsored Co-curricular Activities</b>		<b>3,894</b>	<b>3,894</b>	<b>3,894</b>	
School Sponsored Athletics:					
Salaries	3,500	(290)	3,210	2,392	818
<b>Total School Sponsored Athletics</b>	<b>3,500</b>	<b>(290)</b>	<b>3,210</b>	<b>2,392</b>	<b>818</b>
<b>Total Instruction</b>	<b>\$ 3,839,493</b>	<b>\$ (54,924)</b>	<b>\$ 3,784,569</b>	<b>\$ 3,403,164</b>	<b>\$ 381,405</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Original Budget</b>	<b>Budget Amendments/ Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>CURRENT EXPENDITURES: (Continued)</b>					
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	\$ 1,757,384	\$ 10	\$ 1,757,394	\$ 1,757,394	\$
Tuition - Other LEAs Within the State - Special	194,250		194,250	184,050	10,200
Tuition - County Voc Sch Dist Regular	9,750		9,750	9,750	
Tuition - County Voc Sch Dist Special	59,500		59,500	20,000	39,500
Tuition - Co Spec Serv and Regional Day Schools	744,900	57,471	802,371	802,371	
Tuition to Private Schools for the Disabled					
Within State	337,862	(57,471)	280,391	207,173	73,218
Tuition- Private Schls/Disab, other-Out-State	85,000	(10)	84,990	81,140	3,850
<b>Total Undistributed Expenditures - Instruction</b>	<b>3,188,646</b>		<b>3,188,646</b>	<b>3,061,878</b>	<b>126,768</b>
Attendance and Social Work Services:					
Salaries	7,154	58	7,212	7,212	
Purch Prof/ Tech Services	3,100	(1,158)	1,942		1,942
<b>Total Attendance and Social Work Services:</b>	<b>10,254</b>	<b>(1,100)</b>	<b>9,154</b>	<b>7,212</b>	<b>1,942</b>
Health Services:					
Salaries	114,762	4,115	118,877	118,877	
Purch Prof/ Tech Services	3,136	(3,027)	109		109
Other Purchased Services	200	50	250	175	75
Supplies and Materials	5,500	1,017	6,517	6,517	
Other Objects	2,000	(825)	1,175	543	632
<b>Total Health Services</b>	<b>125,598</b>	<b>1,330</b>	<b>126,928</b>	<b>126,112</b>	<b>816</b>
Other Support Services - Students - Related Services:					
Salaries	80,444		80,444	78,788	1,656
Purchased Prof - Education Services	50,000		50,000	34,884	15,116
Supplies and Materials	1,700		1,700		1,700
<b>Total Related Services</b>	<b>132,144</b>		<b>132,144</b>	<b>113,672</b>	<b>18,472</b>
Special Education- Extraordinary Services					
Purchased Prof - Education Services	40,000	1,400	41,400	7,883	33,517
<b>Total</b>	<b>40,000</b>	<b>1,400</b>	<b>41,400</b>	<b>7,883</b>	<b>33,517</b>
Other Support Services - Students-Regular Guidance					
Salaries Other Professionals	130,852		130,852	130,105	747
Salaries of Secretarial and Clerical Assistants	42,331		42,331	41,994	337
<b>Total</b>	<b>173,183</b>		<b>173,183</b>	<b>172,099</b>	<b>1,084</b>
Other Support Services - Students-Special Services:					
Salaries of Secretarial and Clerical Assistants	34,780		34,780		34,780
Purchased Professional - Educational Services	13,000		13,000		13,000
Other Purchased Professional and Technical Services	5,200		5,200	2,403	2,797
<b>Total</b>	<b>\$ 52,980</b>		<b>\$ 52,980</b>	<b>\$ 2,403</b>	<b>\$ 50,577</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Original Budget</b>	<b>Budget Amendments/ Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>CURRENT EXPENSES: (Continued)</b>					
<b>Undistributed Expenditures:</b>					
Improv. Instruction Services/Other Support					
Salary of Supervisor of Instruction	\$ 43,761	\$ -	\$ 43,761	\$ 37,739	\$ 6,022
Educational Media Services/School Library:					
Salaries	82,141	(1,662)	80,479	68,264	12,215
Supplies and Materials	30,300	4,162	34,462	22,835	11,627
Total Educational Media Services/School Library:	112,441	2,500	114,941	91,099	23,842
Instructional Staff Training Services					
Purchased Professional and Educational Services	5,000		5,000	988	4,012
Other Purchased Services	6,000		6,000	1,070	4,930
Supplies and Materials	5,000	(5,000)			
Other Objects		5,000	5,000	294	4,706
Total Inst. Staff Training Services	16,000		16,000	2,352	13,648
Support Services General Administration:					
Salaries	136,513	11,270	147,783	140,445	7,338
Legal Services	5,000	606	5,606	5,606	
Audit Fees	21,115	(827)	20,288	18,835	1,453
Architectural/Engineering Services	10,000	13,628	23,628	23,628	
Other Purchased Professional Services	32,000	(10,135)	21,865	21,865	
Communication/Telephone	25,000	(606)	24,394	22,537	1,857
BOE Other Purchased Services	6,500	2,122	8,622	8,622	
Other Purchased Services	18,000	(4,430)	13,570	13,570	
BOE In-House Training/Meeting Supplies	4,000	(3,430)	570	570	
Miscellaneous Expenditures	20,500	(8,400)	12,100	10,747	1,353
BOE Membership Dues and Fees	9,500	(2,338)	7,162	6,971	191
Total Support Services General Administration	288,128	(2,540)	285,588	273,396	12,192
Support Services School Administration:					
Salaries of Principals/Assistant Principals	175,045	3,581	178,626	178,626	
Salaries of Secretarial and Clerical Assistants	135,929	3,459	139,388	139,388	
Purchased Professional and Technical Services	7,500	2,524	10,024	8,601	1,423
Other Purchased Services	3,500	(2,000)	1,500	746	754
Supplies and Materials	13,000	1,656	14,656	14,656	
Other Objects	9,000	(1,000)	8,000	2,889	5,111
Total Support Services School Administration	343,974	8,220	352,194	344,906	7,288
Central Services					
Salaries	206,913	(7,540)	199,373	194,690	4,683
Purchased Professional Services	7,000		7,000	6,275	725
Purchased Technical Services	10,500	1,000	11,500	11,073	427
Miscellaneous Purchased Services	5,000		5,000	902	4,098
Supplies and Materials	5,000		5,000	1,837	3,163
Other Objects	5,000	(1,000)	4,000		4,000
Total Central Services	239,413	(7,540)	231,873	214,777	17,096
Admin. Info. Technology					
Purchased Technical Services	15,000	3,901	18,901	13,526	5,375
Total Admin. Info. Technology	\$ 15,000	\$ 3,901	\$ 18,901	\$ 13,526	\$ 5,375

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Original Budget</b>	<b>Budget Amendments/ Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
Required Maintenance for School Facilities:					
Increase in Maintenance Reserve	\$	\$	\$	\$	\$
Salaries	49,373		49,373	41,602	7,771
Cleaning, Repair and Maintenance Services	175,500	5,896	181,396	152,261	29,135
General Supplies	55,000	(5,244)	49,756	35,345	14,411
Required Maintenance for School Facilities:	279,873	652	280,525	229,208	51,317
Custodial Services :					
Salaries	381,799	(7,112)	374,687	368,023	6,664
Other Purchased Property Services	17,000		17,000	14,428	2,572
Insurance	25,000		25,000	23,958	1,042
Miscellaneous Purchased Services	10,000	(38)	9,962	5,634	4,328
General Supplies	13,500	2,493	15,993	12,365	3,628
Energy (Natural Gas)	35,000	(11,053)	23,947	23,947	
Energy (Electricity)	231,000	(9,554)	221,446	221,446	
Total Custodial Services	713,299	(25,264)	688,035	669,801	18,234
Total Operation and Maintenance of Plant Services	993,172	(24,612)	968,560	899,009	69,551
Undistributed Expenditures - Student Transportation Services:					
Salaries - Between Home & School - Regular	3,452		3,452	3,259	193
Management Fee - ESC & CTSA Transportation Programs	15,208	1,275	16,483	16,482	1
Contracted Services (Home/School) - Vendor	520,000	(59,012)	460,988	460,988	
Contracted Services (not Home/School) - Vendors		1,375	1,375	1,375	
Contracted Services (Regular Students) - ECS	25,000	9,328	34,328	34,328	
Contracted Services (Special Ed. Students) - ECS	241,000	27,949	268,949	268,949	
Contracted Services - Aid in Lieu of Payments - Nonpublic	20,000	9,018	29,018	22,621	6,397
Total Student Transportation Services	824,660	(10,067)	814,593	808,002	6,591
Unallocated Benefits:					
Social Security Contributions	140,000	(4,611)	135,389	113,121	22,268
Other Retirement Contributions - Regular	102,000	10,265	112,265	112,265	
Unemployment Compensation	40,000		40,000	40,000	
Workers Compensation	70,150		70,150	69,733	417
Health Benefits	1,520,524	(207,764)	1,312,760	1,219,934	92,826
Tuition Reimbursement	25,000	4,611	29,611	29,610	1
Other Employee Benefits	71,371	204,801	276,172	266,666	9,506
Total Unallocated Benefits	1,969,045	7,302	1,976,347	1,851,329	125,018
On-behalf TPAF Pension Contributions				13,296	(13,296)
On-behalf TPAF Post Retirement Medical Contribution				282,416	(282,416)
Reimbursement TPAF Social Security				301,712	(301,712)
Total Personal Services - Employee Benefits	1,969,045	7,302	1,976,347	2,448,753	(472,406)
Total Undistributed Expenditures	8,568,399	(21,206)	8,547,193	8,624,818	(77,625)
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	<b>\$12,407,892</b>	<b>\$ (76,130)</b>	<b>\$12,331,762</b>	<b>\$ 12,027,982</b>	<b>\$ 303,780</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CAPITAL OUTLAY:</b>					
Increase in Capital Reserve	\$	\$	\$	\$	\$
Interest Deposit to Capital Reserve	250		250		250
Equipment					
Grades 1-5		55,005	55,005	55,005	
Grades 6-8		2,225	2,225	2,225	
Undistributed Expenditures:					
Non-Instruction Equipment		138,782	138,782	98,191	40,591
Total Equipment		196,012	196,012	155,421	40,591
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	10,000	5,430	15,430	15,430	
Construction Services	73,821	(5,985)	67,836	66,728	1,108
Other Objects	2,366		2,366	2,366	
Total Facilities Acquisition and Construction Services	86,187	(555)	85,632	84,524	1,108
<b>TOTAL CAPITAL OUTLAY</b>	<b>86,437</b>	<b>195,457</b>	<b>281,894</b>	<b>239,945</b>	<b>41,949</b>
Special School:					
Summer School - Instruction					
Salaries of Teachers	7,500		7,500	7,132	368
Other Purchased Services (400-500 series)	4,000		4,000	3,600	400
General Supplies	3,500		3,500		3,500
<b>TOTAL SPECIAL SCHOOLS</b>	<b>15,000</b>		<b>15,000</b>	<b>10,732</b>	<b>4,268</b>
<b>TOTAL EXPENDITURES</b>	<b>12,509,329</b>	<b>119,327</b>	<b>12,628,656</b>	<b>12,278,659</b>	<b>349,997</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Original Budget</b>	<b>Budget Amendments/ Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	(942,591)	(112,930)	(1,055,521)	(86,340)	969,181
Other financing sources (uses):					
Operating Transfer out - Food Service Deficit	(50,000)		(50,000)	(50,000)	
Operating Transfer - Interest on Capital Projects				563	563
Total other financing sources	(50,000)		(50,000)	(49,437)	563
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(992,591)	(112,930)	(1,105,521)	(135,777)	969,744
Fund Balances, July 1	1,872,136		1,872,136	1,872,136	
Fund Balances, June 30	\$ 879,545	\$ (112,930)	\$ 766,615	\$ 1,736,359	\$ 969,744

**RECAPITULATION :**

**Reserved:**

**Restricted Fund Balance:**

Excess Surplus	\$ 641,437
Excess Surplus - Designated for Subsequent Year's Expenditures	252,508
Capital Reserve	255
Capital Reserve - Designated for Subsequent Year's Expenditures	50,557
Maintenance Reserve	122,500
Maintenance Reserve - Designated for Subsequent Year's Expenditures	50,000
Emergency Reserve	41,300

**Committed Fund Balance:**

Year-End Encumbrances	111,332
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**Assigned Fund Balance:**

Designated for Subsequent Year's Expenditures	200,000
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**Unassigned Fund Balance**

1,736,359

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payment not Recognized on GAAP Basis align="right">(915,856)

Fund Balance per Governmental Funds (GAAP)

\$ 820,503

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources	\$ 561,174	\$ 747,911	\$ 1,309,085	\$ 1,202,923	\$ 106,162
State Sources	362,960		362,960	362,960	
Local Sources					
<b>Total Revenues</b>	<u>924,134</u>	<u>747,911</u>	<u>1,672,045</u>	<u>1,565,883</u>	<u>106,162</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	479,378	282,734	762,112	732,863	29,249
Other Salaries for Instruction	76,160	(113)	76,047	76,047	
Purchased Professional - Technical Services	4,590	92,127	96,717	25,476	71,241
Purchased Professional - Educational Services	4,658	(4,658)			
Other Purchased Services		3,990	3,990	3,990	
Tuition	18,132	57,917	76,049	76,049	
Supplies and Materials		43,834	43,834	43,834	
General Supplies	6,000	37,054	43,054	42,839	215
<b>Total Instruction</b>	<u>588,918</u>	<u>512,885</u>	<u>1,101,803</u>	<u>1,001,098</u>	<u>100,705</u>
<b>Support Services</b>					
Other Salaries		33,403	33,403	33,403	
Employee Benefits	129,035	39,699	168,734	165,571	3,163
Purchased Professional & Technical Services - Other		46,218	46,218	46,218	
Purch/Prof/Ed Sini Res	7,940	29,865	37,805	37,805	
Purch/Prof/Ed Ses	19,061	25,763	44,824	44,824	
Purch/Prof/Ed lea pd	19,060	(15,166)	3,894	3,894	
Purchased Professional Ed Services	153,228	27,927	181,155	181,155	
Other Purchased Services	5,892	21,696	27,588	25,294	2,294
Contracted Transp. Serv	1,000	(165)	835	835	
Supplies and Materials		25,786	25,786	25,786	
<b>Total Support Services</b>	<u>335,216</u>	<u>235,026</u>	<u>570,242</u>	<u>564,785</u>	<u>5,457</u>
<b>Facilities Acquisition and Construction Services:</b>					
Construction Services					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<u>924,134</u>	<u>747,911</u>	<u>1,672,045</u>	<u>1,565,883</u>	<u>106,162</u>
<b>Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>	<u>924,134</u>	<u>747,911</u>	<u>1,672,045</u>	<u>1,565,883</u>	<u>106,162</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGET-TO-GAAP RECONCILIATION**  
**NOTE TO RSI**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue"				
from the budgetary comparison schedule	[C-1]	\$ 12,192,319	[C-2]	\$ 1,565,883
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				(17,854)
2010-11				28,897
2009-10				
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.		982,463		32,806
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(915,856)		(36,296)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 12,258,926</u>	[B-2]	<u>\$ 1,573,436</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 12,278,659	[C-2]	\$ 1,565,883
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.				11,043
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.				
Net transfers (outflows) to general fund				
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 12,278,659</u>	[B-2]	<u>\$ 1,576,926</u>

**OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

	NCLB										Totals	
	Title I			Title II			Title IV	I.D.E.A. - Part B		Sub-Total Per E-1 (2)	2011	2010
	Part A C/O 2010-11	C/O 08-09	C/O 09-10	Part A 2010-11	C/O 09-10	Part D 2010-11	09-10	Basic 2010-11	Pre- School 2010-11			
<b>REVENUES:</b>												
Federal Sources	\$416,843	\$68,144	\$56,151	\$75,565	\$1,471	\$1,067	\$3,805	\$244,175	\$6,879	\$328,823	\$1,202,923	\$1,184,481
State Sources										362,960	362,960	328,060
Other												910
<b>Total Revenues</b>	<b>416,843</b>	<b>68,144</b>	<b>56,151</b>	<b>75,565</b>	<b>1,471</b>	<b>1,067</b>	<b>3,805</b>	<b>244,175</b>	<b>6,879</b>	<b>691,783</b>	<b>1,565,883</b>	<b>1,513,451</b>
<b>EXPENDITURES:</b>												
<b>Instruction:</b>												
Salaries of Teachers	277,467			54,845						400,551	732,863	672,994
Salaries - Other Instructional										76,047	76,047	87,536
Purchased Prof./Tech.Services	21,284									4,192	25,476	20,447
Purchased Prof/Ed.Services		1,791	2,199								3,990	5,356
Tuition								76,049			76,049	177,765
Supplies and Materials		41,917			1,471					446	43,834	2,377
General Supplies	25,604									17,235	42,839	17,249
Other Objects												548
<b>Total Instruction</b>	<b>324,355</b>	<b>43,708</b>	<b>2,199</b>	<b>54,845</b>	<b>1,471</b>			<b>76,049</b>		<b>498,471</b>	<b>1,001,098</b>	<b>984,272</b>
<b>Support Services:</b>												
Other Salaries										33,403	33,403	83,327
Personal Services-Employee Benefits	55,493			10,969						99,109	165,571	161,469
Purchased Prof/Tech Services		24,436		9,715		1,067				11,000	46,218	22,419
Pur Prof/Ed LEA PD			3,894								3,894	
Pur Prof/ED SINI Services	36,995		810								37,805	
Purch. Prof.Ed.Services			44,824					168,126	6,879	6,150	225,979	231,126
Other Purchased Services							918			24,376	25,294	23,098
Con Tran. Services										835	835	1,124
Supplies and Materials			4,424	36			2,887			18,439	25,786	6,616
<b>Total Support Services</b>	<b>92,488</b>	<b>24,436</b>	<b>53,952</b>	<b>20,720</b>		<b>1,067</b>	<b>3,805</b>	<b>168,126</b>	<b>6,879</b>	<b>193,312</b>	<b>564,785</b>	<b>529,179</b>
<b>Facilities Acquisition/Construction:</b>												
Construction Services												
Instructional Equipment												
<b>Total Facilities Acquisition/Construction</b>												
<b>Total Expenditures</b>	<b>\$416,843</b>	<b>\$68,144</b>	<b>\$56,151</b>	<b>\$75,565</b>	<b>\$1,471</b>	<b>\$1,067</b>	<b>\$3,805</b>	<b>\$244,175</b>	<b>\$6,879</b>	<b>\$691,783</b>	<b>\$1,565,883</b>	<b>\$1,513,451</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

	21ST CENTURY			Talent 21 2010-11	NCLB Title I ARRA		I.D.E.A. - ARRA		Preschool Education 2010-11	Totals 2011
	2010-11		PN 09-10		2010-11	ISIA	Basic 2010-11	Preschool 2010-11		
	PN	HMS								
<b>REVENUES:</b>										
Federal Sources	\$ 62,676	\$ 32,029	\$ 2,323	\$ 54,978	\$ 148,315	\$ 6,128	\$ 20,438	\$ 1,936		\$ 328,823
State Sources									\$ 362,960	362,960
Other										
<b>Total Revenues</b>	<b>62,676</b>	<b>32,029</b>	<b>2,323</b>	<b>54,978</b>	<b>148,315</b>	<b>6,128</b>	<b>20,438</b>	<b>1,936</b>	<b>362,960</b>	<b>691,783</b>
<b>EXPENDITURES:</b>										
Instruction:										
Salaries of Teachers	23,641	14,453		42,225	102,641				217,591	400,551
Salaries - Other Instructional									76,047	76,047
Purchased Prof/Tech Serv				4,192						4,192
Purchased Prof/Ed.Services										
Tuition										
Supplies & Materials	446									446
General Supplies							9,438	1,936	5,861	17,235
Other Objects										
<b>Total Instruction</b>	<b>24,087</b>	<b>14,453</b>		<b>46,417</b>	<b>102,641</b>		<b>9,438</b>	<b>1,936</b>	<b>299,499</b>	<b>498,471</b>
Support Services:										
Other Salaries	15,780	15,300	2,323							33,403
Personal Services-Employee Benefits	1,086	2,276		8,561	30,710				56,476	99,109
Purchased Prof/Tech Services							11,000			11,000
Purch. Prof.Ed.Services									6,150	6,150
Other Purchased Services	21,723				2,653					24,376
Con Tran. Services									835	835
Supplies and Materials					12,311	6,128				18,439
<b>Total Support Services</b>	<b>38,589</b>	<b>17,576</b>	<b>2,323</b>	<b>8,561</b>	<b>45,674</b>	<b>6,128</b>	<b>11,000</b>		<b>63,461</b>	<b>193,312</b>
Facilities Acquisition/Construction:										
Instructional Equipment										
<b>Total Facilities Acquisition/Construction</b>										
<b>Total Expenditures</b>	<b>\$ 62,676</b>	<b>\$ 32,029</b>	<b>\$ 2,323</b>	<b>\$ 54,978</b>	<b>\$ 148,315</b>	<b>\$ 6,128</b>	<b>\$ 20,438</b>	<b>\$ 1,936</b>	<b>\$ 362,960</b>	<b>\$ 691,783</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF PRESCHOOL EDUCATION AID**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Total</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers	\$ 217,591	\$ 217,591	\$
Other Salaries of Instruction	76,047	76,047	
General Supplies	5,861	5,861	
	<hr/>	<hr/>	
Total Instruction	299,499	299,499	
	<hr/>	<hr/>	
Support Services:			
Personal Services-Employee Benefits	56,476	56,476	
Purchased Professional - Educational Services	6,150	6,150	
Con. Tran. Services	835	835	
	<hr/>	<hr/>	
Total Support Services	63,461	63,461	
	<hr/>	<hr/>	
Facilities Acquisition/Construction:			
Instructional Equipments			
	<hr/>	<hr/>	
Total Expenditures	\$ 362,960	\$ 362,960	\$
	<hr/> <hr/>	<hr/> <hr/>	

**CALCULATION OF BUDGET AND CARRYOVER**

Total Revised 2010-11 Preschool Education Aid Allocation	\$ 362,960	(1)
Add: Actual ECPA/PEA Carryover ( June 30, 2010 )		(2)
Add: Budgeted Transfer from the General Fund 2010-11		(3)
Total Preschool Education Aid Funds Available for 2010-11 Budget	362,960	(4)
Less: 2009-10 Budgeted Preschool Education Aid ( including		
prior year budget carryover)	(362,960)	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2011	-	(6)
Add: June 30, 2011 Unexpended Preschool Education Aid		(7)
2010-11 Carryover - Preschool Education Aid Programs	-	(8)
2010-11 Preschool Education Aid Carryover		
Budgeted for Preschool Programs 2011-12	\$	(9)
	<hr/> <hr/>	

## **CAPITAL PROJECTS FUND DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATIONS**  
**CAPITAL PROJECTS FUND**  
**SUMMARY STATEMENT OF PROJECT EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Project Title/Issue</u>	<u>DOE Project No.</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance</u>	
				<u>Prior Years</u>	<u>Current Year</u>	<u>June 30 2010</u>	<u>June 30 2011</u>
Construction of classrooms and acquisition of other additions to the Haleyville-Mauricetown and Port Norris Schools		August 1, 2001	\$ 4,438,469	\$ 4,419,531	\$ (40,454)	\$ 18,938	\$ 59,392
New Flooring in Classrooms and Offices	1002	June 23, 2010	54,987	54,237		750	750
Replacement of Existing Asphalt Drives and Parking Areas, Concrete Sidewalks, Doors and Hardware and Construction of New Fire Lane	1003	June 23, 2010	433,015	433,015			
New Floor Finishes in Existing Classrooms	1004	June 23, 2010	65,443	64,494		949	949
Parking Lot and Sidewalk Upgrades, New Site Drainage, New Doors and Hardware	1005	June 23, 2010	286,222	282,191		4,031	4,031
			<u>\$ 5,278,136</u>	<u>\$ 5,253,468</u>	<u>\$ (40,454)</u>	<u>\$ 24,668</u>	<u>\$ 65,122</u>

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**Revenues and Other Financing**

**Sources**

State Sources - SDA Grant	\$	
Transfer from Capital Outlay		
Interest		563
		<hr/>
Total revenues		563
		<hr/>

**Expenditures and Other Financing**

**Uses**

Construction Services		
Purchased Professional and Technical Services		
Equipment Purchases		
		<hr/>
Total expenditures		
		<hr/>

Excess (deficiency) of revenues over (under) expenditures		563
Prior Year Purchase Order Adjustment		40,454
Transfer Interest to General Fund		(563)
		<hr/>
Excess (deficiency) of revenues over (under) expenditures		40,454
Fund Balance - Beginning		24,668
		<hr/>
Fund Balance - Ending	\$	65,122
		<hr/> <hr/>

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**PROJECT STATUS - BUDGETARY BASIS**  
**NEW FLOORING IN CLASSROOMS AND OFFICES**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 42,440	\$	\$ 42,440	\$ 42,440
Transfer from Capital Outlay	12,547		12,547	12,547
<b>Total Revenues</b>	<b>54,987</b>		<b>54,987</b>	<b>54,987</b>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	54,237		54,237	54,987
<b>Total Expenditures</b>	<b>54,237</b>		<b>54,237</b>	<b>54,987</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 750	\$	\$ 750	\$ 0

**Additional project information:**

Project Number	950-025-09-1002
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$82,942
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$82,942
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	21.5%
Original Target Completion Date	August 20, 2010
Revised Target Completion Date	August 20, 2010

Note: The total project amount administered by the NJSDA is \$82,942 of which \$64,909 represents the grant from the State of New Jersey with the remaining \$18,033 being funded by the Board of Education.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**PROJECT STATUS - BUDGETARY BASIS**  
**REPLACEMENT OF EXISTING ASPHALT DRIVES AND PARKING AREAS,**  
**SIDEWALKS, DOORS AND FIRE LANE**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 193,062	\$	\$ 193,062	\$ 193,062
Transfer from Capital Outlay	239,953		239,953	239,953
<b>Total Revenues</b>	<b>433,015</b>		<b>433,015</b>	<b>433,015</b>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	433,015		433,015	433,015
<b>Total Expenditures</b>	<b>433,015</b>		<b>433,015</b>	<b>433,015</b>
Excess (deficiency) of revenues over (under) expenditures	\$	\$	\$ 0	\$

**Additional project information:**

Project Number	950-025-09-1003
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$246,700
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$246,700
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	65.9%
Original Target Completion Date	August 21, 2009
Revised Target Completion Date	August 20, 2010

Note: The total project amount administered by the NJSDA is \$246,700 of which \$193,062 represents the grant from the State of New Jersey with the remaining \$53,638 being funded by the Board of Education.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**PROJECT STATUS - BUDGETARY BASIS**  
**NEW FLOOR FINISHES IN EXISTING CLASSROOMS**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 50,466	\$ 50,466	\$ 50,466	\$ 50,466
Transfer from Capital Outlay	14,977		14,977	14,977
<b>Total Revenues</b>	<b>65,443</b>		<b>65,443</b>	<b>65,443</b>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	64,494		64,494	65,443
<b>Total Expenditures</b>	<b>64,494</b>		<b>64,494</b>	<b>65,443</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 949	\$ 949	\$ 949	-

**Additional project information:**

Project Number	950-025-09-1004
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$85,794
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$85,794
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	15.4%
Original Target Completion Date	August 20, 2010
Revised Target Completion Date	August 20, 2010

Note: The total project amount administered by the NJSDA is \$857,945 of which \$67,141 represents the grant from the State of New Jersey with the remaining \$18,653 being funded by the Board of Education.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**PROJECT STATUS - BUDGETARY BASIS**  
**PARKING LOT AND SIDEWALK UPGRADES, SITE DRAINAGE, NEW DOORS AND HARDWARE**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 169,311	\$ 169,311	\$ 169,311	\$ 169,311
Transfer from Capital Outlay	116,911		116,911	116,911
<b>Total Revenues</b>	<b>286,222</b>		<b>286,222</b>	<b>286,222</b>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	282,191		282,191	286,222
<b>Total Expenditures</b>	<b>282,191</b>		<b>282,191</b>	<b>286,222</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 4,031	\$ 4,031	\$ 4,031	-

**Additional project information:**

Project Number	950-025-09-1005
Grant Date/ Letter of Notification	June 23, 2010
Bond Authorization date	
Bond Authorized	
Bonds Issued	
Original Authorization Cost	\$216,350
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$216,350
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	94.5%
Original Target Completion Date	August 21, 2009
Revised Target Completion Date	August 21, 2009

Note: The total project amount administered by the NJSDA is \$216,350 of which \$169,311 represents the grant from the State of New Jersey with the remaining \$47,039 being funded by the Board of Education.

## **PROPRIETARY FUND DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

**Food Services Fund** – This fund provides for the operation of food services in all schools within the school district.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011 AND 2010**

	<b>Food Service Enterprise Fund</b>	<b>Extended Day Enterprise Fund</b>	<b>Totals</b>	
			<b>2011</b>	<b>2010</b>
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 15,647	\$ 50,104	\$ 65,751	\$ 99,402
Accounts Receivable:				
State	390		390	1,179
Federal	24,552		24,552	29,331
Other		416	416	1,973
Inventories	9,907		9,907	13,829
<b>Total Current Assets</b>	<b>50,496</b>	<b>50,520</b>	<b>101,016</b>	<b>145,714</b>
Fixed Assets:				
Equipment	167,407		167,407	167,407
Accumulated Depreciation	(145,575)		(145,575)	(143,505)
<b>Total Fixed Assets</b>	<b>21,832</b>		<b>21,832</b>	<b>23,902</b>
<b>Total Assets</b>	<b>72,328</b>	<b>50,520</b>	<b>122,848</b>	<b>169,616</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	1,518		1,518	262
Deferred Revenue	1,879		1,879	5,692
Compensated Absences	15,130		15,130	15,130
<b>Total Current Liabilities</b>	<b>18,527</b>		<b>18,527</b>	<b>21,084</b>
<b>NET ASSETS:</b>				
Invested in Capital Assets net of related Debt	21,832		21,832	23,902
Unrestricted	31,969	50,520	82,489	124,630
<b>Total Net Assets</b>	<b>\$ 53,801</b>	<b>\$ 50,520</b>	<b>\$ 104,321</b>	<b>\$ 148,532</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**ENTERPRISE FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<b>Food Service Enterprise Fund</b>	<b>Extended Day Enterprise Fund</b>	<b>Totals</b>	
			<b>2011</b>	<b>2010</b>
<b>OPERATING REVENUES:</b>				
Local Sources:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$ 68,177	\$	\$ 68,177	\$ 33,324
School Breakfast Program				2,072
Total Daily Sales - Reimbursable Programs	68,177		68,177	35,396
Daily Sales Non-Reimbursable Programs	9,629	23,654	33,283	54,579
Total Operating Revenue	77,806	23,654	101,460	89,975
<b>OPERATING EXPENSES:</b>				
Salaries	156,487	16,984	173,471	178,839
Employee Benefits	128,339	1,749	130,088	129,419
Supplies and Materials	7,440	89	7,529	31,318
Depreciation	2,070		2,070	2,070
Cost of Sales	174,970		174,970	142,071
Management Fee	16,030		16,030	16,030
Repairs and Other Expenses	22,262		22,262	15,892
Total Operating Expenses	507,598	18,822	526,420	515,639
Operating Income (Loss)	(429,792)	4,832	(424,960)	(425,664)
Non-Operating Revenues:				
State Sources:				
State School Breakfast Program				3,373
State School Lunch Program	4,534		4,534	8,485
Federal Sources:				
School Breakfast Program	57,051		57,051	54,876
National School Lunch Program	212,452		212,452	213,275
Snack Program	10,180		10,180	
Food Distribution Program	21,901		21,901	32,563
Fruit and Vegetable Grant	24,070		24,070	27,546
Equipment Grant				16,889
Interest		561	561	489
Total Non-Operating Revenues	330,188	561	330,749	357,496
Net Income before Operating Transfers	(99,604)	5,393	(94,211)	(68,168)
Prior Year Receivable Adj.				5,607
Operating Transfer In	50,000		50,000	35,000
Net Income	(49,604)	5,393	(44,211)	(27,561)
Net Assets - July 1	103,405	45,127	148,532	176,093
Net Assets - June 30	\$ 53,801	\$ 50,520	\$ 104,321	\$ 148,532

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**ENTERPRISE FUND**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	Food Service Enterprise Fund	Extended Day Enterprise Fund	Totals	
			2011	2010
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ (429,792)	\$ 4,832	\$ (424,960)	\$ (425,664)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation	2,070		2,070	2,070
Change in Assets and Liabilities:				
(Increase)/ Decrease in Accounts Receivable	7,181	(56)	7,125	(10,931)
Increase/(Decrease) in Interfund Receivable				
Decrease/ (Increase) in Inventory	3,922		3,922	(3,030)
Increase/(Decrease) in Accounts Payable	1,256		1,256	(324)
Increase/(Decrease) in Deferred Revenue	(3,686)	(127)	(3,813)	(433)
Net Cash Used by Operating Activities	(419,049)	4,649	(414,400)	(438,312)
Cash Flows from Noncapital Financing Activities:				
Cash Received from State and Federal Reimbursements	330,188		330,188	357,007
Cancellation of Prior Year Accounts Receivable				
Operating Transfer from General Fund	50,000		50,000	35,000
Net Cash Provided by Noncapital Financing Activities	380,188		380,188	392,007
Cash Flows from Capital & Related Financing Activities:				
Purchase of Capital Asset				(16,889)
Cash Flows from Investing Activities:				
Other Local Revenue		561	561	489
Net Decrease in Cash and Cash Equivalents	(38,861)	5,210	(33,651)	(62,705)
Cash and Cash Equivalents, July 1 ( Overdraft )	54,508	44,894	99,402	162,107
Cash and Cash Equivalents, June 30 ( Overdraft )	\$ 15,647	\$ 50,104	\$ 65,751	\$ 99,402

## **FIDUCIARY FUNDS DETAIL STATEMENTS**

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

**Student Activity Fund** – This agency fund is used to account for student funds held at the schools.

**Payroll Fund** – This agency fund is used to account for the payroll transactions of the school district.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2011  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2010)**

	Expendable Trust Funds	Private Purpose Scholarship Fund	Agency		Total	
			Student Activity	Payroll	2011	2010
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 61,152	\$ 2,238	\$ 11,828	\$ 311,060	\$ 386,278	\$ 441,548
Interfund Receivable						28,012
Certificate of Deposit		33,500			33,500	33,500
<b>Total Assets</b>	<b>\$ 61,152</b>	<b>\$ 35,738</b>	<b>\$ 11,828</b>	<b>\$ 311,060</b>	<b>\$ 419,778</b>	<b>\$ 503,060</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
Liabilities:						
Interfund Payable - General Fund	\$	\$	\$	\$ 14,425	\$ 14,425	\$ 22,410
Interfund Payable - Unemployment Trust						28,012
Accounts Payable		1,500	173		1,673	1,500
Summer Reserve				263,340	263,340	330,766
Payroll Deductions and Withholdings				33,295	33,295	36,205
Due to Student Groups			11,655		11,655	9,352
<b>Total Liabilities</b>		<b>1,500</b>	<b>11,828</b>	<b>311,060</b>	<b>324,388</b>	<b>428,245</b>
Fund Balances:						
Reserved:						
Principal Portion of Expendable Scholarship Fund		34,238			34,238	35,056
Unemployment Compensation	61,152				61,152	39,759
	<b>61,152</b>	<b>34,238</b>			<b>95,390</b>	<b>74,815</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 61,152</b>	<b>\$ 35,738</b>	<b>\$ 11,828</b>	<b>\$ 311,060</b>	<b>\$ 419,778</b>	<b>\$ 503,060</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**FIDUCIARY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2010 AND 2009**

	<u>Expendable Trust</u>			<u>Total 2010</u>
	<u>Unemployment Funds</u>	<u>Scholarship Funds</u>	<u>Total 2011</u>	
ADDITIONS:				
Contributions	\$ 40,000	\$	\$ 40,000	\$ 30,000
Employee Deductions	19,473		19,473	9,054
Investment Earnings	485	682	1,167	975
Total Additions	<u>59,958</u>	<u>682</u>	<u>60,640</u>	<u>40,029</u>
DEDUCTIONS				
Total Deductions	<u>38,565</u>	<u>1,500</u>	<u>40,065</u>	<u>85,057</u>
Change in Net Assets	21,393	(818)	20,575	(45,028)
Net Assets - Beginning of the Year	<u>39,759</u>	<u>35,056</u>	<u>74,815</u>	<u>119,843</u>
Net Assets - End of the Year	<u>\$ 61,152</u>	<u>\$ 34,238</u>	<u>\$ 95,390</u>	<u>\$ 74,815</u>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance</u> <u>July 1,</u> <u>2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u> <u>6/30/11</u>	<u>Balance</u> <u>June 30,</u> <u>2011</u>
<b>ELEMENTARY SCHOOLS</b>					
Haleyville-Mauricetown	\$ 2,905	\$ 5,648	\$ 5,648	\$	\$ 2,905
Port Norris	(465)	2,932	3,313		(846)
Breakfast Fund	2,464	2,214	2,423		2,255
Graduation	600	625	2,163	173	(1,111)
General Fund	1,380	1,017	908		1,489
Performing Arts	190	7,770	3,293		4,667
Vipa-Webster	2,278				2,278
Video Sales		345	327		18
Total Elementary Schools	<u>9,352</u>	<u>20,551</u>	<u>18,075</u>	<u>173</u>	<u>11,655</u>
TOTAL ALL SCHOOLS	<u>\$ 9,352</u>	<u>\$ 20,551</u>	<u>\$ 18,075</u>	<u>\$ 173</u>	<u>\$ 11,655</u>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance</u> <u>7/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/11</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 417,393	\$ 6,254,092	\$ 6,360,425	\$ 311,060
Total Assets	<u>\$ 417,393</u>	<u>\$ 6,254,092</u>	<u>\$ 6,360,425</u>	<u>\$ 311,060</u>
<b>LIABILITIES:</b>				
Interfund Payable - General Fund	\$ 22,410	\$ 14,425	\$ 22,410	\$ 14,425
Interfund Payable - Unemployment Trust	28,012		28,012	
Summer Reserve Account	330,766	263,340	330,766	263,340
Payroll Deductions and Withholdings	36,205	5,976,327	5,979,237	33,295
Total Liabilities	<u>\$ 417,393</u>	<u>\$ 6,254,092</u>	<u>\$ 6,360,425</u>	<u>\$ 311,060</u>

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**GENERAL LONG-TERM DEBT ACCOUNT GROUP**  
**STATEMENT OF SERIAL BONDS**  
**LOANS PAYABLE**  
**JUNE 30, 2011**

<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, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
			<u>Date</u>	<u>Amount</u>					
School	8/18/1993	\$692,500	7/15/11-12	\$ 36,447.37	1.50%	\$ 145,787	\$	\$ 36,449	\$ 109,338
			7/15/13	36,447.34					
School	8/18/1993	692,500	7/15/11	47,026.30	5.29%	192,530		45,087	147,443
			7/15/12	49,112.89					
			7/15/13	51,303.89					
School	8/1/2001	3,395,000			4.750%	165,000		165,000	
Refunding Bonds of 2009 to refund Series 2001 above	11/17/2009	2,370,000	8/1/11-13	195,000.00	2.000%				
			8/1/14	195,000.00	2.250%				
			8/1/15	200,000.00	4.000%				
			8/1/16	210,000.00	3.000%				
			8/1/17	225,000.00	4.000%				
			8/1/18	235,000.00	3.125%				
			8/1/19	230,000.00	3.250%				
			8/1/20	235,000.00	4.500%				
			8/1/21	230,000.00	4.500%	2,370,000		25,000	2,345,000
Totals						\$ 2,873,317	\$	\$ 271,536	\$ 2,601,781

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local Tax Levy	\$ 174,378	\$	\$ 174,378	\$ 174,378	\$
State Sources:					
Debt Service Aid Type II	187,485		187,485	187,485	
<b>TOTAL REVENUES</b>	<u>361,863</u>		<u>361,863</u>	<u>361,863</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service					
Interest	90,328		90,328	90,326	
Redemption of Principal	271,536		271,536	271,536	
<b>Total Regular Debt Service</b>	<u>361,864</u>		<u>361,864</u>	<u>361,862</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(1)</u>		<u>(1)</u>	<u>1</u>	
Other Financing Sources (Uses)					
Operating Transfers In					
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Sources	<u>(1)</u>		<u>(1)</u>	<u>1</u>	
Fund Balance, July 1	<u>42,861</u>		<u>42,861</u>	<u>42,861</u>	
Fund Balance, June 30	<u>\$ 42,860</u>	<u>\$</u>	<u>\$ 42,860</u>	<u>\$ 42,862</u>	<u>\$</u>

**STATISTICAL SECTION**

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
NET ASSETS BY COMPONENT  
LAST EIGHT FISCAL YEARS  
(Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities</b>								
Invested in Capital Assets, Net of Related Debt	\$ 4,389,316	\$ 4,418,872	\$ 4,450,796	\$ 4,246,359	\$ 4,091,162	\$ 4,111,820	\$ 4,873,181	\$ 4,781,888
Restricted	1,580,622	2,009,609	1,954,624	1,549,510	1,128,119	2,046,062	1,526,428	1,466,286
Unrestricted	(861,734)	(1,037,655)	(1,084,527)	(1,084,243)	(1,031,124)	(1,747,868)	(1,885,240)	(1,602,285)
<b>Total Governmental Activities Net Assets</b>	<b>\$ 5,108,204</b>	<b>\$ 5,390,826</b>	<b>\$ 5,320,893</b>	<b>\$ 4,711,626</b>	<b>\$ 4,188,157</b>	<b>\$ 4,410,014</b>	<b>\$ 4,514,369</b>	<b>\$ 4,645,889</b>
<b>Business-Type Activities</b>								
Invested in Capital Assets, Net of Related Debt	\$ 18,033	\$ 15,612	\$ 13,191	\$ 10,770	\$ 10,309	\$ 9,083	\$ 23,902	\$ 21,832
Restricted								-
Unrestricted	(61,831)	(12,483)	82,246	121,133	159,873	167,010	124,630	82,489
<b>Total Business-Type Activities Net Assets</b>	<b>\$ (43,798)</b>	<b>\$ 3,129</b>	<b>\$ 95,437</b>	<b>\$ 131,903</b>	<b>\$ 170,182</b>	<b>\$ 176,093</b>	<b>\$ 148,532</b>	<b>\$ 104,321</b>
<b>District-Wide</b>								
Invested in Capital Assets, Net of Related Debt	\$ 4,407,349	\$ 4,434,484	\$ 4,463,987	\$ 4,257,129	\$ 4,101,471	\$ 4,120,903	\$ 4,897,083	\$ 4,803,720
Restricted	1,580,622	2,009,609	1,954,624	1,549,510	1,128,119	2,046,062	1,526,428	1,466,286
Unrestricted	(923,565)	(1,050,138)	(1,002,281)	(963,110)	(871,251)	(1,580,858)	(1,760,610)	(1,519,796)
<b>Total District-Wide Net Assets</b>	<b>\$ 5,064,406</b>	<b>\$ 5,393,955</b>	<b>\$ 5,416,330</b>	<b>\$ 4,843,529</b>	<b>\$ 4,358,339</b>	<b>\$ 4,586,107</b>	<b>\$ 4,662,901</b>	<b>\$ 4,750,210</b>

Source: CAFR Schedule A-1

COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(Accrual Basis of Accounting)

	For Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:								
Governmental activities								
Instruction								
Regular	\$ 3,158,121	\$ 3,107,388	\$ 3,224,042	\$ 3,156,227	\$ 3,319,501	\$ 3,357,969	\$ 3,464,382	\$ 3,366,236
Special Education	411,515	414,690	364,812	410,850	402,660	608,730	495,980	695,354
Other Special Education	166,977	273,639	124,613	269,767	239,384	366,151	418,126	343,378
Other Instruction	4,978	5,640	8,184	3,826	2,704	18,538	19,833	6,286
Support Services								
Tuition	2,211,430	1,993,128	2,442,565	2,641,693	2,532,551	2,420,356	2,797,250	3,061,878
Student and Instruction Related Services	1,342,844	1,410,276	1,042,753	914,994	1,218,422	887,375	1,022,953	963,836
General and Business Administrative Services	340,154	341,864	327,625	301,534	339,179	395,564	354,808	273,396
School Administrative Services	318,687	316,243	348,611	321,346	292,444	302,336	314,291	344,906
Central Services				195,105	204,391	205,258	219,829	217,143
Administrative Information Technology					12,530	9,875	3,783	13,526
Plant Operations and Maintenance	688,314	673,716	697,071	769,031	792,768	841,711	817,433	899,009
Pupil Transportation	626,285	680,440	669,035	691,322	815,314	880,997	993,527	808,002
Business and Other Support Services	1,394,853	1,582,297	2,081,148	2,330,474	2,133,729	2,265,509	2,713,412	2,404,763
Summer School					32,901	52,932	55,884	10,732
Amortization of Debt Issue Costs	2,189	2,189	3,850	3,850	3,850	3,850	35,614	9,516
Interest on Long-Term Debt	187,656	166,814	167,505	158,543	149,861	139,399	72,761	85,405
Unallocated Depreciation	204,056	400,693	401,290	533,538	393,603	393,603	415,865	509,902
Total Governmental Activities Expenses	11,058,059	11,369,017	11,903,104	12,702,100	12,885,792	13,150,153	14,215,731	14,013,268
Business-Type Activities								
Food Service	425,514	426,110	352,987	389,398	403,650	453,051	495,927	507,598
Extended Day		1,086	24,381	21,511	19,570	18,608	19,712	18,822
Safe Schools			38,827					
Total Business-Type Activities Expense	425,514	427,196	416,195	410,909	423,220	471,659	515,639	526,420
Total District Expenses	\$ 11,483,573	\$ 11,796,213	\$ 12,319,299	\$ 13,113,009	\$ 13,309,012	\$ 13,621,812	\$ 14,731,370	\$ 14,539,688
Program Revenues								
Governmental Activities								
Operating Grants and Contributions	\$ 2,184,497	\$ 2,218,602	\$ 2,610,073	\$ 2,682,881	\$ 2,732,628	\$ 1,754,904	\$ 2,108,027	\$ 2,174,350
Total Governmental Activities Program Revenues	2,184,497	2,218,602	2,610,073	2,682,881	2,732,628	1,754,904	2,108,027	2,174,350
Business-Type Activities								
Charges for Services								
Food Service	77,180	73,759	76,044	76,574	77,775	67,020	64,339	77,806
Extended Day		24,741	18,197	21,028	22,954	19,235	25,636	23,654
Operating Grants and Contributions	233,204	225,291	292,980	227,753	250,120	290,924	357,007	330,188
Total Business-Type Activities Program Revenues	310,384	323,791	387,221	325,355	350,849	377,179	446,982	431,648
Total District Program Revenues	\$ 2,494,881	\$ 2,542,393	\$ 2,997,294	\$ 3,008,236	\$ 3,083,477	\$ 2,132,083	\$ 2,555,009	\$ 2,605,998
Net (Expense)/Revenue								
Governmental Activities	\$ (8,873,562)	\$ (9,150,415)	\$ (9,293,031)	\$ (10,019,219)	\$ (10,153,164)	\$ (11,395,249)	\$ (12,107,704)	\$ (11,838,918)
Business-Type Activities	(115,130)	(103,405)	(28,974)	(85,554)	(72,371)	(94,480)	(68,657)	(94,772)
Total District-Wide Net Expense	\$ (8,988,692)	\$ (9,253,820)	\$ (9,322,005)	\$ (10,104,773)	\$ (10,225,535)	\$ (11,489,729)	\$ (12,176,361)	\$ (11,933,690)
General Revenues and Other Changes in Net Assets								
Governmental Activities								
Property Taxes Levied for General Purposes, net	\$ 1,182,228	\$ 1,243,223	\$ 1,466,983	\$ 1,560,450	\$ 1,535,870	\$ 1,558,870	\$ 1,558,870	\$ 1,616,662
Taxes Levied for Debt Service	116,665	114,586	135,328	86,149	114,019	109,911	115,148	174,378
Unrestricted Grants and Contributions	7,733,397	8,163,754	7,514,370	7,543,733	7,940,421	9,915,156	10,447,899	10,173,152
Investment Earnings	25,768	41,339	78,959	143,079	51,543	15,013	20,573	11,982
Miscellaneous Income	170,167	20,135	147,458	179,202	122,225	175,836	104,569	44,264
Other Adjustments				17,339	(14,383)	(57,680)		
Transfers	(132,032)	(150,000)	(120,000)	(120,000)	(120,000)	(100,000)	(35,000)	(50,000)
Total Governmental Activities	9,096,193	9,433,037	9,223,098	9,409,952	9,629,695	11,617,106	12,212,059	11,970,438
Business-Type Activities								
Investment Earnings		332	1,282	2,020	1,166	391	489	561
Other Adjustments					(10,516)		5,607	
Transfers	120,000	150,000	120,000	120,000	120,000	100,000	35,000	50,000
Total Business-Type Activities	120,000	150,332	121,282	122,020	110,650	100,391	41,096	50,561
Total District-Wide	\$ 9,216,193	\$ 9,583,369	\$ 9,344,380	\$ 9,531,972	\$ 9,740,345	\$ 11,717,497	\$ 12,253,155	\$ 12,020,999
Change in Net Assets								
Governmental Activities	\$ 222,631	\$ 282,622	\$ (69,933)	\$ (609,267)	\$ (523,469)	\$ 221,857	\$ 104,355	\$ 131,520
Business-Type Activities	4,870	46,927	92,308	36,466	38,279	5,911	(27,561)	(44,211)
Total District-Wide	\$ 227,501	\$ 329,549	\$ 22,375	\$ (572,801)	\$ (485,190)	\$ 227,768	\$ 76,794	\$ 87,309

Source: CAFR Schedule A-2

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
FUND BALANCES-GOVERNMENTAL FUNDS  
LAST EIGHT FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Reserved	\$ 1,549,878	\$ 1,922,793	\$ 1,805,517	\$ 1,099,012	\$ 852,073	\$ 1,486,960	\$ 1,622,136	641,437
Unreserved	(84,301)	(171,471)	12,690	371,498	209,417	(126,263)	(732,463)	179,066
Total General Fund	<u>\$ 1,465,577</u>	<u>\$ 1,751,322</u>	<u>\$ 1,818,207</u>	<u>\$ 1,470,510</u>	<u>\$ 1,061,490</u>	<u>\$ 1,360,697</u>	<u>\$ 889,673</u>	<u>820,503</u>
All Other Governmental Funds								
Reserved	\$	\$	\$	\$	\$	\$	\$	
Unreserved, Reported in:								
Special Revenue Fund	(45,314)	(45,314)	(45,314)	(45,314)	(55,765)	(32,417)	(32,806)	(36,296)
Capital Projects Fund	18,938	25,463	25,463	18,938	18,938	18,938	24,668	65,122
Debt Service Fund	1	28,659	28,659	4,757	4,757	2	42,861	42,862
Permanent Fund	35,823	35,453						
Total All Other Governmental Funds	<u>\$ 9,448</u>	<u>\$ 44,261</u>	<u>\$ 8,808</u>	<u>\$ (21,619)</u>	<u>\$ (32,070)</u>	<u>\$ (13,477)</u>	<u>\$ 34,723</u>	<u>71,688</u>

Source: CAFR Schedule B-1

COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Tax Levy	\$ 934,455	\$ 1,168,775	\$ 1,298,893	\$ 1,357,809	\$ 1,602,311	\$ 1,646,599	\$ 1,649,889	\$ 1,668,781	\$ 1,674,018	\$ 1,791,040
Transportation										
Interest Earnings	113,353	84,365	19,385	40,836	78,959	143,079	51,543	15,013	20,573	11,982
Miscellaneous	103,167	104,665	154,272	145,792	102,721	182,201	125,225	176,836	104,569	44,264
State Sources	7,797,184	8,059,151	8,618,141	8,925,243	8,933,866	9,322,918	9,861,808	10,860,691	9,676,315	11,128,210
Federal Sources	584,643	749,983	1,201,551	1,283,680	1,190,577	900,696	808,241	808,369	2,879,611	1,219,292
Other Sources		7,012	39,467							
<b>Total Revenues</b>	<b>9,532,802</b>	<b>10,173,951</b>	<b>11,331,709</b>	<b>11,753,360</b>	<b>11,908,434</b>	<b>12,195,493</b>	<b>12,496,706</b>	<b>13,529,690</b>	<b>14,355,086</b>	<b>14,194,788</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	2,726,489	2,867,694	3,158,121	3,107,388	3,224,042	3,156,227	3,319,501	3,357,969	3,464,382	3,366,236
Special Education Instruction	370,665	394,510	411,515	414,690	364,812	410,850	402,660	608,730	495,980	695,354
Other Special Instruction	193,763	193,077	166,977	273,639	124,613	269,767	239,384	366,151	418,126	343,378
Other instruction	6,417	9,075	4,978	5,640	8,184	3,826	2,704	18,538	19,833	6,286
<b>Support Services</b>										
Tuition	1,929,740	1,950,318	2,211,430	1,993,128	2,442,565	2,641,693	2,532,551	2,420,356	2,797,250	3,061,878
Student and Instruction Related Services	705,682	834,303	1,342,844	1,410,276	1,042,753	914,994	1,218,422	887,375	1,022,953	963,836
School Administrative Services	291,508	308,519	318,687	316,243	348,611	296,534	292,444	395,564	354,808	344,906
General Administrative Services	299,162	307,164	340,154	341,864	327,625	326,346	351,709	302,336	314,291	273,396
Central Services & Info. Techn.						195,105	204,391	215,133	223,612	228,303
Plant Operations and Maintenance	496,146	521,682	688,314	673,716	697,071	769,031	792,768	847,255	817,433	899,009
Pupil Transportation	601,298	612,610	626,285	680,440	669,035	691,322	815,314	880,997	993,527	808,002
Business and Other Support Services	123,472	141,427	146,128	180,708	185,497					
Employee Benefits	1,090,566	1,314,211	1,248,725	1,401,589	1,812,016	2,303,797	2,185,417	2,148,522	2,452,283	2,614,324
Summer School							32,901	52,932	55,884	10,732
Capital Outlay	85,439	133,414	107,228	103,132	100,365	100,287	36,494	238,416	982,230	199,491
<b>Debt Service</b>										
Principal	67,961	69,125	190,435	175,884	203,173	209,704	216,295	227,981	239,693	271,536
Interest and Other Charges	33,797	273,447	187,656	166,814	171,187	162,364	153,222	143,635	90,625	90,326
<b>Total Expenditures</b>	<b>9,022,105</b>	<b>9,930,576</b>	<b>11,149,477</b>	<b>11,245,151</b>	<b>11,721,549</b>	<b>12,451,847</b>	<b>12,796,177</b>	<b>13,111,890</b>	<b>14,742,910</b>	<b>14,176,993</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>510,697</b>	<b>243,375</b>	<b>182,232</b>	<b>508,209</b>	<b>186,885</b>	<b>(256,354)</b>	<b>(299,471)</b>	<b>417,800</b>	<b>(387,824)</b>	<b>17,795</b>
<b>Other Financing Sources (Uses)</b>										
Other adjustments						(1,770)				
Transfers, net	(122,795)	(555,000)	(125,649)	(194,176)	(120,000)	(120,000)	(120,000)	(100,000)	(35,000)	(50,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(122,795)</b>	<b>(555,000)</b>	<b>(125,649)</b>	<b>(194,176)</b>	<b>(120,000)</b>	<b>(121,770)</b>	<b>(120,000)</b>	<b>(100,000)</b>	<b>(35,000)</b>	<b>(50,000)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 387,902</b>	<b>\$ (311,625)</b>	<b>\$ 56,583</b>	<b>\$ 314,033</b>	<b>\$ 66,885</b>	<b>\$ (378,124)</b>	<b>\$ (419,471)</b>	<b>\$ 317,800</b>	<b>\$ (422,824)</b>	<b>\$ (32,205)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>1.1%</b>	<b>3.5%</b>	<b>3.4%</b>	<b>3.1%</b>	<b>3.2%</b>	<b>3.0%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.4%</b>	<b>2.6%</b>

Source: CAFR Schedule B-2

**EXHIBIT J-5**

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Transportation and Tuition Revenue</u>	<u>Prior Years Tuition</u>	<u>Prior Year Order Adjustments</u>	<u>E-Rate</u>	<u>Misc.</u>	<u>Total</u>
2011	\$ 11,982	\$	\$ 23,345	\$ -	\$ 13,883	\$ 6,473	\$ 55,683
2010	20,020	14,202		34,586	11,972	42,899	123,679
2009	14,533	104,708		63,342	5,797	62,429	250,809
2008	51,543	35,672		66,805	16,792	2,956	173,768
2007	143,079	10,552		96,288		75,361	325,280
2006	76,791		8,643	69,883		24,195	179,512
2005	14,885	40,296		95,101		36,849	187,131
2004	33,410	18,841	55,485	26,296		39,007	173,039
2003	13,300	84,365	55,485	12,616		23,264	189,030
2002	6,285	113,353	55,485	19,716		21,681	216,520

Source: District Records

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30,</b>	<b>Vacant Land</b>	<b>Residential</b>	<b>Farm Reg.</b>	<b>Qfarm</b>	<b>Commercial</b>	<b>Industrial</b>	<b>Apartment</b>	<b>Total Assessed Value</b>	<b>Public Utilities <sup>a</sup></b>	<b>Net Valuation Taxable</b>	<b>Total Direct School Tax Rate <sup>b</sup></b>	<b>Estimated Actual County Equalized Value</b>
2011	\$ 18,373,400	\$ 241,907,400	\$ 3,354,400	\$ 500,600	\$ 11,771,400	\$ 13,038,400	\$ 1,169,000	\$ 290,114,600	\$ 1,879,419	\$ 291,994,019	\$ 0.612	\$ 280,891,713
2010	18,423,800	240,822,700	3,247,500	498,100	11,763,400	13,038,400	1,169,000	288,962,900	2,096,236	291,059,136	0.614	266,639,661
2009	18,301,400	241,081,100	3,254,000	498,100	12,095,200	13,122,400	1,169,000	289,521,200	2,061,122	291,582,322	0.572	250,512,980
2008	9,268,175	97,090,890	738,400	546,000	4,089,750	5,914,700	62,400	117,710,315	1,126,837	118,837,152	1.400	234,622,912
2007	9,275,275	94,833,900	790,400	546,000	4,139,050	5,914,700	62,400	115,561,725	1,221,099	116,782,824	1.403	231,561,392
2006	10,466,675	93,369,300	790,400	546,000	4,140,450	6,213,100	62,400	115,588,325	983,653	116,571,978	1.398	207,971,432
2005	10,367,975	92,296,000	823,800	469,200	4,146,650	6,495,100	62,400	114,661,125	1,643,076	116,304,201	1.367	180,710,993
2004	10,779,375	91,343,700	930,400	446,300	4,146,650	6,495,100	62,400	114,203,925	1,772,900	115,976,825	1.160	155,676,016
2003	10,795,675	91,079,200	931,000	449,400	4,241,650	6,478,000	62,400	114,037,325	1,964,592	116,001,917	1.109	144,846,088
2002	11,027,575	90,714,450	1,019,800	369,000	4,364,050	6,478,000	62,400	114,035,275	1,865,838	115,901,113	1.000	134,602,544

Source: District records Tax list summary & Municipal Tax Assessor

**Note:** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

**a** Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

**b** Tax rates are per \$100

\* Estimate

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
*(Rate Per \$100 of Assessed Value)*

Year Ended June 30,	Commercial Township Board of Education			Overlapping Rates		
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Commercial Township	Cumberland County	Total
2011	\$ 0.552	\$ 0.060	\$ 0.612	\$ 0.587	\$ 0.921	\$ 2.120
2010	0.572	0.042	0.614	0.587	0.835	2.036
2009	* 0.534	0.038	0.572	0.449	0.773	1.794
2008	1.303	0.097	1.400	0.924	1.901	4.225
2007	1.330	0.073	1.403	0.786	1.737	3.926
2006	1.280	0.118	1.398	0.786	1.641	3.825
2005	1.252	0.115	1.367	0.751	1.427	3.545
2004	1.056	0.104	1.160	0.680	1.240	3.080
2003	1.010	0.100	1.110	0.633	1.156	2.899
2002	0.969	0.031	1.000	0.590	1.130	2.720

\* First Year of Revaluation.

Source: District Records and Municipal Tax Collector

**Note:** NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the pre-budget year net budget by more than the spending growth limitation calculation.

**a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

**b** Rates for debt service are based on each year's requirements.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Whibco Inc.	\$	0.00%	\$ 4,396,600	3.79%
Nicholas Levari (PA)			2,748,200	2.37%
New Jersey Bell Telephone			1,865,838	1.61%
U.S. Silica Co.		0.00%	3,897,000	3.36%
Exelon Generation Co. LLC		0.00%		
Bell Atlantic Property Tax Dept				
PSE&G			1,556,700	1.34%
Levari Family LLC				
Ricci Brothers Sand Co.		0.00%	515,000	0.44%
Whibco Inc.		0.00%		
Taxpayer #1		0.00%	821,100	0.71%
Bell Atlantic Dist. 3		0.00%		
Surfside Products LLC		0.00%		
Bell Atlantic Dist. 2		0.00%		
Port Norris Marina Inc.		0.00%		
Taxpayer #2			773,800	0.67%
Taxpayer #3			549,700	0.47%
Liverpool Estates				
Bivalve Packing			472,000	0.41%
<b>Total</b>	<b>\$</b>	<b>0.00%</b>	<b>\$ 17,595,938</b>	<b>15.17%</b>

Source: District CAFR & Municipal Tax Assessor

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2011	\$ 1,791,040	\$ 1,791,040	100.00%	\$
2010	1,674,018	1,674,018	100.00%	
2009	1,668,781	1,668,781	100.00%	
2008	1,649,889	1,649,889	100.00%	
2007	1,646,599	1,646,599	100.00%	
2006	1,602,311	1,602,311	100.00%	
2005	1,357,809	1,357,809	100.00%	
2004	1,298,893	1,298,893	100.00%	
2003	1,168,775	1,168,775	100.00%	
2002	934,455	934,455	100.00%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

**Note:** School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, the amount voted upon or certified prior to the end of the school year.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities	Total District	Percentage of	
	General Obligation Bonds <sup>b</sup>	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases		Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
2011	\$ 2,601,781	\$	\$	\$	\$ 2,601,781	1.43%	\$ 477
2010	2,873,317				2,873,317	1.61%	529
2009	3,018,009	5,939			3,023,948	1.71%	559
2008	3,245,990	11,483			3,257,473	1.90%	603
2007	3,462,285	28,465			3,490,750	2.13%	647
2006	3,671,989	78,792			3,750,781	2.38%	698
2005	3,875,162	126,155			4,001,317	2.68%	747
2004	4,051,046	170,728			4,221,774	2.90%	791
2003	4,257,376	212,677			4,470,053	3.17%	844
2002	4,326,501	252,155			4,578,656	3.31%	868

Source: District CAFR Schedules I-1, I-2

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2011	\$ 2,601,781		\$ 2,601,781	0.89%	479
2010	2,873,317		2,873,317	0.99%	531
2009	3,018,009		3,018,009	1.04%	558
2008	3,245,990		3,245,990	2.73%	601
2007	3,462,285		3,462,285	2.96%	644
2006	3,671,989		3,671,989	3.15%	686
2005	3,875,162		3,875,162	3.33%	726
2004	4,051,046		4,051,046	3.49%	764
2003	4,257,376		4,257,376	3.67%	808
2002	4,326,501		4,326,501	3.73%	825

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-13.

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2011**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Commercial Township	\$ 1,448,812	100.000%	\$ 1,448,812
<b>Other debt</b>			
County of Cumberland - Township share	63,759,034	2.766%	1,763,843
Subtotal, Overlapping Debt			<u>3,212,655</u>
<b>Commercial Township School District Direct Debt</b>			<u>2,601,781</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 5,814,436</u></u>

**Sources:** Commercial Township Chief Financial Officer and Cumberland County Finance Office

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Commercial. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

**a** For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

**Legal Debt Margin Calculation for Fiscal Year 2011**

	Equalized Valuation Basis	
	2010	\$ 276,149,560
	2009	263,177,166
	2008	244,212,272
	[A]	\$ 783,538,998
Average Equalized Valuation of Taxable Property	[A/3]	\$ 261,179,666
Debt Limit (3% of Average Equalization Value)	[B]	\$ 7,835,390 <sup>a</sup>
Net Bonded School Debt	[C]	2,601,781
Legal Debt Margin	[B-C]	\$ 5,233,609

**Fiscal Year**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 4,050,059	\$ 4,034,124	\$ 4,134,677	\$ 4,351,246	\$ 4,812,331	\$ 5,391,024	\$ 6,137,667	\$ 6,772,680	\$ 7,377,297	\$ 7,835,390
Total Net Debt Applicable to Limit	4,326,501	4,257,376	4,051,046	3,875,162	3,671,989	3,462,285	3,245,990	3,018,009	2,873,317	2,601,781
Legal Debt Margin	\$ (276,442)	\$ (223,252)	\$ 83,631	\$ 476,084	\$ 1,140,342	\$ 1,928,739	\$ 2,891,677	\$ 3,754,671	\$ 4,962,073	\$ 5,233,609
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	107%	106%	98%	89%	76%	64%	53%	45%	39%	33%

Source: Abstract of Ratables and District Records

<sup>a</sup> Limit set by NJS A 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Population</u> <sup>a</sup>	<u>Personal Income (thousands of dollars)</u> <sup>b</sup>	<u>Per Capita Personal Income</u> <sup>c (1)</sup>	<u>Unemployment Rate</u> <sup>d</sup>	
2011	*	5,432	181,025,798	33,326	N/A
2010	*	5,424	178,087,873	32,833	13.60%
2009		5,412	172,518,324	31,877	12.70%
2008		5,406	171,451,290	31,715	7.40%
2007		5,398	164,126,190	30,405	6.10%
2006		5,375	157,734,750	29,346	6.80%
2005		5,356	149,207,448	27,858	5.90%
2004		5,335	145,362,745	27,247	4.40%
2003		5,299	141,223,649	26,651	5.80%
2002		5,272	138,342,552	26,241	5.70%
2001		5,245	132,137,285	25,193	5.00%

\* Estimate

(1) Information for Cumberland County

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income

<sup>c</sup> Per Capita

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

N/A - Not Available at time of Audit

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

	<u>2011</u>		<u>2002</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
<b>Not Available</b>				
	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>0.00%</u>

Source:

This schedule should include the ten largest employers, unless fewer are required to reach 50 percent of total employment.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

<b><u>Function/Program</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
Instruction										
Regular	52	52	53	50	52	51	49	49	48	47
Special education	7	5	8	8	7	7	12	17	14	19
Support Services:										
Tuition										
Student & instruction related services	17	18	18	17	17	19	16	14	17	15
General administrative services	2	2	2	2	2	2	2	2	2	2
School administrative services	4	4	5	5	5	5	5	5	7	7
Business administrative services	3	3	3	3	3	3	3	3	3	
Plant operations and maintenance	7	7	9	10	9	9	9	9	9	9
Food Service	10									
Total	<u>102</u>	<u>91</u>	<u>98</u>	<u>95</u>	<u>95</u>	<u>96</u>	<u>96</u>	<u>99</u>	<u>100</u>	<u>99</u>

**Source:** District Personnel Records

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2011	665	\$ 13,615,640	\$ 20,475	-0.1%	66	10.1 : 1	658.1	609.9	-0.98%	92.68%
2010	655	13,430,362	20,504	11.5%	61	10.7 : 1	664.6	619.3	0.09%	93.18%
2009	680	12,501,858	18,385	-0.4%	59	11.5 : 1	664.0	620.1	0.77%	93.39%
2008	671	12,390,166	18,465	4.8%	59	13.3 : 1	658.9	611.4	-2.17%	92.79%
2007	680	11,979,492	17,617	6.2%	62	10.86 : 1	673.5	624.4	-0.63%	92.71%
2006	678	11,246,824	16,588	5.7%	68	9.97 : 1	677.8	633.6	-4.14%	93.48%
2005	688	10,802,264	15,701	5.2%	75	8.30 : 1	707.1	663.0	-0.06%	93.76%
2004	715	10,669,800	14,923	13.3%	76	11.37 : 1	707.5	657.5	-1.32%	92.93%
2003	718	9,454,590	13,168	4.8%	71	12.49 : 1	717.0	665.0	0.28%	92.75%
2002	703	8,834,908	12,567	-13.8%	72	10.20 : 1	715.0	663.0	#REF!	92.73%

**Sources:** District records, ASSA

**Note:** Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Haleyville-Mauricetown (1968)										
Square Feet	37,570	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975
Capacity (students)	277	430	430	430	430	430	430	430	430	430
Enrollment	403	419	487	466	463	499	460	492	460	470
<b><u>Middle School</u></b>										
Port Norris School (1916)										
Square Feet	40,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875
Capacity (students)	187	248	248	248	248	248	248	248	248	248
Enrollment	300	299	228	222	216	218	190	188	195	195
<b><u>Other</u></b>										
Central Administration (1998)										
Square Feet	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Number of Schools at June 30, 2011										
Elementary = 1										
Middle = 1										
High School = 0										
Other = 1										

**Source:** District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**GENERAL FUND**  
**SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES**  
**LAST NINE FISCAL YEARS**  
*(UNAUDITED)*

**UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**11-000-261-XXX**

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Haleyville-Mauricetown	65,975	\$ 125,112	\$ 112,057	\$ 112,126	\$ 86,625	\$ 118,932	\$ 76,750	\$ 47,938	\$ 34,458	\$ 61,726
Port Norris Middle	49,875	100,901	98,390	74,606	83,659	58,557	61,591	37,037	71,098	59,808
Total School Facilities		226,013	210,447	186,732	170,284	177,489	138,341	84,975	105,556	121,534
Other Facilities	1,900	3,195	6,095	5,781	11,141	13,249	10,882	32,996	39,876	39,876
Grand Total		<u>\$ 229,208</u>	<u>\$ 216,542</u>	<u>\$ 192,513</u>	<u>\$ 181,425</u>	<u>\$ 190,738</u>	<u>\$ 149,223</u>	<u>\$ 117,971</u>	<u>\$ 145,432</u>	<u>\$ 161,410</u>

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
 (UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
School Alliance Insurance Fund	General & Auto Liability	\$ 5,000,000	
	Property & Auto Physical Damage	250,000,000	
	Boiler/Machinery	100,000,000	
	Money and Securities	50,000	
	Faithful Performance	100,000	
	Computer Fraud	50,000	
	Forgery and Attention	50,000	
	Environmental Impairment	1,000,000/25,000,000 Fund Agg	
	Excess Liability	5,000,000	
	School Board Legal Liability Educator's Liability	5,000,000	
Employer's Liability	5,000,000		
The Hartford	Public Official Bond - Business Administrator	100,000	
Travelers Ins. Co.	Treasurer's Surety Bond	200,000	
N.J. School Boards Insurance Group	Workers' Compensation	2,000,000	
American International	Student Accident	1,000,000	

**SINGLE AUDIT SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

(856) 629-3111  
Fax (856) 728-2245

October 3, 2011

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

The Honorable President and  
Members of the Board of Education  
Commercial Township School District  
County of Cumberland, New Jersey 08349

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education of the Commercial Township School District's basis financial statements and have issued our report thereon dated October 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Commercial Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures 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 Commercial Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commercial Township Board of Education's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

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

**Compliance and Other Matters**

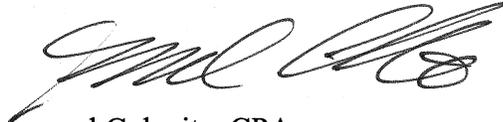
As part of obtaining reasonable assurance about whether the Commercial Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey labeled Finding 2011-5.

We noted certain other immaterial matters involving internal control that we have reported to the Commercial Township Board of Education in a separate report entitled, *Auditor's Management Report on Administrative Findings, Compliance and Performance* dated October 3, 2011.

This report is intended solely for the information and use of the audit committee, management, the Commercial Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

(856) 629-3111  
Fax (856) 728-2245

October 3, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133  
AND NEW JERSEY OMB CIRCULAR 04-04**

The Honorable President and  
Members of the Board of Education  
Commercial Township School District  
County of Cumberland, New Jersey 08349

## Compliance

We have audited the Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Commercial Township School District's major federal and state programs for the fiscal year ended June 30, 2011. The Commercial Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Commercial Township Board of Education's management. Our responsibility is to express an opinion on the Commercial Township Board of Education's compliance based on our audit.

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

In our opinion, the Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

### **Internal Control Over Compliance**

Management of the Board of Education of the Commercial Township School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Commercial Township Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey Circular 04-04, 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 Commercial Township Board of Education's internal control over compliance.

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

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

This report is intended solely for the information and use of the audit committee, management, the Commercial Township Board of Education, the New Jersey State Department of Education, other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915

**TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Schedule A  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2011		
				From	To							Accounts Receivable	Deferred Revenue	Due to Grantor
<b>U.S. Department of Education</b>														
General Fund														
Medical Assistance Program - (SEMI)	93.778	N/A	\$15,504	7/1/09	6/30/10	\$ (2,346)	\$	\$ 2,346	\$	\$	\$	\$	\$	\$
Medical Assistance Program - (SEMI)	93.778	N/A	5,326	7/1/10	6/30/11			5,326	(5,326)					
						<u>(2,346)</u>		<u>7,672</u>	<u>(5,326)</u>					
<b>U.S. Department of Agriculture</b>														
Passed-through State Department of Education:														
Enterprise Fund:														
U.S.D.A. Food Distribution Program	10.555	N/A	32,003	7/1/09	6/30/10	5,565			(5,565)					
U.S.D.A. Food Distribution Program	10.555	N/A	18,215	7/1/10	6/30/11			18,215	(16,336)				1,879	
Fresh Fruits and Vegetable Program	10.582	N/A	24,070	7/1/10	6/30/11			22,608	(24,070)			(1,462)		
Fresh Fruits and Vegetable Program	10.582	N/A	27,546	7/1/09	6/30/10	(2,517)		2,517						
School Breakfast Program	10.553	N/A	54,876	7/1/09	6/30/10	(5,602)		5,602						
School Breakfast Program	10.553	N/A	57,051	7/1/10	6/30/11			51,699	(57,051)			(5,352)		
School Snack Program	10.555	N/A	10,180	7/1/10	6/30/11			9,629	(10,180)			(551)		
National School Lunch Program	10.555	N/A	213,275	7/1/09	6/30/10	(21,212)		21,212						
National School Lunch Program	10.555	N/A	212,452	7/1/10	6/30/11			195,265	(212,452)			(17,187)		
Total U.S. Department of Agriculture						<u>(23,766)</u>		<u>326,747</u>	<u>(325,654)</u>			<u>(24,552)</u>	<u>1,879</u>	
<b>U.S. Department of Education</b>														
Passed-through State Department of Education:														
Special Revenue Fund:														
I.D.E.A. Part B, Pre-school	84.173	IDEA0950-11	6,879	9/1/10	8/31/11			6,879	(6,879)					
I.D.E.A. Part B Basic	84.027	IDEA0950-11	244,175	9/1/10	8/31/11			177,884	(244,175)			(66,291)		
Title I	84.010A	NCLB0950-11	487,984	9/1/10	8/31/11			193,706	(416,843)			(223,137)		
Title I	84.010A	NCLB0950-10	469,970	9/1/09	8/31/10	(113,863)		170,014	(56,151)					
Title I	84.010A	NCLB0950-09	448,418	9/1/08	8/31/09	(17,285)		83,429	(68,144)			(2,000)		
Title I A -SIA	84.010A	NCLB0950-08	10,144	9/1/07	8/31/08	466				466				
Title II A	84.367A	NCLB0950-10	63,237	9/1/09	8/31/10	(18,313)		19,784	(1,471)					
Title II A	84.367A	NCLB0950-11	75,565	9/1/10	8/31/11			38,428	(75,565)			(37,137)		
Title II D	84.318X	NCLB0950-11	1,067	9/1/10	8/31/11				(1,067)			(1,067)		
Title IV Drug Free	84.186A	NCLB0950-08	9,103	9/1/07	8/31/08	1,820				1,820				
Title IV Drug Free	84.186A	NCLB0950-10	6,300	9/1/09	8/31/10			3,805	(3,805)					
Title VI	84.358B	NCLB0950-10	17,422	9/1/09	8/31/10	(12,213)		12,213						
Title VI	84.358B	NCLB0950-07	19,963	9/1/06	8/31/07	14				14				
Title V	84.298A	NCLB0950-08	1,773	9/1/07	8/31/08	10				10				
21st Century Prog - PN	84.287C	NCLB0950-10	64,881	9/1/09	8/31/10	(16,330)		18,653	(2,323)					
21st Century Prog - HMS	84.287C	NCLB0950-11	47,764	9/1/10	8/31/11			23,805	(32,029)			(8,224)		
21st Century Prog - PN	84.287C	NCLB0950-11	64,971	9/1/10	8/31/11			14,680	(62,676)			(47,996)		
21st Century Prog	84.287C	NCLB0950-07	60,562	7/1/06	6/30/07	457							457	
Talent 21	84.318X	NGO10-RE01-G03	90,602	2/1/10	9/15/11	(18,947)		50,023	(54,978)			(23,902)		
ARRA - Title I A	84.389	ARRA0950-10	272,936	7/1/09	6/30/10	(20,214)		128,013	(148,315)			(40,516)		
ARRA - Title I A SIA	84.389	ARRA0950-10	6,128	7/1/09	6/30/10			2,858	(6,128)			(3,270)		
ARRA - IDEA	84.391	ARRA0950-10	238,101	7/1/09	6/30/10	(54,857)		54,857	(20,438)			(20,438)		
ARRA - IDEA - PS	84.392	ARRA0950-10	8,563	7/1/09	6/30/10				(1,936)			(1,936)		
Total U.S. Department of Education						<u>(269,255)</u>		<u>999,031</u>	<u>(1,202,923)</u>		<u>2,310</u>	<u>(475,914)</u>	<u>457</u>	
Total Federal Financial Assistance						<u>\$ (295,367)</u>	<u>\$</u>	<u>\$ 1,333,450</u>	<u>\$ (1,533,903)</u>	<u>\$</u>	<u>\$ 2,310</u>	<u>\$ (500,466)</u>	<u>\$ 2,336</u>	<u>\$</u>

See accompanying notes to schedules of financial assistance

**TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - Schedule B**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Exhibit K-4

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2010			Cash Received	Budgetary Expenditures	Balance at June 30, 2011		MEMO	
			From	To	(Accounts Receivable)	Deferred Revenue	Carryover/ (Walkover) Amount			(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>													
General fund:													
Equalization Aid	11-495-034-5120-078	\$ 9,326,011	7/1/10	6/30/11				\$ 8,466,990	\$ (9,326,011)		*	(859,021)	\$ 9,326,011
Special Education Categorical Aid	11-495-034-5120-089	450,198	7/1/10	6/30/11			405,178	(450,198)		*		(45,020)	450,198
Security Aid	11-495-034-5120-084	118,148	7/1/10	6/30/11			106,333	(118,148)		*		(11,815)	118,148
Extraordinary Aid	10-100-034-5120-473	15,309	7/1/09	6/30/10	\$ (15,309)		15,309						
Extraordinary Aid	11-100-034-5120-473	16,470	7/1/10	6/30/11				(16,470)	\$ (16,470)	*			16,470
Non-public Transportation aid	11-495-034-5120-014	6,397	7/1/10	6/30/11				(6,397)	(6,397)	*			6,397
Non-public Transportation aid	10-495-034-5120-014	5,448	7/1/09	6/30/10	(5,448)		5,448				*		
TPAF Post Retirement Medical Contrib	11-495-034-5095-001	282,416	7/1/10	6/30/11			282,416	(282,416)		*			282,416
TPAF Non Contributory Ins	11-495-034-5095-007	13,296	7/1/10	6/30/11			13,296	(13,296)		*			13,296
Reimbursed TPAF Social Security Cor	11-495-034-5095-002	301,712	7/1/10	6/30/11			301,552	(301,712)	(160)	*			301,712
Total General Fund								9,596,522	(10,514,648)	(\$23,027)		(915,856)	10,514,648
Special Revenue Fund:													
Preschool Education Aid	11-495-034-5120-086	362,960	7/1/10	6/30/11			326,664	(362,960)		*		(36,296)	362,960
Total Special Revenue Fund								326,664	(362,960)			(36,296)	362,960
Capital Projects Fund:													
NJSDA Grant	950-025-09-1002	42,440	6/23/10	Closing	(42,440)				(42,440)	*			42,440
NJSDA Grant	950-025-09-1003	193,062	6/23/10	Closing	(193,062)				(193,062)	*			193,062
NJSDA Grant	950-025-09-1004	50,466	6/23/10	Closing	(50,466)				(50,466)	*			50,466
NJSDA Grant	950-025-09-1005	169,311	6/23/10	Closing	(169,311)				(169,311)	*			169,311
					(455,279)				(455,279)				455,279
Debt Service Fund:													
Debt Service Aid-Type II	11-495-034-5120-017	187,485	7/1/10	6/30/11			187,485	(187,485)		*			187,485
<b>State Department of Agriculture:</b>													
Enterprise Fund:													
National School Breakfast Prog.	10-101-010-3350-021	3,373	7/1/09	6/30/10	(342)		342						
National School Lunch Prog.	11-101-010-3350-023	4,534	7/1/10	6/30/11			4,144	(4,534)	(390)	*			4,534
National School Lunch Prog.	10-101-010-3350-023	8,485	7/1/09	6/30/10	(837)		837						
Total Enterprise Fund					(1,179)		5,323	(4,534)	(390)	*			4,534
Total State Financial Assistance					\$ (477,215)		\$ 10,115,994	\$ (11,069,627)	\$ (478,696)	\$ (952,152)	*	\$ (952,152)	\$ 11,524,906

See accompanying notes to schedules of financial assistance

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2011**

**NOTE 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Township of Commercial School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (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 the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$66,607 for the general fund and \$7,553 for the special revenue fund. See Note 2 (Notes to Required Supplemental Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented below:

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2011**  
(Continued)

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 5,326	\$ 10,581,255	\$ 10,586,581
Special Revenue Fund	1,213,966	359,470	1,573,436
Debt Service		187,485	187,485
Food Service Fund	<u>325,654</u>	<u>4,534</u>	<u>330,188</u>
Total Awards & Financial Assistance	<u>\$ 1,544,946</u>	<u>\$ 11,132,744</u>	<u>\$ 12,677,690</u>

**NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING**

The Township of Commercial had no outstanding loans as of June 30, 2011 other than the SDA loans in the amount of \$338,317 reported herein.

**NOTE 6: OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2011. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

**NOTE 7: SCHOOLWIDE PROGRAM FUNDS**

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.



COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(continued)

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 322,723

Auditee qualified as low-risk auditee?  X  yes   no

Internal control over major programs:

1) Material weakness (es) identified?   yes  X  no

2) Significant deficiencies identified that are not considered to be material weaknesses?   yes  X  none reported

Type of auditor's report issued on compliance for major programs: Unqualified Opinion

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04   yes  X  no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
11-495-034-5120-078	Equalization Aid
11-495-034-5120-089	Special Education Categorical Aid
11-495-034-5120-084	Security Aid
11-495-034-5120-086	Preschool Education Aid

COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(continued)

Section II - Financial Statement Findings

**Finding:** 2011-5

**Criteria or specific requirement:**

Generally Accepted Accounting Principles for New Jersey School Districts requires that districts maintain a fixed asset accounting system that includes asset descriptions, historical cost, funding source, estimated useful lives, depreciation expense and accumulated depreciation.

**Condition:**

While the district maintains fixed asset records, the updated report, prepared by an outside appraisal company, was not available for examination in a timely manner and accordingly, the current year amounts were determined and adjusted as part of the audit, based on the previous outside appraisal report.

**Context:**

Fixed asset reporting is required by GASB 34 and included in the District-wide Financial Statements.

**Effect:**

Material misstatement of the financial statements would have resulted, pertaining to historical cost and accumulated depreciation on the statement of net assets and depreciation expense on the statement of activities, if the adjustments were not made as part of the audit.

**Cause:**

Inadvertent delay in submission of information.

**Recommendation:**

Additions and deletions of fixed assets made during the year should be communicated to the outside appraisal company in a more timely manner, in order to acquire an updated fixed asset report for inclusion of information in the Comprehensive Annual Financial Report.

**Management's response:**

The finding will be addressed in the corrective action plan, as required by the New Jersey Department of Education.

COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(continued)

Section III - Federal Awards and State Financial Assistance  
Findings and Questioned Costs

**FEDERAL AWARDS**

**Finding:** NONE

**Information on the federal program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

**STATE AWARDS**

**Finding:** NONE

**Information on the state program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a) (b)) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR - YEAR FINDINGS**

**NONE**