

**SCHOOL DISTRICT**  
**OF**  
**TOWNSHIP OF COMMERCIAL**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Township of Commercial Board of Education**

**Port Norris, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Township of Commercial Board of Education**

**Port Norris, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**Prepared by**

**Commercial Township Board of Education**

**Finance Department**

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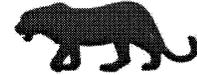
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## **INTRODUCTORY SECTION**



Haleyville Mauricetown School  
1308 North Avenue • Port Norris, NJ 08349  
856.785.2333



Port Norris Middle School  
6812 Brown Street • Port Norris, NJ 08349  
856.785.1611

**Daniel J. Dooley, ABD.**  
*Superintendent/Principal*

**Pamela A. Zook**  
*School Business Administrator*

**Alysia R. Thomson, M.Ed**  
*District Assistant Principal*

November 27, 2015

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, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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 and/or 15-08 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 2014-15 fiscal year with a June enrollment of 567 students, which is 12 less than the previous year enrollment. The following details the changes in the student enrollment of the District over the last ten years.

**June 30 Enrollment**

<b><u>Fiscal Year</u></b>	<b><u>Student Enrollment</u></b>	<b><u>Percent Change</u></b>
2014-15	567	(2.07)%
2013-14	579	(3.82)%
2012-13	602	(5.35)%
2011-12	636	(4.36)%
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)%

**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 is striving to raise the achievement level of all its students particularly in the critical areas of language arts literacy, mathematics, and social and emotional character development (SECD). District, state, and federal funds have been leveraged to narrow the achievement gap through:

- remediation and basic skills,
- review curriculum and instruction to ensure we are meeting the needs of every student,
- analyzing data to make appropriate connections to teaching and learning as it related to differentiation,
- the introduction of technology with the intent to establish high interest activities, engagement, and time on task,

### **3. MAJOR INITIATIVES (CONT'D):**

- provide new language arts and mathematics instructional materials,
- and professional development pertaining to pedagogy and practice in instructional methods aimed at providing professional growth for staff and improving student progress:
  - “Writing with Spice,”
  - Orton Gillingham Training,
  - Crisis Management Training for all staff members,
  - data analysis as delivered by Stockton University and LinkIt,
  - Team teaching and meeting the needs of students with special needs by Maryanne Joseph (DOE),
  - and MSP Math Grant through Stockton University.

Commercial Township has also invested in the following resources to best assist our students in offering them the support, differentiation, and remediation needed to allow all students to experience success:

- We have obtained a Reading Specialist for grades K-5,
- behaviorist for grades K-5,
- additional guidance counselor for grades K-5,
- and an additional BSI math teacher for grades K-5.
- We have developed an Enrichment and Intervention Program for 1<sup>st</sup> grade.
- We were able to provide a laptop for all teachers in the district.
- We have provided all students a Chromebook for grades 6-8.
- We have provided a BSI Mathematics Instructor for grades 6-8,
- and we have developed an Enrichment Program for grades 6-8 through STEM and Science.

### **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, 2015.

## **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, 2015 the District's outstanding debt issues were \$1,565,000 in general obligation bonds. In August 1993, the District issued New Jersey Economic Development Authority bonds in the amount of \$495,990, all of which has been paid off as of June 30, 2015. 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.

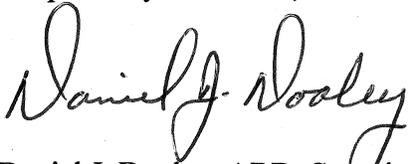
**10. OTHER INFORMATION:**

**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 and/or 15-08 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,



Daniel J. Dooley, ABD, Superintendent/Principal



Pamela Zook, School Business Administrator/Board Secretary

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

**ROSTER OF OFFICIALS**

**JUNE 30, 2015**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Carol Perrelli, President	2015
Guy DeFabrites, Vice President	2016
Julie Baum-Abbott	2016
Melissa Chamberlain	2016
Anna DeFabrites	2015
Rita Pettit	2016
Jay Sutton	2016
Ronald Sutton	2015
Stacy Wilson-Smith	2017
<u>OTHER OFFICIALS</u>	<u>Bond Amount</u>
Shelly Schneider, Superintendent	
Pam Zook, Board Secretary	\$ 100,000
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**

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

**OFFICIAL DEPOSITORY**

**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  
[www.colavita.net](http://www.colavita.net)

November 27, 2015

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2015, 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.

## Other Matters

### *Required Supplementary Information*

The Management Discussion and Analysis and Budgetary Comparison Information on pages 12 through 20 and 58 through 64 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Commercial Board of Education's, financial statements as a whole. The accompanying introductory section and other supplementary information such as the combining and individual non-major 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 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 and/or 15-08, *Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued a report dated November 27, 2015 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.

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, 2015

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, 2015. 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 2015 are as follows:

- ❖ General revenues accounted for \$13,573,382 in revenue or 85.8% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,253,961 or 14.2% of total revenues of \$15,827,343.
- ❖ Total Net Position of governmental activities totaled \$229,533.
- ❖ Net Capital Assets of governmental activities comprised \$3,135,878.
- ❖ The School District had \$16,187,285 in program expenses. These expenses were offset by program specific charges for services, grants or contributions of \$2,253,961 mentioned above in arriving at the net governmental activity expenses of the district. General revenues comprising federal and state aid of \$11,568,496, property taxes of \$1,872,397 and other miscellaneous revenues and adjustments of \$132,489 were adequate to provide for the programs maintained by the school.
- ❖ The General Fund had \$12,938,626 in revenues, \$13,167,544 in expenditures and other financing use reductions of \$138,915. The General Fund's balance decreased \$367,833 over 2014. 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 Position 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 Position 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 2015?" The Statement of Net Position 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 Position and how they have changed. This change in Net Position 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 Position 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 Position 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 Position 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 Position for the years ended in 2014 and 2015.

Table 1  
Net Position

	2015	2014
<b>Assets</b>		
Current and Other Assets	\$ 614,093	\$ 1,088,655
Capital Assets, Net	4,706,939	4,942,728
<b>Total Assets</b>	<b>5,321,032</b>	<b>6,031,383</b>
<b>Deferred Outflows of Resources</b>		
Deferred Pension Outflows	126,058	
<b>Liabilities</b>		
Long-term Liabilities	2,372,231	3,230,055
Other Liabilities	2,494,968	210,796
<b>Total Liabilities</b>	<b>4,867,199</b>	<b>3,440,851</b>
<b>Deferred Inflows of Resources</b>		
Deferred Pension Inflows	309,844	
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	3,142,194	3,182,983
Restricted	458,314	823,240
Unrestricted	(3,330,461)	(1,415,691)
<b>Total Net Position</b>	<b>\$ 270,047</b>	<b>\$ 2,590,532</b>

Table 2 shows the changes in Net Position from fiscal year's 2015 and 2014.

Table 2  
Changes in Net Position

	2015	2014
<b>Revenues</b>		
Programs Revenues		
Charges for Services	\$ 61,992	\$ 53,324
Operating Grants and Contributions	2,191,969	2,072,112
General Revenues		
Property Taxes	1,872,397	1,838,565
Grants and Entitlements	11,561,900	10,481,926
Other	139,085	120,494
Total Revenues	<u>15,827,343</u>	<u>14,566,421</u>
<b>Program Expenses</b>		
Instruction	3,828,645	3,591,911
Support Services		
Tuition	4,520,147	4,679,584
Pupils and Instructional Staff	935,886	975,156
General Administration, School		
Administration, Business	797,276	783,592
Operations and Maintenance of Facilities	729,946	738,506
Pupil Transportation	992,679	671,346
Employee Benefits	3,548,718	2,273,253
Interest on Debt	68,680	63,895
Enterprise Funds	442,205	441,252
Other	323,103	330,253
Total Expenses	<u>16,187,285</u>	<u>14,548,748</u>
Transfer to Charter School	<u>(84,075)</u>	<u>(1,534,731)</u>
Decrease in Net Position	<u>\$ (444,017)</u>	<u>\$ (1,517,058)</u>

**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 \$13,573,364 in total governmental revenues for the fiscal year ended June 30, 2015, property taxes made up 13.8% of the revenues raised for governmental activities. Federal, state and local grants accounted for another 85.2% and other revenues made up 1%. The total cost of all program and services was \$16,187,285, of which the amount spent on governmental activities was \$15,745,080. Of this amount, Instruction comprised 24.3%.

**Governmental Activities (Continued)**

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.

	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction	\$ 3,828,645	\$ 3,021,953	\$ 3,591,911	\$ 2,985,374
Support Services				
Tuition	4,520,147	4,520,147	4,679,584	4,679,584
Pupils and Instructional Staff	935,886	662,570	975,156	671,520
General Administration, School				
Administration, Business	797,276	797,276	783,592	783,592
Operation and Maintenance of Facilities	729,946	729,946	738,506	738,506
Pupil Transportation	992,679	992,679	671,346	671,346
Employee Benefits	3,548,718	2,783,588	2,273,253	1,474,477
Interest and Fiscal Charges	68,680	68,680	63,895	63,895
Other	323,103	323,103	330,253	330,253
Total Expenses	<u>\$ 15,745,080</u>	<u>\$ 13,899,942</u>	<u>\$ 14,107,496</u>	<u>\$ 12,398,547</u>

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.

## 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 \$32,048 and Extended Day expenses exceeded revenues by \$1,316.
- ❖ To offset the food services deficit, the General Fund subsidized the food service operation by \$35,342 and the fund ended the year with a net positive change of \$3,294. 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 were \$45,531 of revenue. This represents amount paid by patrons for daily food services or 11.6% of the revenue in the food service fund. Service charges for the Extended Day program were \$16,641, which was \$6,920 more than in the prior year.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$346,831, which represents 88.4% of the revenue.

## 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 \$14,481,329 and expenditures of \$14,750,756. The net negative change in fund balance for the year was \$388,844, which included transfers to the food service fund of \$35,342 and \$84,075 to a charter school. The School District was not able to meet current operating costs during the current fiscal year.

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 (including capital projects fund expenditures) for the fiscal year ended June 30, 2015, 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 2014</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 2,004,868	13.8%	\$ 67,606	3.4%
State Sources	11,559,713	79.9%	139,221	1.2%
Federal Sources	916,748	6.3%	146,365	19.0%
Total	\$ 14,481,329	100.0%	\$ 353,192	2.5%

**The School District's Funds (Continued)**

The increase in Local Sources is attributed to increases in the local tax levy of \$33,832, and miscellaneous revenue of \$43,597, offset by decreases in tuition of \$9,471, and in interest earnings of \$352 .

The increase in State Sources is attributed to higher general fund state aid of \$64,268, state and federal grants for special projects of \$90,365 and capital projects fund of \$39,554 off set by decrease in debt service aid of \$54,966.

The increase in Federal Sources is attributed to increases in various grant awards totaling \$146,365.

The following schedule presents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2015.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 3,828,645	26.0%	\$ 236,734	6.6%
Undistributed Expenditures	10,572,465	71.7%	239,474	2.3%
Capital Outlay	93,408	0.6%	49,728	113.8%
Debt Service:				
Principal	195,000	1.3%	(87,748)	-31.0%
Interest	61,238	0.4%	(5,776)	-8.6%
Total	<u>\$ 14,750,756</u>	<u>100.0%</u>	<u>\$ 432,412</u>	<u>3.0%</u>

The increase in Current – Instruction is attributed to increases in regular instruction of \$199,493, and special education instruction of \$54,612, offset by decreases in other special education instruction of \$16,289 and other instruction of \$1,082.

The increase in Current – Undistributed Expenditures is attributed to increases in , School Administrative Services of \$13,684 and Pupil Transportation of \$100,509 and Employee Benefits of \$332,548 offset by reductions in District Tuition of \$159,437 Student and Instruction Related Services of \$39,270 and Plant Operations, Maintenance of \$8,560.

The increase in capital outlay is attributed to increases in capital projects of \$69,918 offset by decreases in special revenue costs of \$4,485 and construction service costs of \$15,705.

The decrease in debt service is attributed to decreased outstanding debt obligations of \$87,748 in principal and interest of \$5,776.

### 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.

During the course of the fiscal year 2015, 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 \$368,992.

- ❖ Actual revenues were \$126,769 more than expected (excluding On-Behalf pension and social security state aid of \$771,031), due primarily to interest and miscellaneous revenue.
- ❖ The actual expenditures were \$117,496 less than expected, which excluded the effects of state On-Behalf pension and social security aid of \$771,031, partially offset by favorable variances in various budget appropriations.

### Capital Assets

At the end of the fiscal year 2015, the School District had \$4,706,939 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2014 balances compared to 2015.

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

	<u>2015</u>	<u>2014</u>
Land	\$ 14,877	\$ 14,877
Land Improvements	556,341	597,114
Building and Improvements	3,835,391	4,058,880
Equipment	300,330	271,857
Totals	<u>\$ 4,706,939</u>	<u>\$ 4,942,728</u>

Overall capital assets decreased \$235,789 from fiscal year 2014 to fiscal year 2015. Increases in capital assets of \$88,615 were offset by depreciation expense of \$324,404.

## **Debt Administration**

At June 30, 2015, the School District had \$2,372,231 as outstanding debt. Of this amount, \$807,231 is for compensated absences and the balance of \$1,565,000 is for refunding bonds dated 11/17/09.

At June 30, 2015, the School District's overall legal debt margin was \$4,982,250 and the unvoted debt margin was \$3,417,250, or 68.5% of the total amount permitted by statute.

## **For the Future**

The financial outlook for the district is fair. 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 continued rising costs to run our schools. The election has been moved to November.

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 the spending while continuing to provide the best possible education for our students. With a free and reduced population of 82%, our students need to be afforded the same opportunities as their peers throughout the state.

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 Pamela Zook School Business Administrator/Board Secretary at Commercial Township Board of Education, Port Norris, N.J. or email at [zookp@commercial.k12.nj.us](mailto:zookp@commercial.k12.nj.us)

**BASIC FINANCIAL STATEMENTS**

## **DISTRICT WIDE FINANCIAL STATEMENTS**

The Statement of Net Position 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 POSITION**  
**JUNE 30, 2015**

	<u>Governmental</u> Activities	<u>Business-type</u> Activities	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ (6,087)	\$ 79,180	\$ 73,093
Receivables, Net	487,117	28,955	516,072
Interfund Receivable	12,349		12,349
Inventory		12,579	12,579
Restricted Assets:			
Cash and Cash Equivalents			
Capital Assets, Net (Note 5):	4,700,623	6,316	4,706,939
Total Assets	<u>5,194,002</u>	<u>127,030</u>	<u>5,321,032</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Outflows	<u>126,058</u>		<u>126,058</u>
<b>LIABILITIES</b>			
Accounts Payable	656,214	67,622	723,836
Accrued Interest	24,602		24,602
Unearned Revenue	72,093	4,669	76,762
Net Pension Liability	1,669,768		1,669,768
Non-current Liabilities (Note 6):			
Due Within One Year	341,203		341,203
Due Beyond One Year	2,016,803	14,225	2,031,028
Total Liabilities	<u>4,780,683</u>	<u>86,516</u>	<u>4,867,199</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Inflows	<u>309,844</u>		<u>309,844</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	3,135,878	6,316	3,142,194
Restricted for:			
Capital Projects	48,554		48,554
Other Purposes	409,760		409,760
Unrestricted (Deficit)	(3,364,659)	34,198	(3,330,461)
Total Net Position	<u>\$ 229,533</u>	<u>\$ 40,514</u>	<u>\$ 270,047</u>

**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, 2015**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 2,992,460	\$	\$ 806,692	\$ (2,185,768)		\$ (2,185,768)
Special Education	783,996			(783,996)		(783,996)
Other Special Instruction	47,560			(47,560)		(47,560)
Other Instruction	4,629			(4,629)		(4,629)
Support Services:						
Tuition	4,520,147			(4,520,147)		(4,520,147)
Student & Instruction Related Services	935,886		273,316	(662,570)		(662,570)
General and Business Administrative Service	242,672			(242,672)		(242,672)
School Administrative Services	367,393			(367,393)		(367,393)
Central Services	122,355			(122,355)		(122,355)
Admin Info Tech	64,856			(64,856)		(64,856)
Plant Operations and Maintenance	729,946			(729,946)		(729,946)
Pupil Transportation	992,679			(992,679)		(992,679)
Employee Benefits	3,548,718		765,130	(2,783,588)		(2,783,588)
Interest on Long-term Debt	68,680			(68,680)		(68,680)
Unallocated Depreciation	323,103			(323,103)		(323,103)
<b>Total Governmental Activities</b>	<b>15,745,080</b>		<b>1,845,138</b>	<b>(13,899,942)</b>		<b>(13,899,942)</b>
Business-type Activities:						
Food Service	424,230	45,351	346,831		(32,048)	(32,048)
Extended Day	17,975	16,641			(1,334)	(1,334)
<b>Total Business-type Activities</b>	<b>442,205</b>	<b>61,992</b>	<b>346,831</b>		<b>(33,382)</b>	<b>(33,382)</b>
<b>Total Primary Government</b>	<b>\$16,187,285</b>	<b>\$ 61,992</b>	<b>\$ 2,191,969</b>	<b>\$ (13,899,942)</b>	<b>\$ (33,382)</b>	<b>\$ (13,933,324)</b>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 1,767,443		\$ 1,767,443
Taxes Levied for Debt Service				104,954		104,954
Federal, State and Local Aid not Restricted				11,568,496		11,568,496
Investment Earnings				843	18	861
Miscellaneous Income				131,628		131,628
Transfer to Food Service Fund				(35,342)	35,342	
Transfer to Charter School				(84,075)		(84,075)
<b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b>				<b>13,453,947</b>	<b>35,360</b>	<b>13,489,307</b>
<b>Change in Net Position</b>				<b>(445,995)</b>	<b>1,978</b>	<b>(444,017)</b>
<b>Net Position—Beginning (Restated)</b>				<b>675,528</b>	<b>38,536</b>	<b>714,064</b>
<b>Net Position—Ending</b>				<b>\$ 229,533</b>	<b>\$ 40,514</b>	<b>\$ 270,047</b>

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, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 116,707	\$ (9,868)	\$ 5,532	\$ (104,957)	\$ 7,414
Local district School Tax Receivable				104,957	104,957
Due from Other Funds	198,627		3,468		202,095
State Aid Receivable	20,195		39,554		59,749
Federal Aid Receivable		321,107			321,107
Other Accounts Receivable	1,304				1,304
<b>Total Assets</b>	<b>\$ 336,833</b>	<b>\$ 311,239</b>	<b>\$ 48,554</b>	<b>\$</b>	<b>\$ 696,626</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 566,851	\$ 84,488	\$	\$	\$ 651,339
Due to Grantor		4,875			4,875
Due to Other Funds	16,969	186,278			203,247
Unearned Revenue		72,093			72,093
<b>Total Liabilities</b>	<b>583,820</b>	<b>347,734</b>			<b>931,554</b>
Fund Balances:					
Restricted For:					
Excess Surplus	231,373				231,373
Capital Reserve	255				255
Maintenance Reserve	22,500				22,500
Emergency Reserve	41,300				41,300
Assigned:					
Designated for Subsequent Year's Expenditures					
Excess surplus	14,587				14,587
Maintenance Reserve	100,000				100,000
Unassigned, Reported in:					
General Fund (Deficit)	(657,002)				(657,002)
Special Revenue Fund (Deficit)		(36,495)			(36,495)
Capital Projects Fund			48,554		48,554
<b>Total Fund Balances (Deficit)</b>	<b>(246,987)</b>	<b>(36,495)</b>	<b>48,554</b>		<b>(234,928)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 336,833</b>	<b>\$ 311,239</b>	<b>\$ 48,554</b>	<b>\$</b>	

Amounts reported for *governmental activities* in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$10,848,795 and the accumulated depreciation is \$6,148,172 (See Note 5) 4,700,623

Long Term Net Pension Liability (1,669,768)

Deferred Pension Outflows 126,058

Deferred Pension Inflows (309,844)

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. (24,602)

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). (2,358,006)

Net Position of Governmental Activities \$ 229,533

**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, 2015**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 1,767,443	\$	\$	\$ 104,954	\$ 1,872,397
Interest Earned on Investments	815		28		843
Miscellaneous	128,490	3,138			131,628
Total - Local Sources	1,896,748	3,138	28	104,954	2,004,868
State Sources	11,014,655	354,907	39,554	150,597	11,559,713
Federal Sources	27,223	889,525			916,748
Total Revenues	12,938,626	1,247,570	39,582	255,551	14,481,329
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	2,185,768	806,692			2,992,460
Special Education Instruction	783,996				783,996
Other Special Instruction	47,560				47,560
Other Instruction	4,629				4,629
Support Services:					
Tuition	4,520,147				4,520,147
Student & Instruction Related Services	662,570	273,316			935,886
General Administrative Services	242,672				242,672
School Administrative Services	367,393				367,393
Central Services	122,355				122,355
Admin Info Tech	64,856				64,856
Plant Operations and Maintenance	729,946				729,946
Pupil Transportation	992,679				992,679
Employee Benefits	2,419,483	177,048			2,596,531
Debt Service:					
Interest and Other Charges				61,238	61,238
Principal				195,000	195,000
Capital Outlay	23,490		69,918		93,408
Total Expenditures	13,167,544	1,257,056	69,918	256,238	14,750,756
Excess (Deficiency) of Revenues over Expenditures	(228,918)	(9,486)	(30,336)	(687)	(269,427)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers Out - Food Service	(35,342)				(35,342)
Transfer to Charter School	(84,075)				(84,075)
Transfer of Capital Outlay to Capital Projects Fund	(19,526)		19,526		
Transfers of Capital Project Interest	28		(28)		
Total Other Financing Sources and Uses	(138,915)		19,498		(119,417)
Net Change in Fund Balances	(367,833)	(9,486)	(10,838)	(687)	(388,844)
Fund Balance—July 1	120,846	(27,009)	59,392	687	153,916
Fund Balance—June 30 (Deficit)	\$ (246,987)	\$ (36,495)	\$ 48,554	\$	\$ (234,928)

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, 2015**

<b>Total Net Change in Fund Balances - Governmental Funds (from B-2)</b>	<b>\$ (388,844)</b>
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>	
<p>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.</p>	
Depreciation expense	\$ (323,103)
Capital outlays	<u>84,138</u>
	(238,965)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	195,000
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.	1,828
Pension Contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.	22,914
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).	<u>(37,928)</u>
<b>Change in Net Position of Governmental Activities (A-2)</b>	<b>\$ <u>(445,995)</u></b>

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

**PROPRIETARY FUNDS**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	Business-type Activities - Enterprise Funds		
	Food Service	Extended Day	Totals
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 31,759	\$ 33,920	\$ 65,679
Accounts Receivable	28,755	200	28,955
Interfund Receivable	13,501		13,501
Inventories	12,579		12,579
Total Current Assets	86,594	34,120	120,714
Fixed Assets:			
Equipment	154,995		154,995
Accumulated Depreciation	(148,679)		(148,679)
Total Fixed Assets	6,316		6,316
Total Assets	92,910	34,120	127,030
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	67,622		67,622
Unearned Revenue	4,629	40	4,669
Compensated Absences	14,225		14,225
Total Current Liabilities	86,476	40	86,516
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt	6,316		6,316
Unrestricted	118	34,080	34,198
Total Net Position	\$ 6,434	\$ 34,080	\$ 40,514

**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 POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Business-type Activities - Enterprise Fund		
	Food Service	Extended Day	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 29,648	\$	\$ 29,648
Daily Sales - Non-reimbursable Programs	15,703	16,641	32,344
Total Operating Revenue:	45,351	16,641	61,992
Operating Expenses:			
Salaries	157,325	16,698	174,023
Employee Benefits	31,111	1,277	32,388
Supplies and Materials	26,160		26,160
Depreciation	1,301		1,301
Cost of Sales	159,755		159,755
Management Fee	21,000		21,000
Repairs and Other Expenses	27,578		27,578
Total Operating Expenses	424,230	17,975	442,205
Operating Income (Loss)	(378,879)	(1,334)	(380,213)
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program	4,106		4,106
Federal Sources:			
National School Breakfast Program	81,268		81,268
National School Lunch Program	203,569		203,569
National Snack Program	12,136		12,136
Food Distribution Program	24,153		24,153
Fruit and Vegetable Grant	21,599		21,599
Interest		18	18
Total Non-operating Revenues (Expenses)	346,831	18	346,849
Income (Loss) before Contributions & Transfers	(32,048)	(1,316)	(33,364)
Transfers in (out)	35,342		35,342
Change in Net Position	3,294	(1,316)	1,978
Total Net Position—Beginning	3,140	35,396	38,536
Total Net Position—Ending	\$ 6,434	\$ 34,080	\$ 40,514

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, 2015**

	Business-type Activities		
	Enterprise Funds		
	Food Service	Extended Day	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 45,351	\$ 16,641	\$ 61,992
Payments to Employees	(157,325)	(17,975)	(175,300)
Payments for Employee Benefits	(31,111)		(31,111)
Payments to Suppliers	(202,852)	521	(202,331)
Net Cash Provided by (used for) Operating Activities	(345,937)	(813)	(346,750)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	4,106		4,106
Federal Sources	342,725		342,725
Operating Subsidies and Transfers to Other Funds	35,342		35,342
Net Cash Provided by (used for) Non-capital Financing Activities	382,173		382,173
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of Capital Assets	(4,477)		(4,477)
Net Cash Provided by (used for) Capital and Related Financing Activities	(4,477)		(4,477)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and Dividends		18	18
Net Cash Provided by (used for) Investing Activities		18	18
Net Increase (Decrease) in Cash and Cash Equivalents	31,759	(795)	30,964
Balances—Beginning of Year		34,715	34,715
Balances—End of Year	\$ 31,759	\$ 33,920	\$ 65,679
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:</b>			
Operating Income (Loss)	\$ (378,879)	\$ (1,334)	\$ (380,213)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities			
Depreciation and Net Amortization	1,301		1,301
(Increase) Decrease in Accounts Receivable, Net	3,582	1,593	5,175
(Increase) Decrease in Inventories	574		574
(Increase) Decrease in Interfund Receivable	(13,501)	(1,112)	(14,613)
Increase (Decrease) in Due to Accounts Payable	67,622		67,622
Increase (Decrease) in Due to General	(21,841)	40	(21,801)
Increase (Decrease) in Unearned Revenue	957		957
Increase (Decrease) in Compensated Absences	(5,752)		(5,752)
Total Adjustments	32,942	521	33,463
Net Cash Provided by (used for) Operating Activities	\$ (345,937)	\$ (813)	\$ (346,750)

Noncash Noncapital Financing Activities:

During the year, the District received \$25,001 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 POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 163,210	\$ 998	\$ 325,827
Certificates of Deposit		32,500	
Due from Payroll Agency Account	2,142		
Total Assets	<u>165,352</u>	<u>33,498</u>	<u>325,827</u>
<b>LIABILITIES</b>			
Interfunds Payable			12,349
Summer Reserve			257,014
Accounts Payable			
Payable to Student Groups			9,472
Due to Unemployment Trust Account			2,142
Payroll Deductions and Withholdings			44,850
Total Liabilities			<u>\$ 325,827</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 165,352</u>		
Reserved for Scholarships		<u>\$ 33,498</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 POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 5,917	\$
Contributions	12,961	
Other	163	83
	<hr/>	<hr/>
Total Additions	19,041	83
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Scholarships Awarded		1,000
Unemployment Claims	16,752	
	<hr/>	<hr/>
Total Deductions	16,752	1,000
	<hr/>	<hr/>
Change in Net Position	2,289	(917)
Net Position—Beginning of the Year	163,063	34,415
	<hr/>	<hr/>
Net Position—End of the Year	\$ 165,352	\$ 33,498
	<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, 2015**

**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, 2015 of 567 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**

**Recently Issued and Adopted Accounting Pronouncements:**

The district adopted the following GASB statements:

- GASB 67, Financial Reporting for Pension Plans, an Amendment of GASB 25, will be effective beginning with the year ending June 30, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and No.50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The adoption of GASB 67, however, does not have any impact on the School District's financial statements.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

- GASB 68, Accounting and Financial reporting for Pensions, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other state entities. This Statement replaces the requirements of Statement No.27, Accounting for Pension Disclosures, and Local Governmental Employers, as well as the requirements of Statement No.50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The adoption of GASB 68, will impact the financial statements of the School District's.
  
- In November 2013, the GASB issued Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement is effective for fiscal years beginning after June 15, 2014. The adoption of GASB 71, will impact the financial statements of the School District's.

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

- GASB 69, Government Combinations and disposals of Government Operations, is effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The District is currently evaluating the impact of the adoption of this Statement on the School District's financial statements, although no impact is expected.

**A. Basis of Presentation:**

The District's basic financial statements consist of District-wide statements, including a statement of net position 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 position 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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

The statement of net position 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.

**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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

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.

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

**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.

**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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

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
-----------------------------	--------------

**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.

**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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**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 unearned 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.

*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, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

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

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. 6A:23A-16.2 (f) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. 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.

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 unearned 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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

**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 2014-15, 2013-14 and 2012-13 were based on rates established by the receiving District. These rates are subject to change when the actual costs have been determined.

**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, 2015.

**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. Lease Acquisition Costs:**

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2015.

**K. 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 expensed when used. This includes \$2,847 in federal commodities on hand at June 30, 2015. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

Inventory in the Food Service Fund at June 30, 2015 consisted of the following:

Food	\$ 10,259
Supplies	2,320
	\$ 12,579

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.

**K. 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:

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

**L. 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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

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.

**M. Unearned Revenue:**

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

**N. 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.

**O. 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.

**P. 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.

**Q. 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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

**R. 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.

**S. 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.

**T. 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.

**U. 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.

**V. Net Position:**

Net position represents the difference between assets and liabilities. Net investment 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 position 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 position is available.

**W. 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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

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

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.

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 District's.

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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

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.

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, 2015, cash and cash equivalents in the fund financial statements of the District consisted of the following:

		<b><u>Cash and Cash Equivalents</u></b>
Checking accounts	\$	563,127
Certificates of Deposit		32,500
Total	\$	595,627

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

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

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2015, the School District's bank balance of \$784,243 custodial credit risk as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		534,243
	\$	784,243

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, 2015, investments are limited to Certificates of Deposit, in the amount of \$32,500.

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, 2015, 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, 2015**

**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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 255
Interest Earnings	
Deposits	
Withdrawals	<u>          </u>
Ending Balance, June 30, 2015	\$ <u>255</u>

Of this amount, \$0 has been appropriated as revenue to fund the 2015-16 operating budget.

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2015 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, 2015**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 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
Total capital assets not being depreciated	14,877			14,877
Land Improvements	874,114			874,114
Building and building improvements	8,565,442			8,565,442
Machinery and equipment	1,310,224	84,138		1,394,362
Totals at historical cost	10,749,780	84,138		10,833,918
Less accumulated depreciation for :				
Land Improvements	(277,000)	(40,773)		(317,773)
Building and improvements	(4,506,562)	(223,489)		(4,730,051)
Equipment	(1,041,507)	(58,841)		(1,100,348)
Total accumulated depreciation	(5,825,069)	(323,103)		(6,148,172)
Total capital assets being depreciated, net of accumulated depreciation	4,924,711	(238,965)		4,685,746
<b>Government activities capital assets, net</b>	<b>\$ 4,939,588</b>	<b>\$ (238,965)</b>		<b>\$ 4,700,623</b>
				<b>To A-1</b>
Business-type activities - Equipment	\$ 150,518	\$ 4,477		\$ 154,995
Less accumulated depreciation	(147,378)	(1,301)		(148,679)
<b>Business-type activities capital assets, net</b>	<b>\$ 3,140</b>	<b>\$ 3,176</b>		<b>\$ 6,316</b>

Depreciation expense was charged to governmental functions  
as follows:

Unallocated	\$ 323,103
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**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

During the fiscal year ended June 30, 2015 the following changes occurred in long-term obligations:

	<b>Beginning</b>			<b>Ending</b>	<b>Amounts</b>	<b>Long-term</b>
	<b>Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance</b>	<b>Due within</b>	<b>Portion</b>
					<b>One Year</b>	
<b>Governmental Activities:</b>						
Bonds payable:						
General obligation debt	\$1,760,000	\$ -	\$ 195,000	\$1,565,000	\$ 200,000	\$1,365,000
Total bonds payable	1,760,000		195,000	1,565,000	200,000	1,365,000
Other Liabilities:						
Compensated absences payable	755,078	37,928		793,006	141,203	651,803
Total other liabilities	\$2,515,078	\$ 37,928	\$ 195,000	\$2,358,006	\$ 341,203	\$2,016,803
					<b>To A-1</b>	
<b>Business-Type Activities:</b>						
Compensated absences payable	\$ 19,977	\$ -	\$ 5,752	\$ 14,225	\$ -	\$ 14,225

**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, 2015 are as follows:

Year ending June 30,	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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>\$ 1,565,000</u>	<u>\$ 220,729</u>	<u>\$ 1,785,729</u>

**B. Bonds Authorized But Not Issued - As of June 30, 2015**      None.

**C. Capital Leases**

The District had no capital leases as of June 30, 2015.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 7. OPERATING LEASES**

The District has commitments to lease copiers under operating leases that expire in 2017. Future minimum lease payments are as follows:

Year ending June 30,	<u>Amount</u>
2016	\$ 29,862
2017	<u>24,885</u>
Total future minimum lease payments	\$ <u>84,609</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 or the reports can be accessed on the internet at:  
[http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm)

**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.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at a fair value.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

**Teachers' Pension and Annuity Fund (TPAF) (cont'd)**

For the year ended June 30, 2015, the District recognized pension expense of \$1,120,122 and revenue of \$1,120,122 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**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, 2011, however, in accordance with Chapter 78, P.L. 2011, 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:

<b><u>Public Employees Retirement System</u></b>					
<b><u>Fiscal Year</u></b>	<b><u>Normal Contribution</u></b>	<b><u>Accrued Liability</u></b>	<b><u>Total Liability</u></b>	<b><u>Non Contrib Ins</u></b>	<b><u>Paid by District</u></b>
2015	\$ 73,255	\$ 176,322	\$ 249,577	\$ -	\$ 249,577
2014	30,121	72,501	102,622	6,148	108,770
2013	31,070	74,289	105,359	6,271	111,630

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

For the year ended June 30, 2015, the District recognized pension expense of \$50,638. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$	\$
Changes of assumptions	52,506	
Net difference between projected and actual earnings on pension plan investments		99,509
Changes in proportion and differences between District contributions and proportionate share of contributions		210,335
District contributions subsequent to the measurement date	73,552	
<b>Total</b>	<b>\$ 126,058</b>	<b>\$ 309,844</b>

\$52,506 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Additional Information**

Collective balances at June 30, 2013 and 2014 are as follows:

	6/30/2014	6/30/2013
Collective deferred outflows of resources	\$ 1,032,618,058	\$
Collective deferred inflows of resources	1,726,631,532	
Collective net pension liability	14,665,837,859	15,190,834,283
 District's Proportion	 0.00891840%	 0.010022125%

**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).

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

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**

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

**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>Annual</u></b>		<b><u>Percentage</u></b>		<b><u>Net</u></b>
<b><u>Funding</u></b>		<b><u>Pension</u></b>		<b><u>of APC</u></b>		<b><u>Pension</u></b>
		<b><u>Cost (APC)</u></b>		<b><u>Contributed</u></b>		<b><u>Obligation</u></b>
6/30/15	\$	249,577	100	%	\$	249,577
6/30/14		102,622	100			102,622
6/30/13		111,630	100			111,630

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

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

**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>
6/30/15	\$ 473,398	100 %	\$ 0
6/30/14	434,923	100	0
6/30/13	572,203	100	0

During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$182,949 to the TPAF for pension contributions and \$290,431 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 \$297,651 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been 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, 2014, there were 103,432 retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

**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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 10. COMPENSATED ABSENCES (CONTINUED)**

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.

In the District-wide Statement of Net Position, 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, 2015, a liability existed for compensated absences in the governmental activities in the amount of \$793,006.

**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	Lincoln Investment Planning, Inc.
Franklin	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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 12. RISK MANAGEMENT (CONTINUED)**

**New Jersey Unemployment Compensation Insurance (Continued)** - 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>
2014-2015	\$ 13,124	\$ 5,917	\$ 16,752	\$ 165,352
2013-2014	2,941	17,513		163,063
2012-2013	150,000	4,991	107,685	142,609

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

<b><u>Fiscal Year</u></b>	<b><u>Interfund Receivable</u></b>	<b><u>Interfund Payable</u></b>
General Fund	\$ 198,627	\$ 16,969
Special Revenue fund		186,278
Capital Projects	3,468	
Food Service Fund	13,501	
Trust and Agency Fund	2,142	14,491
Total	\$ <u>217,738</u>	\$ <u>217,738</u>

**NOTE 14. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$246,987 (Deficit) General Fund balance at June 30, 2015 \$255 has been restricted in the Capital Reserve Account of which \$0 has been withdrawn and appropriated and included as anticipated revenue for the year ended June 30, 2016; \$122,500 has been restricted in a Maintenance Account, of which \$100,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$41,300 has been restricted in an Emergency Reserve; \$245,960 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$14,587 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2016); and there is a deficit in unassigned fund balance of (\$657,002).

**Debt Service Fund** -The fund balance in the Debt Service Fund at June 30, 2015 is \$0.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**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, 2015 is \$245,960 of which \$14,587 must be budgeted in the 2015-16 budget and \$231,373 must be budgeted in 2016-17.

**NOTE 16. LITIGATION**

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the District.

**NOTE 17. MAINTENANCE RESERVE**

The District also has a maintenance reserve in the amount of \$122,500 at June 30, 2015, of which \$100,000 was anticipated as revenue in the 2015-16 budget.

**NOTE 18. EMERGENCY RESERVE**

The District also has an emergency reserve in the amount of \$41,300 at June 30, 2015, of which none was anticipated as revenue in the 2015-16 budget.

**NOTE 19. 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, 2015, there was an unspent balance of \$59,392, which relates to a 2001 project for additions to the two elementary schools.

In addition, there were two new capital projects initiated in the 2014-15 School Year, for installation of a telecommunications system at the Haleyville-Mauricetown and Port Norris Elementary Schools. Both projects were completed during the 2014-15 School Year and had a combined \$3,496 of unspent funds remaining, as of June 30, 2015.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 20. Wildwood Library Donation**

The Wildwood Library made a donation of \$55,000 in the 2014-15 year. The money will not be spent until the subsequent year. The amount will be set up as a Unearned Revenue.

**NOTE 21. DEFICIT FUND BALANCES**

The District has a deficit in Unrestricted fund balance of (\$657,002) in the General Fund and (\$36,495) in the Special Revenue Fund as of June 30, 2015 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 \$910,797. The special revenue fund deficit of \$36,495 is equal to the last state aid payments.

**NOTE 22. RECEIVABLES**

Receivables at June 30, 2015 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:

<u>Receivables:</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Intergovernmental	\$ 20,195	\$ 321,107	\$ 28,039	\$ 369,341
Other	1,304		916	2,220
<b>Totals</b>	<b>\$ 21,499</b>	<b>\$ 321,107</b>	<b>\$ 28,955</b>	<b>\$ 371,561</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 23. SUBSEQUENT EVENTS**

There were no events between year-end and the date of the audit that require additional disclosure.

**NOTE 24. RETRO ACTIVE RESTATEMENT OF NET POSITION**

**Restatement of Prior Period**

The District adopted GASB No. 68 - Accounting and Financial Reporting for Pensions - An amendment of GASB No. 27 during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the district to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the district was adjusted to reflect the beginning balance of the net pension liability. Since the adjustments to Net Position relate to the beginning net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71- Pension Transition for Contributions Made Subsequent to the Measurement Date, the district restated to its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

Beginning net position as previously reported at June 30, 2014	\$ 2,551,996
Prior Period Adjustment - Implementation GASB 68:	
Net Pension Liability (measurement date)	(1,953,483)
Net Deferred Inflows	77,015
	<hr/>
Net Position as restated, July 1, 2014	\$ <u>675,528</u>

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, 2015**

	<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>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,767,443	\$	\$ 1,767,443	\$ 1,767,443	\$ -
Interest on Investments				815	815
Miscellaneous	20,000		20,000	128,490	108,490
<b>Total - Local Sources</b>	<b>1,787,443</b>		<b>1,787,443</b>	<b>1,896,748</b>	<b>109,305</b>
State Sources:					
Equalization Aid	9,272,615		9,272,615	9,272,615	
Categorical Special Education	470,267		470,267	470,267	
Categorical Security Aid	283,193		283,193	283,193	
Transportation	196,051		196,051	196,051	
Under Adequacy Aid	944		944	944	
PARCC Readiness Aid	7,800		7,800	7,800	
Per Pupil Growth Aid	7,800		7,800	7,800	
Extraordinary Aid				141	141
Anti-bullying Aid					
Non-Public Transportation Aid				3,654	3,654
On-behalf TPAF Post Retirement Medical Contribution				290,431	290,431
On-behalf TPAF Pension Contribution				182,949	182,949
Reimbursement TPAF Social Security				297,651	297,651
<b>Total - State Sources</b>	<b>10,238,670</b>		<b>10,238,670</b>	<b>11,013,496</b>	<b>774,826</b>
Federal Sources:					
Medicaid Assistance (SEMI)	13,554		13,554	22,625	9,071
ARRA (SEMI)				4,598	4,598
<b>Total - Federal Sources</b>	<b>13,554</b>		<b>13,554</b>	<b>27,223</b>	<b>13,669</b>
<b>TOTAL REVENUES</b>	<b>\$ 12,039,667</b>	<b>\$</b>	<b>\$ 12,039,667</b>	<b>\$ 12,937,467</b>	<b>\$ 897,800</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool	\$ 22,543	\$ 9,022	\$ 31,565	\$ 31,565	\$
Kindergarten	192,431	33,215	225,646	225,646	
Grades 1-5	1,106,624	(130,665)	975,959	971,511	4,448
Grades 6-8	682,350	4,569	686,919	686,918	1
Home Instruction:					
Salaries of Teachers	10,000	(7,451)	2,549	2,282	267
Purchased Educational Services	5,000	(5,000)			
Regular Programs - Undistributed					
Instruction:					
Other Salaries for Instruction	109,041	21,050	130,091	130,091	
Purchased Technical Services	6,800	2,724	9,524	9,523	1
Other Purchased Services	55,095	11,166	66,261	66,260	1
General Supplies	83,714	(26,879)	56,835	56,835	
Textbooks	33,000	(30,560)	2,440	2,440	
Other Objects	5,000	(2,303)	2,697	2,697	
<b>Total Regular Programs</b>	<b>\$ 2,311,598</b>	<b>\$ (121,112)</b>	<b>\$ 2,190,486</b>	<b>\$ 2,185,768</b>	<b>\$ 4,718</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<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	\$ 206,225	\$ 1,599	\$ 207,824	\$ 207,823	\$ 1
Other Salaries for Instructions	91,793	28,057	119,850	118,790	1,060
Other Salaries for Instructions		179	179	179	
<b>Total Learning/Language Disabled:</b>	<b>298,018</b>	<b>29,835</b>	<b>327,853</b>	<b>326,792</b>	<b>1,061</b>
Resource Room:					
Salaries of Teachers	200,489	106,709	307,198	307,198	
Other Salaries for Instruction	32,310	(32,310)			
<b>Total Resource Room</b>	<b>232,799</b>	<b>74,399</b>	<b>307,198</b>	<b>307,198</b>	
Multiple Disabilities:					
Salaries of Teachers	109,370	1,602	110,972	110,972	
Other Salaries for Instruction	45,676	(9,198)	36,478	36,477	1
General Supplies	5,000	(2,443)	2,557	2,557	
<b>Total Behavioral Disabilities</b>	<b>160,046</b>	<b>(10,039)</b>	<b>150,007</b>	<b>150,006</b>	<b>1</b>
<b>TOTAL SPECIAL EDUCATION</b>	<b>690,863</b>	<b>94,195</b>	<b>785,058</b>	<b>783,996</b>	<b>1,062</b>
Bilingual Education - Instruction:					
Salaries of Teachers	37,087	10,474	47,561	47,560	1
<b>Total Bilingual Instruction:</b>	<b>37,087</b>	<b>10,474</b>	<b>47,561</b>	<b>47,560</b>	<b>1</b>
School Sponsored Co-curricular Activities:					
Salaries	10,000	(9,566)	434	216	218
Purchased Services	1,000		1,000		1,000
Supplies and Materials	1,000		1,000		1,000
<b>Total School Sponsored Co-curricular Activities</b>	<b>12,000</b>	<b>(9,566)</b>	<b>2,434</b>	<b>216</b>	<b>2,218</b>
School Sponsored Athletics:					
Salaries	4,000	(1,348)	2,652	2,652	
Purchased Services	500	120	620	620	
Supplies and Materials	1,000	142	1,142	1,141	1
Other Objects	500	(403)	97		97
<b>Total School Sponsored Athletics</b>	<b>6,000</b>	<b>(1,489)</b>	<b>4,511</b>	<b>4,413</b>	<b>98</b>
<b>Total Instruction</b>	<b>\$ 3,057,548</b>	<b>\$ (27,498)</b>	<b>\$ 3,030,050</b>	<b>\$ 3,021,953</b>	<b>\$ 8,097</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<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 EXPENDITURES: (Continued)</b>					
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	\$ 2,962,023	\$ (36,705)	\$ 2,925,318	\$ 2,925,318	\$ -
Tuition - Other LEAs Within the State - Special	306,233	(6,992)	299,241	291,501	7,740
Tuition - County Voc Sch Dist Regular	11,475	(2,295)	9,180	9,180	
Tuition - County Voc Sch Dist Special	32,180	60,046	92,226	92,225	1
Tuition - Co Spec Serv and Regional Day Schools	867,492	287,272	1,154,764	1,154,763	1
Tuition to Private Schools for the Disabled Within State	149,459	(102,299)	47,160	47,160	
<b>Total Undistributed Expenditures - Instruction</b>	<b>4,328,862</b>	<b>199,027</b>	<b>4,527,889</b>	<b>4,520,147</b>	<b>7,742</b>
Attendance and Social Work Services:					
Salaries	18,757	(1,808)	16,949	16,948	1
Purch Prof/ Tech Services		323	323	323	
<b>Total Attendance and Social Work Services</b>	<b>18,757</b>	<b>(1,485)</b>	<b>17,272</b>	<b>17,271</b>	<b>1</b>
Health Services:					
Salaries	136,530	1,048	137,578	137,578	
Purch Prof/ Tech Services	1,600	(564)	1,036	1,000	36
Other Purchased Services	200		200		200
Supplies and Materials	5,000	(292)	4,708	4,034	674
<b>Total Health Services</b>	<b>143,330</b>	<b>192</b>	<b>143,522</b>	<b>142,612</b>	<b>910</b>
Other Support Services - Students - Related Services:					
Purchased Prof - Education Services	141,000	53,711	194,711	194,711	
<b>Total Related Services</b>	<b>141,000</b>	<b>53,711</b>	<b>194,711</b>	<b>194,711</b>	
Special Education- Extraordinary Services					
Purchased Prof - Education Services	37,000	20,695	57,695	57,694	1
<b>Total Special Education- Extraordinary Services</b>	<b>37,000</b>	<b>20,695</b>	<b>57,695</b>	<b>57,694</b>	<b>1</b>
Other Support Services - Students-Regular Guidance					
Salaries Other Professionals	112,760	(7,247)	105,513	105,512	1
Salaries of Secretarial and Clerical Assistants	35,998	(6,948)	29,050	29,049	1
Other Purchased Prof. and Tech. Services	1,000	(1,000)			
Other Purchase Serv		149	149	149	
Supplies and Materials	2,000	(2,000)			
<b>Total Other Support Services - Students-Regular Guidance</b>	<b>151,758</b>	<b>(17,046)</b>	<b>134,712</b>	<b>134,710</b>	<b>2</b>
Other Support Services - Students-Special Services:					
Purchased Professional - Educational Services	65,426	(3,222)	62,204	62,204	
Other Purchased Prof. and Tech. Services	2,000	(2,000)			
Supplies and Materials	1,000	499	1,499	1,499	
Other Objects	1,000	(1,000)			
<b>Total Other Support Services - Students-Special Services</b>	<b>\$ 69,426</b>	<b>\$ (5,723)</b>	<b>\$ 63,703</b>	<b>\$ 63,703</b>	<b>\$ -</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<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	\$ 47,144	\$ (1,134)	\$ 46,010	\$ 46,009	\$ 1
Total Improvement Instruction Services/Other Support:	47,144	(1,134)	46,010	46,009	1
Educational Media Services/School Library:					
Salaries	37,590	(35,871)	1,719	1,719	
Total Educational Media Services/School Library:	37,590	(35,871)	1,719	1,719	
Instructional Staff Training Services					
Salaries of Other Professional Staff					
Purchased Professional and Educational Services	1,500	1,699	3,199	3,199	
Other Purchased Services	1,000	(58)	942	942	
Supplies and Materials	500	(500)			
Other Objects	2,000	(763)	1,237		1,237
Total Inst. Staff Training Services	5,000	378	5,378	4,141	1,237
Support Services General Administration:					
Salaries	119,426	(2,895)	116,531	116,531	
Legal Services	10,000	512	10,512	10,511	1
Audit Fees	17,000	3,395	20,395	20,395	
Architectural/Engineering Services	2,500	(2,252)	248		248
Other Purchased Professional Services	11,000	(512)	10,488	10,472	16
Purchased Technical Services	1,400	(350)	1,050		1,050
Communication/Telephone	82,200	(14,000)	68,200	67,316	884
BOE Other Purchased Services	150		150		150
Miscellaneous Purchased Services	27,524	(18,378)	9,146	9,145	1
General Supplies	1,000	100	1,100	1,096	4
Miscellaneous Expenditures	1,000	864	1,864	1,225	639
BOE Membership Dues and Fees	6,000		6,000	5,981	19
Total Support Services General Administration	279,200	(33,516)	245,684	242,672	3,012
Support Services School Administration:					
Salaries of Principals/Assistant Principals	188,577	50,244	238,821	238,820	1
Salaries of Secretarial and Clerical Assistants	110,343	7,108	117,451	117,451	
Other Salaries	8,000	(6,300)	1,700	1,196	504
Purchased Professional and Technical Services	3,000		3,000	2,144	856
Other Purchased Services	5,000		5,000	4,503	497
Supplies and Materials	3,500		3,500	1,930	1,570
Other Objects	1,800		1,800	1,349	451
Total Support Services School Administration	320,220	51,052	371,272	367,393	3,879
Central Services					
Salaries	104,040		104,040	104,040	
Purchased Professional Services	3,100	2,773	5,873	5,873	
Purchased Technical Services	4,500	3,500	8,000	8,000	
Miscellaneous Purchased Services	3,100	(546)	2,554	2,390	164
Supplies and Materials	2,000	(600)	1,400	1,113	287
Interest on Lease Purchase Agreements	2,500	(2,500)			
Miscellaneous Expenditures	2,125		2,125	939	1,186
Total Central Services	121,365	2,627	123,992	122,355	1,637
Admin. Info. Technology					
Purchased Technical Services	65,000	(820)	64,180	64,179	1
Other Purchased Services		952	952	677	275
Total Admin. Info. Technology	\$ 65,000	\$ 132	\$ 65,132	\$ 64,856	\$ 276

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<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:					
Salaries	\$	\$ 57,540	\$ 57,540	\$ 56,493	\$ 1,047
Cleaning, Repair and Maintenance Services	98,828	(3,453)	95,375	87,028	8,347
General Supplies	2,500	(146)	2,354	713	1,641
Required Maintenance for School Facilities:	101,328	53,941	155,269	144,234	11,035
Custodial Services:					
Salaries	64,644	(64,380)	264	264	
Purchased Professional and Technical Services	310,000	318	310,318	310,318	
Cleaning, Repair, and Maintenance Services	28,600	(256)	28,344	27,766	578
Insurance	46,812	(46,812)			
Miscellaneous Purchased Services	5,000	(930)	4,070	4,070	
General Supplies	35,000	(3,569)	31,431	30,247	1,184
Energy (Natural Gas)	15,000	5,477	20,477	20,477	
Energy (Electricity)	115,000	91,345	206,345	192,570	13,775
Total Custodial Services	620,056	(18,807)	601,249	585,712	15,537
Total Operation and Maintenance of Plant Services	721,384	35,134	756,518	729,946	26,572
Undistributed Expenditures - Student Transportation Services:					
Salaries - Between Home & School - Regular	29,637	(7,565)	22,072	22,046	26
Management Fee - ESC & CTSA Transportation Programs	12,000	(12,000)			
Contracted Services (Home/School) - Vendor	503,739	(17,094)	486,645	482,738	3,907
Contracted Services (not Home/School) - Vendors	15,000	765	15,765	9,735	6,030
Contracted Services (Special Ed. Students) - ECS	276,200	156,578	432,778	432,777	1
Contracted Services - Aid in Lieu of Payments - Nonpublic	60,000	(12,751)	47,249	45,383	1,866
Total Student Transportation Services	896,576	107,933	1,004,509	992,679	11,830
Unallocated Benefits:					
Social Security Contributions	90,000	3,289	93,289	89,003	4,286
Other Retirement Contributions - PERS	86,000	(10,248)	75,752	75,751	1
Unemployment Compensation	220,000	(216,993)	3,007	3,006	1
Workers Compensation	70,000	6,554	76,554	76,553	1
Health Benefits	1,298,398	(188,452)	1,109,946	1,109,946	
Tuition Reimbursement	5,000	(3,053)	1,947	1,947	
Other Employee Benefits	74,046	218,942	292,988	292,246	742
Total Unallocated Benefits	1,843,444	(189,961)	1,653,483	1,648,452	5,031
On-behalf TPAF Pension Contributions				182,949	(182,949)
On-behalf TPAF Post Retirement Medical Contribution				290,431	(290,431)
Reimbursement TPAF Social Security				297,651	(297,651)
Total Personal Services - Employee Benefits	1,843,444	(189,961)	1,653,483	2,419,483	(766,000)
Total Undistributed Expenditures	9,227,056	186,145	9,413,201	10,122,101	(708,900)
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	\$ 12,284,604	\$ 158,647	\$ 12,443,251	\$ 13,144,054	\$ (700,803)

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<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>CAPITAL OUTLAY:</b>					
Equipment:					
Grades 1-5	\$ 20,197	\$ 9,771	\$ 29,968		\$ 29,968
Grades 6-8	40,000	(40,000)			
Total Equipment	60,197	(30,229)	29,968		29,968
Facilities Acquisition and Construction Services:					
Construction Services	155,000	(123,480)	31,520	14,220	17,300
Assessment for Debt Service on SDA Funding	9,270		9,270	9,270	
Total Facilities Acquisition and Construction Services	164,270	(123,480)	40,790	23,490	17,300
<b>TOTAL CAPITAL OUTLAY</b>	<b>224,467</b>	<b>(153,709)</b>	<b>70,758</b>	<b>23,490</b>	<b>47,268</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 12,509,071</b>	<b>\$ 4,938</b>	<b>\$ 12,514,009</b>	<b>\$ 13,167,544</b>	<b>\$ (653,535)</b>
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	\$ (469,404)	\$ (4,938)	\$ (474,342)	\$ (230,077)	\$ 244,265
Other financing sources (uses):					
Operating Transfer out - Food Service Deficit				(35,342)	(35,342)
Operating Transfer out - Charter Schools	(95,844)	4,938	(90,906)	(84,075)	6,831
Capital Outlay Transferred to Capital Projects Fund	(19,526)		(19,526)	(19,526)	
Operating Transfer - Interest on Capital Projects				28	28
Total Other Financing Sources	(115,370)	4,938	(110,432)	(138,915)	(28,483)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(584,774)		(584,774)	(368,992)	215,782
Fund Balances, July 1	1,032,802		1,032,802	1,032,802	
Fund Balances, June 30	\$ 448,028		\$ 448,028	\$ 663,810	\$ 215,782
<b>RECAPITULATION :</b>					
<b>Reserved:</b>					
<b>Restricted Fund Balance:</b>					
Excess Surplus				\$ 231,373	
Excess Surplus - Designated for Subsequent Year's Expenditures				14,587	
Capital Reserve				255	
Maintenance Reserve				22,500	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				100,000	
Emergency Reserve				41,300	
<b>Unassigned Fund Balance</b>				253,795	
				663,810	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(910,797)	
Fund Balance per Governmental Funds (GAAP)				\$ (246,987)	

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<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	\$ 616,918	\$ 459,902	\$ 1,076,820	\$ 889,525	\$ 187,295
State Sources	368,565	8,430	376,995	364,393	12,602
Local Sources				3,138	(3,138)
<b>Total Revenues</b>	<u>985,483</u>	<u>468,332</u>	<u>1,453,815</u>	<u>1,257,056</u>	<u>196,759</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	596,101	69,915	666,016	570,745	95,271
Other Salaries for Instruction	103,137	16,873	120,010	119,245	765
Supplies and Materials		182,579	182,579	108,407	74,172
General Supplies	13,619	(5,577)	8,042	8,037	5
Other Objects		600	600	258	342
<b>Total Instruction</b>	<u>712,857</u>	<u>264,390</u>	<u>977,247</u>	<u>806,692</u>	<u>170,555</u>
<b>Support Services</b>					
Other Salaries		49,341	49,341	44,068	5,273
Employee Benefits	76,258	113,097	189,355	177,048	12,307
Purchased Professional & Technical Services - Other		903	903	35	868
Purchased Professional Ed Services	190,095	13,456	203,551	203,551	
Other Purchased Services	3,273	24,936	28,209	21,819	6,390
Supplies and Materials		3,936	3,936	3,138	798
Other Objects	3,000	(1,727)	1,273	705	568
<b>Total Support Services</b>	<u>272,626</u>	<u>203,942</u>	<u>476,568</u>	<u>450,364</u>	<u>26,204</u>
<b>Facilities Acquisition and Construction Services:</b>					
Construction Services					
<b>Total Facilities Acquisition and Construction Services</b>					
Total Expenditures	<u>985,483</u>	<u>468,332</u>	<u>1,453,815</u>	<u>1,257,056</u>	<u>196,759</u>
<b>Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>	<u>985,483</u>	<u>468,332</u>	<u>1,453,815</u>	<u>1,257,056</u>	<u>196,759</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 - PART II**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET-TO-GAAP RECONCILIATION  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**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] \$ 12,937,467	[C-2] \$ 1,257,056
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	911,956	27,009
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(910,797)	(36,495)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>[B-2] \$ 12,938,626</u>	<u>[B-2] \$ 1,247,570</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 13,167,544	[C-2] \$ 1,257,056
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.		
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	<u>[B-2] \$ 13,167,544</u>	<u>[B-2] \$ 1,257,056</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

SCHEDULE L-1

COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.008918%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,669,768
District's Covered-Employee Payroll	\$ 3,376,654
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	49.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE L-2

COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

	<u>2014</u>
Contractually Required Contribution	\$ 73,552
Contributions in Relation to the Contractually Required Contribution	(73,552)
Contribution Deficiency (Excess)	\$ <u><u>          </u></u>
District's Covered-Employee Payroll	\$ 3,376,654
Contributions as a Percentage of Covered-Employee Payroll	2.18%

**SCHEDULE L-3**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**TEACHERS PENSION PLAN**

	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.038948%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,108
District's Covered-Employee Payroll	\$ 3,392,779
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	0.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**NOTES TO THE REQUIRED SUPPLEMENTARY  
INFORMATION - PART III**

COMMERCIAL TOWNSHIP BOARD OF EDUCATION

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III  
Pension Schedules**

For the Fiscal Year Ended June 30, 2015

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

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

*Change of assumptions.* Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**Public Employees' Retirement System (PERS)**

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

*Change of assumptions.* Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

**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, 2015**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)**

	Safety Grant	NCLB				I.D.E.A. - Part B		Sub-Total Per E-1 (2)	Totals		
		Title II Part D Trn	Title I Part A		Title II Part A		Basic 2014-15		Pre-School 2014-15	2015	2014
			2014-15	2013-14	2014-15	2013-14					
<b>REVENUES:</b>											
Federal Sources		\$ 11,667	\$ 332,141	\$ 151,219	\$ 60,160	\$ 4,442	\$ 197,147	\$ 5,744	\$ 127,005	\$ 889,525	\$ 750,673
State Sources									364,393	364,393	260,973
Other	\$ 3,138									3,138	976
<b>Total Revenues</b>	<b>3,138</b>	<b>11,667</b>	<b>332,141</b>	<b>151,219</b>	<b>60,160</b>	<b>4,442</b>	<b>197,147</b>	<b>5,744</b>	<b>491,398</b>	<b>1,257,056</b>	<b>1,012,622</b>
<b>EXPENDITURES:</b>											
Instruction:											
Salaries of Teachers			249,655	58,540	49,000	3,500			210,050	570,745	445,246
Salaries - Other Instructional									119,245	119,245	108,892
Purchased Prof./Tech.Services											25,735
Other Purchased Services											11,140
Supplies and Materials		11,667		92,679	730	32			3,299	108,407	14,147
Other Objects									258	258	
General Supplies									8,037	8,037	1,377
<b>Total Instruction</b>		<b>11,667</b>	<b>249,655</b>	<b>151,219</b>	<b>49,730</b>	<b>3,532</b>			<b>340,889</b>	<b>806,692</b>	<b>606,537</b>
Support Services:											
Salaries									42,466	42,466	
Other Salaries									1,602	1,602	26,729
Personal Services-Employee Benefits			82,486		10,430	910			83,222	177,048	101,768
Purchased Prof/Tech Services							197,147	5,744	695	203,586	2,875
Purch. Prof.Ed.Services											225,051
Other Purchased Services									21,819	21,819	35,565
Con Tran. Services											1,250
Supplies and Materials	3,138									3,138	12,166
Other Objects									705	705	
<b>Total Support Services</b>	<b>3,138</b>		<b>82,486</b>		<b>10,430</b>	<b>910</b>	<b>197,147</b>	<b>5,744</b>	<b>150,509</b>	<b>450,364</b>	<b>405,404</b>
Facilities Acquisition/Construction:											
Instructional Equipment											4,485
<b>Total Facilities Acquisition/Construction</b>											<b>4,485</b>
<b>Total Expenditures</b>	<b>\$ 3,138</b>	<b>\$ 11,667</b>	<b>\$ 332,141</b>	<b>\$ 151,219</b>	<b>\$ 60,160</b>	<b>\$ 4,442</b>	<b>\$ 197,147</b>	<b>\$ 5,744</b>	<b>\$ 491,398</b>	<b>\$ 1,257,056</b>	<b>\$ 1,016,426</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)**

	21ST CENTURY								Preschool Education 2014-15	Totals 2015
	2014-2015		HMS PY	PNS PY	PN United		PN IDEA PY	PN HSAC		
	PN	HMS			Way 14-15	PN IDEA 14-15				
<b>REVENUES:</b>										
Federal Sources	\$ 42,323	\$ 40,474	\$ 6,144	\$ 18,065	\$ 2,000	\$ 5,386	\$ 6,017	\$ 6,596	\$ 127,005	
State Sources									\$ 364,393	
<b>Total Revenues</b>	<b>42,323</b>	<b>40,474</b>	<b>6,144</b>	<b>18,065</b>	<b>2,000</b>	<b>5,386</b>	<b>6,017</b>	<b>6,596</b>	<b>491,398</b>	
<b>EXPENDITURES:</b>										
Instruction:										
Salaries of Teachers	10,024	12,493	1,066	2,418	1,858	2,600	3,640	3,600	172,351	
Salaries - Other Instructional		9,938	2,925						106,382	
Supplies & Materials		1,171		590				1,538	3,299	
Other Objects								258	258	
General Supplies									8,037	
<b>Total Instruction</b>	<b>10,024</b>	<b>23,602</b>	<b>3,991</b>	<b>3,008</b>	<b>1,858</b>	<b>2,600</b>	<b>3,640</b>	<b>5,396</b>	<b>286,770</b>	
Support Services:										
Salaries	13,806	14,079	1,716	8,512		2,403	1,950		42,466	
Other Salaries	1,602								1,602	
Personal Services-Employee Benefits	1,946	2,793	437	836	142	383	427		76,258	
Purchased Prof/Tech Services	35								660	
Other Purchased Services	14,910			5,709				1,200	21,819	
Other Objects									705	
<b>Total Support Services</b>	<b>32,299</b>	<b>16,872</b>	<b>2,153</b>	<b>15,057</b>	<b>142</b>	<b>2,786</b>	<b>2,377</b>	<b>1,200</b>	<b>77,623</b>	
Facilities Acquisition/Construction:										
Instructional Equipment										
<b>Total Facilities Acquisition/Construction</b>										
<b>Total Expenditures</b>	<b>\$ 42,323</b>	<b>\$ 40,474</b>	<b>\$ 6,144</b>	<b>\$ 18,065</b>	<b>\$ 2,000</b>	<b>\$ 5,386</b>	<b>\$ 6,017</b>	<b>\$ 6,596</b>	<b>\$ 364,393</b>	<b>\$ 491,398</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF PRESCHOOL EDUCATION AID**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 175,950	\$ 172,351	\$ 3,599
Other Salaries of Instruction	106,382	106,382	
General Supplies	8,042	8,037	5
<b>Total Instruction</b>	<u>290,374</u>	<u>286,770</u>	<u>3,604</u>
<b>Support Services:</b>			
Personal Services - Employee Benefits	76,258	76,258	
Purchased Professional - Educational Services	660	660	
Other Objects	1,273	705	568
<b>Total Support Services</b>	<u>78,191</u>	<u>77,623</u>	<u>568</u>
<b>Facilities Acquisition and Const. Services:</b>			
Instructional Equipment			
Non Instructional Equipment			
<b>Total Facilities Acquisition and Const. Services</b>			
<b>Contribution to Charter Schools</b>			
<b>Total Expenditures</b>	<u>\$ 368,565</u>	<u>\$ 364,393</u>	<u>\$ 4,172</u>

**CALCULATION OF BUDGET AND CARRYOVER**

Total Revised 2014-15 Preschool Education Aid Allocation	\$ 364,950	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2014)	9,090	(2)
Add: Budgeted Transfer from the General Fund 2014-15		(3)
Total Preschool Education Aid Funds Available for 2014-15 Budget	374,040	(4)
Less: 2014-15 Budgeted Preschool Education Aid ( including prior year budget carryover)	(368,565)	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2015	5,475	(6)
Add: June 30, 2015 Unexpended Preschool Education Aid	4,172	(7)
Less: 2014-15 Commissioner-approved Transfer to the General Fund		(8)
2014-15 Carryover - Preschool Education Aid Programs	\$ 9,647	(9)
2014-15 Preschool Education Aid Carryover Budgeted for Preschool Programs 2015-16		(10)

## **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 SCHEDULE OF PROJECT EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<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 2015</u>	<u>June 30 2014</u>
Construction of classrooms and acquisition of other additions to the Haleyville-Mauricetown and Port Norris Schools	N/A	8/1/01	\$ 4,438,469	\$ 4,379,077	\$	\$ 59,392	\$ 59,392
Installation of Telecommunications System At the Haleyville-Mauricetown Elementary School	0950-025-14-1001	3/7/14	42,644		40,599	2,045	
Installation of Telecommunications System At the Port Norris Elementary School	0950-050-14-1002	3/7/14	30,770		29,319	1,451	
			<u>\$ 4,511,883</u>	<u>\$ 4,379,077</u>	<u>\$ 69,918</u>	<u>\$ 62,888</u>	<u>\$ 59,392</u>
						Unencumbered Balance \$ 62,888	
						Less: Unearned State Aid (14,334)	
						<u>Fund Balance \$ 48,554</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, 2015**

**Revenues and Other Financing**

**Sources**

State Sources - SDA Grant	\$	53,888
Capital Outlay Transferred to Capital Projects Fund		19,526
Interest		28
		<hr/>
Total Revenues		73,442
		<hr/>

**Expenditures and Other Financing**

**Uses**

Construction Services		69,918
		<hr/>
Total Expenditures		69,918
		<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures		3,524
Transfer of Interest Earned to General Fund		(28)
Fund Balance - Beginning		59,392
		<hr/>
Fund Balance - Ending	\$	62,888
		<hr/> <hr/>

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**PROJECT STATUS - BUDGETARY BASIS**  
**INSTALLATION OF TELECOMMUNICATIONS SYSTEM - HALEYVILLE-MAURICETOWN SCHOOL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$	\$ 31,302	\$ 31,302	\$ 31,302
Transfer from Capital Outlay		11,342	11,342	11,342
Total Revenues		<u>42,644</u>	<u>42,644</u>	<u>42,644</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services		40,599	40,599	42,644
Total Expenditures		<u>40,599</u>	<u>40,599</u>	<u>42,644</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$ 2,045	\$ 2,045	\$

**Additional Project Information:**

Project Number	0950-025-14-GINO
Grant Date/ Letter of Notification	March 7, 2014
Original Authorization Cost	\$42,644
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$42,644
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**PROJECT STATUS - BUDGETARY BASIS**  
**INSTALLATION OF TELECOMMUNICATIONS SYSTEM - PORT NORRIS SCHOOL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	Prior Year	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$	\$ 22,586	\$ 22,586	\$ 22,586
Transfer from Capital Outlay		8,184	8,184	8,184
Total Revenues		30,770	30,770	30,770
<b>Expenditures and Other Financing Uses</b>				
Construction Services		29,319	29,319	30,770
Total Expenditures		29,319	29,319	30,770
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$ 1,451	\$ 1,451	\$

**Additional Project Information:**

Project Number	0950-050-14-GINP
Grant Date/ Letter of Notification	March 7, 2014
Original Authorization Cost	\$30,770
Additional Authorized Cost	\$0.00
Revised Authorized Cost	\$30,770
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	100.0%
Original Target Completion Date	June 30, 2015
Revised Target Completion Date	June 30, 2015

## **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 SCHEDULE OF NET POSITION**  
**AS OF JUNE 30, 2015 AND 2014**

	Food Service Enterprise Fund	Extended Day Enterprise Fund	Totals	
			2015	2014
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 31,759	\$ 33,920	\$ 65,679	\$ 34,715
Accounts Receivable:				
State	445		445	645
Federal	27,594		27,594	31,105
Other	716	200	916	2,380
Interfund Receivable	13,501		13,501	
Inventories	12,579		12,579	13,153
Total Current Assets	86,594	34,120	120,714	81,998
Fixed Assets:				
Equipment	154,995		154,995	150,518
Accumulated Depreciation	(148,679)		(148,679)	(147,378)
Total Fixed Assets	6,316		6,316	3,140
Total Assets	92,910	34,120	127,030	85,138
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	67,622		67,622	1,112
Due to General Fund				21,841
Unearned Revenue	4,629	40	4,669	3,672
Compensated Absences	14,225		14,225	19,977
Total Current Liabilities	86,476	40	86,516	46,602
<b>NET POSITION:</b>				
Invested in Capital Assets Net of Related Debt	6,316		6,316	3,140
Unrestricted	118	34,080	34,198	35,396
Total Net Position	\$ 6,434	\$ 34,080	\$ 40,514	\$ 38,536

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	Food Service Enterprise Fund	Extended Day Enterprise Fund	Totals	
			2015	2014
<b>OPERATING REVENUES:</b>				
Local Sources:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$ 29,648	\$	\$ 29,648	\$ 26,597
Total Daily Sales - Reimbursable Programs	29,648		29,648	26,597
Daily Sales Non-Reimbursable Programs	15,703	16,641	32,344	26,727
Total Operating Revenue	45,351	16,641	61,992	53,324
<b>OPERATING EXPENSES:</b>				
Salaries	157,325	16,698	174,023	186,218
Employee Benefits	31,111	1,277	32,388	35,190
Supplies and Materials	26,160		26,160	26,030
Depreciation	1,301		1,301	1,040
Cost of Sales	159,755		159,755	165,408
Management Fee	21,000		21,000	16,992
Repairs and Other Expenses	27,578		27,578	10,374
Total Operating Expenses	424,230	17,975	442,205	441,252
Operating Income (Loss)	(378,879)	(1,334)	(380,213)	(387,928)
Non-Operating Revenues:				
State Sources:				
State School Lunch Program	4,106		4,106	4,536
Federal Sources:				
School Breakfast Program	81,268		81,268	80,884
National School Lunch Program	203,569		203,569	217,914
Snack Program	12,136		12,136	11,448
Food Distribution Program	24,153		24,153	27,538
Fruit and Vegetable Grant	21,599		21,599	20,843
Fixed Asset Adjustment				(13,512)
Interest		18	18	30
Total Non-Operating Revenues	346,831	18	346,849	349,681
Net Income before Operating Transfers	(32,048)	(1,316)	(33,364)	(38,247)
Operating Transfer In	35,342		35,342	1,310
Net Income	3,294	(1,316)	1,978	(36,937)
Net Position - July 1	3,140	35,396	38,536	75,473
Net Position - June 30	\$ 6,434	\$ 34,080	\$ 40,514	\$ 38,536

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	Food Service	Extended Day	Totals	
	Enterprise Fund	Enterprise Fund	2015	2014
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 45,351	\$ 16,641	\$ 61,992	\$ 53,324
Payments to Employees and Employee Benefits	(188,436)	(17,975)	(206,411)	(221,408)
Payments to Suppliers	(202,852)	521	(202,331)	(216,321)
Net Cash Provided by Noncapital Financing Activities	(345,937)	(813)	(346,750)	(384,405)
Cash Flows from Noncapital Financing Activities:				
Cash Received from State and Federal Reimbursements	346,831		346,831	363,163
Operating Transfer from General Fund	35,342		35,342	1,310
Net Cash Provided by Noncapital Financing Activities	382,173		382,173	364,473
Cash Flows from Capital & Related Financing Activities				
Purchase of Capital Assets	(4,477)		(4,477)	
Net Cash Provided by Capital and Related Financing Activities	(4,477)		(4,477)	
Cash Flows From Investing Activities				
Interest and Dividends		18	18	30
Net Cash Provided by Investing Activities		18	18	30
Net Decrease in Cash and Cash Equivalents	31,759	(795)	30,964	(19,902)
Cash and Cash Equivalents, July 1 (Overdraft)		34,715	34,715	54,617
Cash and Cash Equivalents, June 30 (Overdraft)	\$ 31,759	\$ 33,920	\$ 65,679	\$ 34,715
Operating Income (Loss)	\$ (378,879)	\$ (1,334)	\$ (380,213)	\$ (387,928)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation	1,301		1,301	1,040
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	3,582	1,593	5,175	(7,389)
(Increase)/Decrease in Inventory	574		574	1,945
(Increase)/Decrease in Interfund Receivable	(13,501)		(13,501)	
Increase/(Decrease) in Accounts Payable	67,622	(1,112)	66,510	734
Increase/(Decrease) in Due to General	(21,841)		(21,841)	12,434
Increase/(Decrease) in Unearned Revenue	957	40	997	857
Increase/(Decrease) in Compensated Absences	(5,752)		(5,752)	(6,098)
Net Cash Used by Operating Activities	\$ (345,937)	\$ (813)	\$ (346,750)	\$ (384,405)

## **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 SCHEDULE OF FIDUCIARY NET POSITION**  
**JUNE 30, 2015**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)**

	Expendable Trust Funds	Private Purpose Scholarship Fund	Agency		Total	
			Student Activity	Payroll	2015	2014
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 163,210	\$ 998	\$ 9,472	\$ 316,355	\$ 490,035	\$ 415,570
Certificate of Deposit		32,500			32,500	32,500
Due from Payroll Agency Account	2,142				2,142	3,563
<b>Total Assets</b>	<b>\$ 165,352</b>	<b>\$ 33,498</b>	<b>\$ 9,472</b>	<b>\$ 316,355</b>	<b>\$ 524,677</b>	<b>\$ 451,633</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
Liabilities:						
Interfund Payable - General Fund	\$	\$	\$	\$ 12,349	\$ 12,349	\$ 12,281
Due to Unemployment Trust Account				2,142	2,142	3,563
Accounts Payable						2,087
Summer Reserve				257,014	257,014	212,597
Payroll Deductions and Withholdings				44,850	44,850	12,717
Due to Student Groups			9,472		9,472	10,910
<b>Total Liabilities</b>			<b>9,472</b>	<b>316,355</b>	<b>325,827</b>	<b>254,155</b>
Net Position						
Reserved for Scholarships		33,498			33,498	34,415
Held in Trust for Unemployment Claims and Other Purposes	165,352				165,352	163,063
<b>Total Net Position</b>	<b>165,352</b>	<b>33,498</b>			<b>198,850</b>	<b>197,478</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 165,352</b>	<b>\$ 33,498</b>	<b>\$ 9,472</b>	<b>\$ 316,355</b>	<b>\$ 524,677</b>	<b>\$ 451,633</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**FIDUCIARY FUNDS**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015 AND 2014**

	<u>Expendable Trust</u>			
	<u>Unemployment</u>	<u>Scholarship</u>	<u>Total</u>	<u>Total</u>
	<u>Funds</u>	<u>Funds</u>	<u>2015</u>	<u>2014</u>
ADDITIONS:				
Contributions	\$ 12,961	\$	\$ 12,961	\$ 17,513
Employee Deductions	5,917		5,917	2,782
Investment Earnings	163	83	246	249
	<hr/>	<hr/>	<hr/>	<hr/>
Total Additions	19,041	83	19,124	20,544
DEDUCTIONS:				
Total Deductions	<hr/>	<hr/>	<hr/>	<hr/>
	16,752	1,000	17,752	1,000
Change in Net Position	2,289	(917)	1,372	19,544
Net Position - Beginning of the Year	<hr/>	<hr/>	<hr/>	<hr/>
	163,063	34,415	197,478	177,934
Net Position - End of the Year	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 165,352	\$ 33,498	\$ 198,850	\$ 197,478

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>July 1,</u> <u>2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30,</u> <u>2015</u>
<b>ELEMENTARY SCHOOLS</b>				
Haleyville-Mauricetown	\$ 1,362	\$ 2,028	\$ 3,084	\$ 306
Port Norris	835	4,264	4,713	386
Breakfast Fund	619	3,164	2,596	1,187
General Fund	1,400	5		1,405
Performing Arts	5,930	7,959	7,796	6,093
Due to Student Groups	1	390	390	1
Basketball, PNS		1,300	1,216	84
Graduation Awards/Donations		700	700	
Bookfair, HMS	6	5,936	5,934	8
NJHS PNS	757	916	1,671	2
Total Elementary Schools	<u>10,910</u>	<u>26,662</u>	<u>28,100</u>	<u>9,472</u>
TOTAL ALL SCHOOLS	<u>\$ 10,910</u>	<u>\$ 26,662</u>	<u>\$ 28,100</u>	<u>\$ 9,472</u>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>7/1/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/15</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 241,158	\$ 5,800,781	\$ 5,725,584	\$ 316,355
Total Assets	<u>\$ 241,158</u>	<u>\$ 5,800,781</u>	<u>\$ 5,725,584</u>	<u>\$ 316,355</u>
<b>LIABILITIES:</b>				
Interfund Payable - General Fund	\$ 12,281	\$ 68	\$	\$ 12,349
Due to Unemployment Trust Account	3,563	2,142	3,563	2,142
Summer Reserve Account	212,597	257,014	212,597	257,014
Payroll Deductions and Withholdings	12,717	5,541,557	5,509,424	44,850
Total Liabilities	<u>\$ 241,158</u>	<u>\$ 5,800,781</u>	<u>\$ 5,725,584</u>	<u>\$ 316,355</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, 2015

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds of 2009 to Refund Series 2001 Above	11/17/2009	\$ 2,370,000	8/1/15	\$ 200,000	4.000%	\$	\$	\$	\$
			8/1/16	210,000	3.000%				
			8/1/17	225,000	4.000%				
			8/1/18	235,000	3.125%				
			8/1/19	230,000	3.250%				
			8/1/20	235,000	4.500%				
			8/1/21	230,000	4.500%				
Totals					\$ 1,760,000	\$	\$ 195,000	\$ 1,565,000	

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2015**

	<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	\$ 104,954	\$	\$ 104,954	\$ 104,954	\$
State Sources:					
Debt Service Aid Type II	150,597		150,597	150,597	
<b>TOTAL REVENUES</b>	<u>255,551</u>		<u>255,551</u>	<u>255,551</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service					
Interest	61,238		61,238	61,238	
Redemption of Principal	195,000		195,000	195,000	
<b>Total Regular Debt Service</b>	<u>256,238</u>		<u>256,238</u>	<u>256,238</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(687)</u>		<u>(687)</u>	<u>(687)</u>	
Other Financing Sources (Uses)					
Operating Transfers In					
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Sources	<u>(687)</u>		<u>(687)</u>	<u>(687)</u>	
Fund Balance, July 1	<u>687</u>		<u>687</u>	<u>687</u>	
Fund Balance, June 30	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**STATISTICAL SECTION**

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**  
*(UNAUDITED)*

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 4,450,796	\$ 4,246,359	\$ 4,091,162	\$ 4,111,820	\$ 4,873,181	\$ 4,781,888	\$ 4,963,198	\$ 4,714,157	\$ 3,179,843	\$ 3,135,878
Restricted	1,954,624	1,549,510	1,128,119	2,046,062	1,526,428	1,466,286	1,021,338	981,597	823,240	458,314
Unrestricted	(1,084,527)	(1,084,243)	(1,031,124)	(1,747,868)	(1,885,240)	(1,602,285)	(966,864)	(1,663,637)	(1,451,087)	(3,364,659)
<b>Total Governmental Activities Net Position</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>\$ 5,017,672</b>	<b>\$ 4,032,117</b>	<b>\$ 2,551,996</b>	<b>\$ 229,533</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 13,191	\$ 10,770	\$ 10,309	\$ 9,083	\$ 23,902	\$ 21,832	\$ 19,762	\$ 17,692	\$ 3,140	\$ 6,316
Restricted										
Unrestricted	82,246	121,133	159,873	167,010	124,630	82,489	45,896	57,781	35,396	34,198
<b>Total Business-Type Activities Net Position</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>\$ 65,658</b>	<b>\$ 75,473</b>	<b>\$ 38,536</b>	<b>\$ 40,514</b>
<b>District-Wide</b>										
Invested in Capital Assets, Net of Related Debt	\$ 4,463,987	\$ 4,257,129	\$ 4,101,471	\$ 4,120,903	\$ 4,897,083	\$ 4,803,720	\$ 4,982,960	\$ 4,731,849	\$ 3,182,983	\$ 3,142,194
Restricted	1,954,624	1,549,510	1,128,119	2,046,062	1,526,428	1,466,286	1,021,338	981,597	823,240	458,314
Unrestricted	(1,002,281)	(963,110)	(871,251)	(1,580,858)	(1,760,610)	(1,519,796)	(920,968)	(1,605,856)	(1,415,691)	(3,330,461)
<b>Total District-Wide Net Position</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>	<b>\$ 5,083,330</b>	<b>\$ 4,107,590</b>	<b>\$ 2,590,532</b>	<b>\$ 270,047</b>

Source: CAFR Schedule A-1

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**  
**(UNAUDITED)**

	For Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities										
Instruction										
Regular	\$ 3,224,042	3,156,227	3,319,501	3,357,969	3,464,382	3,366,236	3,909,913	3,161,789	2,792,967	2,992,460
Special Education	364,812	410,850	402,660	608,730	495,980	695,354	400,945	695,940	729,384	783,996
Other Special Education	124,613	269,767	239,384	366,151	418,126	343,378	7,447	62,530	63,849	47,560
Other Instruction	8,184	3,826	2,704	18,538	19,833	6,286	9,731	9,430	5,711	4,629
Support Services										
Tuition	2,442,565	2,641,693	2,532,551	2,420,356	2,797,250	3,061,878	3,448,826	4,895,951	4,679,584	4,520,147
Student and Instruction Related Services	1,042,753	914,994	1,218,422	887,375	1,022,953	963,836	942,783	860,192	975,156	935,886
General and Business Administrative Services	327,625	301,534	339,179	395,564	354,808	273,396	225,672	287,624	280,692	242,672
School Administrative Services	348,611	321,346	292,444	302,336	314,291	344,906	365,004	309,154	305,762	367,393
Central Services		195,105	204,391	205,258	219,829	217,143	248,170	117,424	130,654	122,355
Administrative Information Technology			12,530	9,875	3,783	13,526	31,615	57,358	66,484	64,856
Plant Operations and Maintenance	697,071	769,031	792,768	841,711	817,433	899,009	835,641	769,215	738,506	729,946
Pupil Transportation	669,035	691,322	815,314	880,997	993,527	808,002	802,161	851,737	671,346	992,679
Business and Other Support Services	2,081,148	2,330,474	2,133,729	2,265,509	2,713,412	2,404,763	2,513,003	2,613,197	2,273,253	3,548,718
Summer School			32,901	52,932	55,884	10,732				
Amortization of Debt Issue Costs	3,850	3,850	3,850	3,850	35,614	9,516	9,516			
Interest on Long-Term Debt	167,505	158,543	149,861	139,399	72,761	85,405	78,086	76,918	63,895	68,680
Unallocated Depreciation	401,290	533,538	393,603	393,603	415,865	509,902	538,034	538,750	330,253	323,103
Total Governmental Activities Expenses	11,903,104	12,702,100	12,885,792	13,150,153	14,215,731	14,013,268	14,366,547	15,307,209	14,107,496	15,745,080
Business-Type Activities										
Food Service	352,987	389,398	403,650	453,051	495,927	507,598	446,127	428,049	409,116	424,230
Extended Day	24,381	21,511	19,570	18,608	19,712	18,822	23,578	24,581	32,136	17,975
Safe Schools	38,827									
Total Business-Type Activities Expense	416,195	410,909	423,220	471,659	515,639	526,420	469,705	452,630	441,252	442,205
Total District Expenses	\$ 12,319,299	13,113,009	13,309,012	13,621,812	14,731,370	14,539,688	14,836,252	15,759,839	14,548,748	16,187,285
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	\$ 2,610,073	2,682,881	2,732,628	1,754,904	2,108,027	2,174,350	1,869,639	2,016,459	1,708,949	1,845,138
Total Governmental Activities Program Revenues	2,610,073	2,682,881	2,732,628	1,754,904	2,108,027	2,174,350	1,869,639	2,016,459	1,708,949	1,845,138
Business-Type Activities										
Charges for Services										
Food Service	76,044	76,574	77,775	67,020	64,339	77,806	57,650	51,247	43,603	45,351
Extended Day	18,197	21,028	22,954	19,235	25,636	23,654	18,438	36,327	9,721	16,641
Operating Grants and Contributions	292,980	227,753	250,120	290,924	357,007	330,188	350,089	342,616	363,163	346,831
Total Business-Type Activities Program Revenues	387,221	325,355	350,849	377,179	446,982	431,648	426,177	430,190	416,487	408,823
Total District Program Revenues	\$ 2,997,294	3,008,236	3,083,477	2,132,083	2,555,009	2,605,998	2,295,816	2,446,649	2,125,436	2,253,961
Net (Expense)/Revenue										
Governmental Activities	\$ (9,293,031)	(10,019,219)	(10,153,164)	(11,395,249)	(12,107,704)	(11,838,918)	(12,496,908)	(13,290,750)	(12,398,547)	(13,899,942)
Business-Type Activities	(28,974)	(85,554)	(72,371)	(94,480)	(68,657)	(94,772)	(43,528)	(22,440)	(24,765)	(33,382)
Total District-Wide Net Expense	\$ (9,322,005)	(10,104,773)	(10,225,535)	(11,489,729)	(12,176,361)	(11,933,690)	(12,540,436)	(13,313,190)	(12,423,312)	(13,933,324)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, net	\$ 1,466,983	1,560,450	1,535,870	1,558,870	1,558,870	1,616,662	1,648,998	1,698,811	1,732,787	1,767,443
Taxes Levied for Debt Service	135,328	86,149	114,019	109,911	115,148	174,378	143,805	146,908	105,778	104,954
Unrestricted Grants and Contributions	7,514,370	7,543,733	7,940,421	9,915,156	10,447,899	10,173,152	11,051,930	10,440,131	10,481,926	11,568,496
Investment Earnings	78,959	143,079	51,543	15,013	20,573	11,982	7,557	3,948	1,195	843
Miscellaneous Income	147,458	179,202	122,225	175,836	104,569	44,264	20,750	131,520	119,269	131,628
Other Adjustments		17,339	(14,383)	(57,680)					(1,521,219)	
Transfers	(120,000)	(120,000)	(120,000)	(100,000)	(35,000)	(50,000)	(4,349)	(32,116)	(1,310)	(119,417)
Total Governmental Activities	9,223,098	9,409,952	9,629,695	11,617,106	12,212,059	11,970,438	12,868,691	12,389,202	10,918,426	13,453,947
Business-Type Activities										
Investment Earnings	1,282	2,020	1,166	391	489	561	516	139	30	18
Other Adjustments			(10,516)		5,607				(13,512)	
Transfers	120,000	120,000	120,000	100,000	35,000	50,000	4,349	32,116	1,310	35,342
Total Business-Type Activities	121,282	122,020	110,650	100,391	41,096	50,561	4,865	32,255	(12,172)	35,360
Total District-Wide	\$ 9,344,380	9,531,972	9,740,345	11,717,497	12,253,155	12,020,999	12,873,556	12,421,457	10,906,254	13,489,307
Change in Net Position										
Governmental Activities	\$ (69,933)	(609,267)	(523,469)	221,857	104,355	131,520	371,783	(901,548)	(1,480,121)	(445,995)
Business-Type Activities	92,308	36,466	38,279	5,911	(27,561)	(44,211)	(38,663)	9,815	(36,937)	1,978
Total District-Wide	\$ 22,375	(572,801)	(485,190)	227,768	76,794	87,309	333,120	(891,733)	(1,517,058)	(444,017)

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Restricted	\$ 1,805,517	\$ 1,099,012	\$ 852,073	\$ 1,486,960	\$ 1,622,136	\$ 641,437	\$ 88,309	\$ 584,774	\$ 14,587	\$ 231,373
Unrestricted	12,690	371,498	209,417	(126,263)	(732,463)	179,066	763,619	(344,252)	106,259	(478,360)
<b>Total General Fund</b>	<b>\$ 1,818,207</b>	<b>\$ 1,470,510</b>	<b>\$ 1,061,490</b>	<b>\$ 1,360,697</b>	<b>\$ 889,673</b>	<b>\$ 820,503</b>	<b>\$ 851,928</b>	<b>\$ 240,522</b>	<b>\$ 120,846</b>	<b>\$ (246,987)</b>
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unrestricted, Reported in:										
Special Revenue Fund	(45,314)	(45,314)	(55,765)	(32,417)	(32,806)	(36,296)	(32,806)	(27,009)	(27,009)	(36,495)
Capital Projects Fund	25,463	18,938	18,938	18,938	24,668	65,122	72,899	59,392	59,392	48,554
Debt Service Fund	28,659	4,757	4,757	2	42,861	42,862	38,423	687	687	
Permanent Fund										
<b>Total All Other Governmental Funds</b>	<b>\$ 8,808</b>	<b>\$ (21,619)</b>	<b>\$ (32,070)</b>	<b>\$ (13,477)</b>	<b>\$ 34,723</b>	<b>\$ 71,688</b>	<b>\$ 78,516</b>	<b>\$ 33,070</b>	<b>\$ 33,070</b>	<b>\$ 12,059</b>

Source: CAFR Schedule B-1

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax Levy	\$ 1,602,311	\$ 1,646,599	\$ 1,649,889	\$ 1,668,781	\$ 1,674,018	\$ 1,791,040	\$ 1,792,803	\$ 1,845,719	\$ 1,838,565	\$ 1,872,397
Transportation										
Interest Earnings	78,959	143,079	51,543	15,013	20,573	11,982	7,557	3,948	1,195	843
Miscellaneous	102,721	182,201	125,225	176,836	104,569	44,264	20,750	116,302	88,031	131,628
State Sources	8,933,866	9,322,918	9,861,808	10,860,691	9,676,315	11,128,210	11,741,894	11,567,605	11,420,492	11,559,713
Federal Sources	1,190,577	900,696	808,241	808,369	2,879,611	1,219,292	1,179,675	888,985	770,383	916,748
Other Sources							15,218	9,471		
<b>Total Revenues</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>14,742,679</b>	<b>14,437,777</b>	<b>14,128,137</b>	<b>14,481,329</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	3,224,042	3,156,227	3,319,501	3,357,969	3,464,382	3,366,236	3,909,913	3,161,789	2,792,967	2,992,460
Special Education Instruction	364,812	410,850	402,660	608,730	495,980	695,354	400,945	695,940	729,384	783,996
Other Special Instruction	124,613	269,767	239,384	366,151	418,126	343,378	7,447	62,530	63,849	47,560
Other instruction	8,184	3,826	2,704	18,538	19,833	6,286	9,731	9,430	5,711	4,629
<b>Support Services</b>										
Tuition	2,442,565	2,641,693	2,532,551	2,420,356	2,797,250	3,061,878	3,448,826	4,895,951	4,679,584	4,520,147
Student and Instruction Related Services	1,042,753	914,994	1,218,422	887,375	1,022,953	963,836	942,783	860,192	975,156	935,886
School Administrative Services	348,611	296,534	292,444	395,564	354,808	344,906	365,004	309,154	305,762	367,393
General Administrative Services	327,625	326,346	351,709	302,336	314,291	273,396	225,672	287,624	280,692	242,672
Central Services & Info. Techn.		195,105	204,391	215,133	223,612	228,303	278,409	174,782	197,138	187,211
Plant Operations and Maintenance	697,071	769,031	792,768	847,255	817,433	899,009	835,641	769,215	738,506	729,946
Pupil Transportation	669,035	691,322	815,314	880,997	993,527	808,002	802,161	851,737	892,170	992,679
Business and Other Support Services	185,497									
Employee Benefits	1,812,016	2,303,797	2,185,417	2,148,522	2,452,283	2,614,324	2,671,724	2,564,402	2,263,983	2,596,531
Summer School			32,901	52,932	55,884	10,732				
Capital Outlay	100,365	100,287	36,494	238,416	982,230	199,491	442,247	15,020	43,680	93,408
<b>Debt Service</b>										
Principal	203,173	209,704	216,295	227,981	239,693	271,536	278,473	280,560	282,748	195,000
Interest and Other Charges	171,187	162,364	153,222	143,635	90,625	90,326	81,101	74,113	67,014	61,238
<b>Total Expenditures</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>14,700,077</b>	<b>15,012,439</b>	<b>14,318,344</b>	<b>14,750,756</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	186,885	(256,354)	(299,471)	417,800	(387,824)	17,795	42,602	(574,662)	(190,207)	(269,427)
<b>Other Financing Sources (Uses)</b>										
Other adjustments		(1,770)								
Transfers, Net	(120,000)	(120,000)	(120,000)	(100,000)	(35,000)	(50,000)	(4,349)	(32,116)	20,457	(119,417)
<b>Total Other Financing Sources (Uses)</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>(4,349)</b>	<b>(32,116)</b>	<b>20,457</b>	<b>(119,417)</b>
<b>Net Change in Fund Balances</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>\$ 38,253</b>	<b>\$ (606,778)</b>	<b>\$ (169,750)</b>	<b>\$ (388,844)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</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>	<b>2.5%</b>	<b>2.4%</b>	<b>2.5%</b>	<b>1.7%</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</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Transportation</u> <u>and Tuition</u> <u>Revenue</u>	<u>Prior Years</u> <u>Tuition</u>	<u>Prior Year</u> <u>Order</u> <u>Adjustments</u>	<u>E-Rate</u>	<u>Misc.</u>	<u>Total</u>
2015	\$ 815	\$	\$ 27,412	\$ 8,188	\$ 88,761	\$ 4,593	\$ 129,769
2014	1,183	9,471		20,162	55,388	7,701	93,905
2013	1,183	15,218	6,609	33,391	64,424	5,196	126,021
2012	7,076				14,024	2,627	23,727
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

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual County Equalized Value
2015	\$ 17,931,300	\$ 240,208,800	\$ 3,001,700	\$ 478,100	\$ 12,306,300	\$ 12,810,900	\$	\$ 286,737,100	\$ 1,246,229	\$ 287,983,329	\$ 0.700	\$ 231,090,506
2014	17,700,300	241,473,000	3,001,700	478,100	11,201,500	12,810,900	1,169,000	287,834,500	1,210,992	289,045,492	0.610	248,726,867
2013	17,600,800	242,619,700	3,001,700	478,100	11,286,300	12,810,900	1,169,000	288,966,500	1,485,984	290,452,484	0.631	249,937,599
2012	18,026,900	242,809,800	3,282,400	500,600	11,719,200	12,810,900	1,169,000	290,318,800	1,867,242	292,186,042	0.630	257,786,181
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

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)*  
*(UNAUDITED)*

<b>Year Ended June 30,</b>	<b>Commercial Township Board of Education</b>			<b>Overlapping Rates</b>		
	<b>Basic Rate <sup>a</sup></b>	<b>General Obligation Debt Service <sup>b</sup></b>	<b>Total Direct</b>	<b>Commercial Township</b>	<b>Cumberland County</b>	<b>Total</b>
2015	\$ 0.630	\$ 0.070	\$ 0.700	\$ 0.567	\$ 0.897	\$ 2.164
2014	0.575	0.035	0.610	0.567	0.899	2.076
2013	0.581	0.050	0.631	0.587	0.852	2.070
2012	0.579	0.051	0.630	0.587	0.848	2.065
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

\* 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**  
*(UNAUDITED)*

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Whibco Inc. (Whitehead)	\$ 4,992,300	1.71%	\$ 4,493,700	3.84%
Levari, LLC			2,586,000	2.21%
New Jersey Bell Telephone			1,336,298	1.14%
U.S. Silica Co.	2,690,700	0.92%	3,106,900	2.65%
Exelon Generation Co. LLC	2,575,400	0.88%	1,438,500	1.23%
PSE&G				
Ricci Brothers Sand Co.	1,187,000	0.41%		
Whibco Inc. (Ackley)	1,388,400	0.48%		
Taxpayer #1	986,000	0.34%	1,232,400	1.06%
Verizon Dist. 3	886,882	0.30%		
Surfside Products LLC	733,600	0.25%		
Port Norris Marina Inc.	646,200	0.22%		
Taxpayer #2	606,200	0.21%	868,800	0.75%
Taxpayer #3			797,200	0.68%
Bivalve Packing				
Taxpayer #4			740,300	0.64%
Liverpool Estates			636,900	0.55%
<b>Total</b>	<b>\$ 16,692,682</b>	<b>5.71%</b>	<b>\$ 17,236,998</b>	<b>14.74%</b>

Source: District CAFR & Municipal Tax Assessor

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

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	
2015	\$ 1,872,397	\$ 1,872,397	100.00%	\$
2014	1,838,565	1,838,565	100.00%	
2013	1,845,719	1,845,719	100.00%	
2012	1,792,803	1,792,803	100.00%	
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%	

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**  
*(UNAUDITED)*

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2015	\$ 1,565,000	\$	\$	\$	\$	1,565,000	0.82%	\$ 304
2014	1,760,000					1,760,000	0.94%	341
2013	2,042,748					2,042,748	1.10%	395
2012	2,323,308					2,323,308	1.22%	446
2011	2,601,781					2,601,781	1.41%	501
2010	2,873,317					2,873,317	1.60%	554
2009	3,018,009	5,939				3,023,948	1.67%	559
2008	3,245,990	11,483				3,257,473	1.84%	603
2007	3,462,285	28,465				3,490,750	2.08%	647
2006	3,671,989	78,792				3,750,781	2.33%	698

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**  
*(UNAUDITED)*

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2015	\$ 1,565,000		\$ 1,565,000	0.54%	304
2014	1,760,000		1,760,000	0.61%	341
2013	2,042,748		2,042,748	0.70%	395
2012	2,323,308		2,323,308	0.80%	446
2011	2,601,781		2,601,781	0.89%	501
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

**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-14.

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, 2014**  
*(UNAUDITED)*

<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	\$ 1,642,408	100.000%	\$ 1,642,408
<b>Other Debt</b>			
County of Cumberland - Township share	65,661,475	2.692%	1,767,924
Subtotal, Overlapping Debt			<u>3,410,332</u>
<b>Commercial Township School District Direct Debt</b>			<u>2,042,748</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 5,453,080</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  
(UNAUDITED)**

**Legal Debt Margin Calculation for Fiscal Year 2014**

	Equalized Valuation Basis	
	2014	\$
	2013	248,402,390
	2012	249,822,563
	<b>[A]</b>	<b>\$ 498,224,953</b>
Average Equalized Valuation of Taxable Property	<b>[A/3]</b>	<b>\$ 166,074,984</b>
Debt Limit (3% of Average Equalization Value)	<b>[B]</b>	<b>\$ 4,982,250 <sup>a</sup></b>
Net Bonded School Debt	<b>[C]</b>	<b>1,565,000</b>
Legal Debt Margin	<b>[B-C]</b>	<b>\$ 3,417,250</b>

**Fiscal Year,**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 4,812,331	\$ 5,391,024	\$ 6,137,667	\$ 6,772,680	\$ 7,377,297	\$ 7,835,390	\$ 7,835,390	\$ 7,835,770	\$ 7,558,298	\$ 4,982,250
Total Net Debt Applicable to Limit	3,671,989	3,462,285	3,245,990	3,018,009	2,873,317	2,601,781	2,601,781	2,042,748	2,042,748	1,565,000
Legal Debt Margin	\$ 1,140,342	\$ 1,928,739	\$ 2,891,677	\$ 3,754,671	\$ 4,962,073	\$ 5,233,609	\$ 5,233,609	\$ 5,793,022	\$ 5,515,550	\$ 3,417,250
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	76%	64%	53%	45%	39%	33%	33%	26%	27%	31%

Source: Abstract of Ratables and District Records

<sup>a</sup> Limit set by NJSA 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**  
*(UNAUDITED)*

<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>	
2015	*	5,143	\$ 190,918,446	\$ 37,122	13.40%
2014		5,157	187,126,902	36,286	19.20%
2013		5,174	185,358,550	35,825	19.40%
2012		5,204	190,211,404	36,551	17.40%
2011		5,197	184,805,320	35,560	15.50%
2010		5,186	179,378,554	34,589	13.60%
2009		5,412	180,917,748	33,429	12.70%
2008		5,406	176,965,410	32,735	7.40%
2007		5,398	168,196,282	31,159	6.10%
2006		5,375	161,110,250	29,974	6.80%

\* 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 TEN YEARS AGO**  
*(UNAUDITED)*

<u>Employer</u>	<u>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Inspira Health Network	2,911	0.32		
Durand Glass Manf.	1,000	0.11		
Wal-Mart	916	0.10		
ShopRite	753	0.10		
F & S Produce	* 684	0.08	NOT AVAILABLE	
Sheppard Bus Service	* 650	0.07		
WaWa	605	0.06		
Seabrook Brothers & Sons	* 571	0.06		
Omni Baking	510	0.07		
Elwyn New Jersey	458	0.05		
	<u>9,058</u>	<u>1.03</u>		<u>0.00%</u>

Source:

This information is for the County of Cumberland.

\*Seasonal

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

<b><u>Function/Program</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>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
Instruction										
Regular	52	51	49	49	48	47	49	46	47	46
Special Education	7	7	12	17	14	19	11	14	14	16
Support Services:										
Tuition										
Student & Instruction Related Services	17	19	16	14	17	15	13	7	7	6
General Administrative Services	2	2	2	2	2	2	1	1	1	1
School Administrative Services	5	5	5	5	7	7	6	4	4	3
Business Administrative Services	3	3	3	3	3		2	1	2	2
Plant Operations and Maintenance	9	9	9	9	9	9	2	2	1	1
Food Service										
Total	<u>95</u>	<u>96</u>	<u>96</u>	<u>99</u>	<u>100</u>	<u>99</u>	<u>84</u>	<u>75</u>	<u>75</u>	<u>75</u>

Source: District Personnel Records

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**  
 (UNAUDITED)

<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>
2015	567	\$ 14,401,110	\$ 25,399	4.4%	59	10.1:0	566.5	530.1	-5.85%	93.58%
2014	579	13,924,902	24,050	-1.1%	59	10.1:0	601.7	562.5	0.00%	93.49%
2013	602	14,642,746	24,323	11.3%	60	10.1:1	601.7	562.5	-5.39%	93.49%
2012	636	13,898,256	21,853	6.7%	60	10.6 : 1	636.0	593.3	-3.36%	93.29%
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%

**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**  
*(UNAUDITED)*

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>District Building</b>										
<b>Elementary</b>										
Haleyville-Mauricetown (1968)										
Square Feet	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975
Capacity (students)	430	430	430	430	430	430	430	430	430	430
Enrollment	463	499	460	492	460	470	444	403	397	396
<b>Middle School</b>										
Port Norris School (1916)										
Square Feet	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875
Capacity (students)	248	248	248	248	248	248	248	248	248	248
Enrollment	216	218	190	188	195	195	192	198	183	171
<b>Other</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, 2015

- 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 TEN FISCAL YEARS**  
*(UNAUDITED)*

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Haleyville-Mauricetown	65,975	\$ 79,210	\$ 39,628	\$ 38,639	\$ 121,257	\$ 125,112	\$ 112,057	\$ 112,126	\$ 86,625	\$ 118,932	\$ 76,750
Port Norris Middle	49,875	60,909	27,078	39,248	92,014	100,901	98,390	74,606	83,659	58,557	61,591
Total School Facilities		140,119	66,706	77,887	213,271	226,013	210,447	186,732	170,284	177,489	138,341
Other Facilities	1,900	4,115	3,683	2,248	61,315	3,195	6,095	5,781	11,141	13,249	10,882
Grand Total		\$ 144,234	\$ 70,389	\$ 80,135	\$ 274,586	\$ 229,208	\$ 216,542	\$ 192,513	\$ 181,425	\$ 190,738	\$ 149,223

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
*(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 ea. Loss (inside/outside)	
	Blanket Dishonesty Bond Including Faithful Performance*	100,000 ea. person/500,000 per loss	
	Computer Fraud	50,000	
	Forgery and Alteration	50,000	
	Environmental Impairment	1,000,000/25,000,000 Fund Agg	
	Excess Liability	5,000,000	
	School Leaders Professional Liability	5,000,000/5,000,000 Agg.	
The Hartford	Public Official Bond - Business Administrator/Board Secretary	100,000	
N.J. School Boards Insurance Group	Workers' Compensation	2,000,000	
American International	Student Accident	1,000,000	

\* Blanket Bond Positions are excluded

**SINGLE AUDIT SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

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November 27, 2015

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the 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 Office of School Finance, Department of Education, State of New Jersey the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the 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, 2015, and the related notes to the financial statements, which collectively comprise the Board of Education of the Commercial Township School District's basic financial statements and have issued our report thereon dated November 27, 2015.

**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.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify one instance of a lack of internal control over financial reporting that we considered significant and have reported to the Commercial Township Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 27, 2015, labeled 2015-1.

### **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 no instance of noncompliance that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

### **Purpose of this Report**

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

This report is intended solely for the information and use of 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

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November 27, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON  
SCHEDULE OF EXPENDITURES REQUIRED BY OMB CIRCULAR A-133  
AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major Program**

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, 2015. 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.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Commercial Township Board of Education's compliance based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, local Governments, and Non-Profit Organizations* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey OMB's Circular 04-04 and/or 15-08, *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 and/or 15-08, 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 on compliance for each major federal and state program. Our audit does not provide a legal determination of Commercial Township Board of Education's compliance with those requirements.

### **Opinion on Each Federal and State Major Program**

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, 2015.

### **Report on 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 and 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 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 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. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08.

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

A handwritten signature in black ink, appearing to read "Raymond Colavita". The signature is fluid and cursive, with the first name "Raymond" and last name "Colavita" clearly distinguishable.

Raymond Colavita, CPA  
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No. 915

**TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Schedule A**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2014	Cash Received	Budgetary Expenditures	Returned/ Adjustments	Balance at June 30, 2015		
				From	To					Accounts Receivable	Unearned Revenue	Due to Grantor
<b>U.S. Department of Education</b>												
General Fund												
Medical Assistance Program (SEMI)	93.778	N/A	22,625	7/1/14	6/30/15	\$	\$ 22,625	\$ (22,625)	\$	\$	\$	
ARRA-Medical Assist Prg (SEMI)	93.778	N/A	4,598	10/1/08	12/31/10		4,598	(4,598)				
							27,223	(27,223)				
<b>U.S. Department of Agriculture</b>												
<b>Passed-through State Department of Education:</b>												
Enterprise Fund:												
U.S.D.A. Food Distribution Program	10.565	N/A	26,722	7/1/13	6/30/14	1,999		(1,999)				
U.S.D.A. Food Distribution Program	10.565	N/A	25,001	7/1/14	6/30/15		25,001	(22,154)			2,847	
Fresh Fruits and Vegetable Program	10.582	N/A	21,599	7/1/14	6/30/15		18,247	(21,599)			(3,352)	
Fresh Fruits and Vegetable Program	10.582	N/A	20,843	7/1/13	6/30/14	(1,859)	1,859					
School Breakfast Program	10.553	N/A	81,268	7/1/14	6/30/15		74,468	(81,268)			(6,800)	
School Breakfast Program	10.553	N/A	80,884	7/1/13	6/30/14	(8,093)	8,093					
School Snack Program	10.555	N/A	12,136	7/1/14	6/30/15		11,601	(12,136)			(535)	
School Snack Program	10.555	N/A	11,448	7/1/13	6/30/14	(704)	704					
National School Lunch Program	10.555	N/A	203,569	7/1/14	6/30/15		186,662	(203,569)			(16,907)	
National School Lunch Program	10.555	N/A	217,914	7/1/13	6/30/14	(20,449)	20,449					
Total U.S. Department of Agriculture						(29,106)	347,084	(342,725)			(27,594)	2,847
<b>U.S. Department of Education</b>												
<b>Passed-through State Department of Education:</b>												
Special Revenue Fund:												
I.D.E.A. Part B, Pre-school	84.173	IDEA0950-14	6,070	7/1/13	6/30/14	(3,035)	3,035					
I.D.E.A. Part B, Pre-school	84.173	IDEA0950-15	5,744	7/1/14	6/30/15		4,595	(5,744)			(1,149)	
I.D.E.A. Part B Basic	84.027	IDEA0950-14	217,571	9/1/13	8/31/14	(43,514)	43,514					
I.D.E.A. Part B Basic	84.027	IDEA0950-15	197,147	7/1/14	6/30/15		157,718	(197,147)			(39,429)	
Title I	84.010A	NCLB0950-15	586,407	7/1/14	6/30/15		209,395	(332,141)			(122,746)	
Title I	84.010A	NCLB0950-14	478,565	9/1/13	8/31/14	(78,140)	157,747	(151,219)			(71,612)	
Title II A	84.367A	NCLB0950-15	66,912	7/1/14	6/30/15		32,622	(60,160)			(27,538)	
Title II A	84.367A	NCLB0950-14	66,140	9/1/13	8/31/14	(12,906)	12,907				(4,441)	
Title VI	84.369A	NCLB0950-15	11,667	7/1/14	6/30/15		11,667	(11,667)				
21st Century Prog - PN	84.287C	NCLB0950-15	74,880	9/1/14	8/31/15		15,497	(56,305)			(40,808)	
21st Century Prog - PN	84.287C	NCLB0950-14	63,448	9/1/13	8/31/14	(14,098)	38,180	(24,082)				
21st Century Prog - PN	84.287C	NCLB0950-13	45,039	9/1/12	8/31/13	(2,938)			2,938			
21st Century Prog - HMS	84.287C	NCLB0950-15	45,216	9/1/14	8/31/15		27,090	(40,474)			(13,384)	
21st Century Prog - HMS	84.287C	NCLB0950-14	43,741	9/1/13	8/31/14	(7,545)	13,689	(6,144)				
21st Century Prog - HMS	84.287C	NCLB0950-13	44,241	9/1/12	8/31/13	2,947			(2,947)			
RTTT3	84.413A	RTTT-0950-13	34,183	9/1/11	11/30/15	4,875						4,875
Improving Literacy Grant	84.215G	216-00-0289	10,000	7/1/12	6/30/14	(9,679)	9,679					
Total U.S. Department of Education						(164,033)	737,335	(889,525)	(9)		(321,107)	4,875
Total Federal Financial Assistance						\$ (193,139)	\$ 1,111,642	\$ (1,259,473)	\$ (9)	\$ (348,701)	\$ 2,847	\$ 4,875

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, 2015**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014			Cash Received	Budgetary Expenditures	Balance at June 30, 2015		MEMO	
			From	To	(Accounts Receivable)	Unearned Revenue	Carry-over			(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>													
General Fund:													
Equalization Aid	14-495-034-5120-078	9,272,615	7/1/13	6/30/14	\$ (827,171)	\$	\$	827,171	\$	\$	\$	\$	\$
Equalization Aid	15-495-034-5120-078	9,272,615	7/1/14	6/30/15				9,272,615	(10,097,475)	(824,860)	*	(824,860)	10,097,475
Special Education Categorical Aid	14-495-034-5120-089	470,267	7/1/13	6/30/14	(41,950)			41,950					
Special Education Categorical Aid	15-495-034-5120-089	470,267	7/1/14	6/30/15				470,267	(512,100)	(41,833)	*	(41,833)	512,100
Security Aid	14-495-034-5120-084	283,193	7/1/13	6/30/14	(25,262)			283,193	(308,385)	(25,192)	*	(25,192)	308,385
Security Aid	15-495-034-5120-084	283,193	7/1/14	6/30/15				283,193					
Adjustment Aid	14-495-034-5120-085	944	7/1/13	6/30/14	(84)			84					
Transportation Aid	15-495-034-5120-014	196,051	7/1/14	6/30/15				196,051	(213,491)	(17,440)	*	(17,440)	213,491
Transportation Aid	14-495-034-5120-014	196,051	7/1/13	6/30/14	(17,489)			17,489					
Under Adequacy Aid	15-495-034-5120-096	944	7/1/14	6/30/15				860	(944)	(84)	*	(84)	944
PARCC Readiness Aid	15-495-034-5120-098	7,800	7/1/14	6/30/15				7,106	(7,800)	(694)	*	(694)	7,800
Per Pupil Growth Aid	15-495-034-5120-097	7,800	7/1/14	6/30/15				7,106	(7,800)	(694)	*	(694)	7,800
Extraordinary Aid	15-100-034-5120-473	141	7/1/14	6/30/15				141	(141)		*		141
Extraordinary Aid	14-100-034-5120-473	13,513	7/1/13	6/30/14	(13,513)			13,513					
Non-public Transportation Aid	15-495-034-5120-014	3,654	7/1/14	6/30/15					(3,654)	(3,654)	*		3,654
Non-public Transportation Aid	14-495-034-5120-014	5,873	7/1/13	6/30/14	(5,873)			5,873					
Reimbursed TPAF Social Security Contrib	15-495-034-5095-002	297,651	7/1/14	6/30/15				281,110	(297,651)	(16,541)	*		
Reimbursed TPAF Social Security Contrib	14-495-034-5095-002	262,085	7/1/13	6/30/14	(16,980)			16,980					
<b>Total General Fund</b>					<b>(948,322)</b>			<b>11,466,771</b>	<b>(11,449,441)</b>	<b>(930,992)</b>		<b>(910,797)</b>	<b>11,151,790</b>
<b>Special Revenue Fund:</b>													
Preschool Education Aid	14-495-034-5120-086	270,063	7/1/13	6/30/14	(27,009)	9,090	(9,090)	27,009					
Preschool Education Aid	15-495-034-5120-086	364,950	7/1/14	6/30/15			9,090	328,455	(364,393)	(36,495)	9,647	*	(36,495)
<b>Total Special Revenue Fund</b>					<b>(27,009)</b>	<b>9,090</b>		<b>355,464</b>	<b>(364,393)</b>	<b>(36,495)</b>	<b>9,647</b>	<b>(36,495)</b>	<b>364,393</b>
<b>Capital Projects Fund:</b>													
NJSDA Grant - HV	0950-025-14-1001	31,302	3/7/14	Closing					(22,976)	(22,976)	*		22,976
NJSDA Grant - PN	0950-050-14-1002	22,586	3/7/14	Closing					(16,578)	(16,578)	*		16,578
									(39,554)	(39,554)			39,554
<b>Debt Service Fund:</b>													
Debt Service Aid-Type II	15-495-034-5120-017	150,597	7/1/14	6/30/15				150,597	(150,597)		*		150,597
<b>State Department of Agriculture:</b>													
<b>Enterprise Fund:</b>													
National School Lunch Prog.	15-101-010-3350-023	4,106	7/1/14	6/30/15				3,661	(4,106)	(445)	*		
National School Lunch Prog.	14-101-010-3350-023	4,536	7/1/13	6/30/14	(645)			645					
<b>Total Enterprise Fund</b>					<b>(645)</b>			<b>4,306</b>	<b>(4,106)</b>	<b>(445)</b>			
<b>Total State Financial Assistance Subject to OMB 04-04 and/or 15-08</b>					<b>\$ (975,976)</b>	<b>\$ 9,090</b>	<b>\$</b>	<b>\$ 11,977,138</b>	<b>\$ (12,008,091)</b>	<b>\$ (1,007,486)</b>	<b>\$ 9,647</b>	<b>\$ (947,292)</b>	<b>\$ 11,706,334</b>
<b>On Behalf TPAF Contributions Not Subject to OMB 04-04 and/or 15-08</b>													
On-Behalf TPAF Post Retirement Medical	15-495-034-5095-001	290,431	7/1/14	6/30/15				\$ 290,431	\$ (290,431)				
On-Behalf TPAF Pension Contribution	15-495-034-5095-006	182,949	7/1/14	6/30/15				182,949	(182,949)				
<b>Total State Financial Assistance</b>								<b>\$ 12,450,518</b>	<b>\$ (12,481,471)</b>				

See accompanying notes to schedules of financial assistance

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2015**

**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 \$1,159 for the general fund and \$9,486 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 AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2015**  
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 27,223	\$ 11,014,655	\$ 11,041,878
Special Revenue Fund	889,525	354,907	1,244,432
Capital Projects Fund		39,554	39,554
Debt Service		150,597	150,597
Food Service Fund	<u>342,725</u>	<u>4,106</u>	<u>346,831</u>
Total Awards & Financial Assistance	<u>\$ 1,259,473</u>	<u>\$ 11,563,819</u>	<u>\$ 12,823,292</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, 2015.

**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, 2015. 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, 2015.

**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.

**NOTE 8: ADJUSTMENTS**

There was one adjustment of \$2,938 and one prior period refund of \$2,947 noted on Schedule K-3, Schedule of Federal Awards.

There were no adjustments noted on Schedule K-4, Schedule of State Financial Assistance.

COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? \_\_\_\_\_ yes  X  no  
none reported
- 2) Significant deficiencies identified?  X  yes \_\_\_\_\_ reported

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes  X  no

Federal Awards

Internal control over major programs:

- 1) Material weakness (es) identified? \_\_\_\_\_ yes  X  no  
none reported
- 2) Significant deficiencies identified? \_\_\_\_\_ Yes  X  reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? \_\_\_\_\_ yes  X  no

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I
84.027	IDEA Part B Basic
84.173	IDEA Part B Preschool

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(continued)

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 360,243

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:  Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04 and/or 15-08   yes  X  no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
15-495-034-5120-078	Equalization Aid
15-495-034-5120-089	Special Education Categorical Aid
15-495-034-5120-084	Security Aid
15-495-034-5120-096	Under Adequacy Aid
15-495-034-5120-098	PARCC Readiness Aid
15-495-034-5120-097	Per Pupil Growth Aid
15-495-034-5120-086	Preschool Aid

COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(continued)

Section II - Financial Statement Findings

**Finding: 2015-1**

**Criteria or specific requirement:**

The Food Service program operating results should be at or near its financial break-even point.

**Condition:**

There was an operating deficit in the Food Service Fund requiring a transfer from the General Fund.

**Context:**

The General Fund made a transfer of \$35,342 into the Food Service Fund to cover an operating deficit at year end.

**Effect:**

The Board Office transferred funds from the General Fund into the Food Service to cover an operating deficit at year end.

**Cause:**

A budget appropriation for a food service Board subsidy was not established for the 2014-15 School Year.

**Recommendation:**

An evaluation of the Food Service Fund should be made, in order to identify the cause of the operating deficit.

**Management's response:**

Management is aware of the necessary procedures to be updated and followed.

COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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, 2015**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a) (b)) and New Jersey OMB's Circular 04-04 and/or 15-08.

**STATUS OF PRIOR - YEAR FINDINGS**

There were no prior year findings.