

**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, 2016**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Township of Commercial Board of Education**

**Port Norris, New Jersey**

**For the Fiscal Year Ended June 30, 2016**

**Prepared by**

**Commercial Township Board of Education**

**Finance Department**

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OF THE COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
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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 083  
856.785.1611

Dr. Daniel J. Dooley, Ed. D.  
*Superintendent/Principal*

Pamela A. Zook  
*School Business Administrator*

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

Lindsay Reed, Ed. S.  
*Director of Special Services*

November 9, 2016

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, 2016, 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 Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 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 2015-16 fiscal year with a June enrollment of 572 students, which is 5 more 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>
2015-16	572	.88%
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)%

**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:
  - Writers Workshop
  - Wilson-Fundations Training
  - Implementing and planning Guided Reading utilizing student data to drive the instruction through the Fountas and Pinnell Benchmark assessments and The Continuum of Learning. This will ensure lessons are aligned to student needs.
  - Implementing the *Fountas & Pinnell Leveled Literacy Intervention* which is a powerful, short-term intervention that provides daily, intensive, small-group instruction, which supplements classroom literacy teaching.
  - Supports are in place for teachers to use their math data to plan for their math instruction, particularly in implementing Guided Math.
  - Student Growth Objectives (SGOs) are aligned to district goals and school initiatives.
  - Lesson plans are aligned to the district goals as well as the Marzano evaluation model.
  - Curriculum advisor
  - Additional BSI Support for grades 3-5
  - Crisis Management Training for all staff members
  - Data analysis linked to formative assessments as delivered by the MSP Math Grant through Stockton University.
  - Enrichment and Intervention in the Port Norris Middle School
  - Technology adviser
  - Pushing into the classroom for lessons
  - teacher support
  - new technology for the students
  - update to google and all beneficial features that accompany google

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:

- A full-time reading specialist for students in grades K-5 that will work with students to close the achievement gap.
- Three full-time guidance counselors working with students to implement Social, Emotional, & Character Development in grades Preschool - 8.
- Child Study Team and Guidance personnel working collaboratively to positively influence behavioral regulation and tendencies within the school population as a means of decreasing instances of bullying, violence, and general behavioral noncompliance.
- Use of instructional and support staff to implement schoolwide improvement plans through Rutgers University's School Climate Transformation Project as a means of improving school climate and creating a positive culture of respect and support within the greater school community.
- Curriculum and technology advisors for the district to provide students with the most beneficial means of learning through scientifically based practices.
- Implementing the Enrichment and Intervention Program for grades 6-8.
- Utilizing Fountas and Pinnell Benchmark Assessments to collect meaningful data for grades K-8.

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

- Adopting and implementing Tools of the Mind curriculum for Preschool.
- Utilizing Wilson-Fundations, which is research-based with materials and strategies essential to a comprehensive reading, spelling, and handwriting program in grades PK-2.
- Implementing Social, Emotional, & Character Development lessons daily for grades 6-8 by our Social Worker
- Adopting and Implementing a Student Council and Renaissance Program in grades 6-8 to promote Social, Emotional, & Character Development.
- Bus Lease that will help save the district the cost of three routes, plus provide revenue for providing field trip transportation for neighboring school districts

#### **Child Study Team and Related Services**

- Internal staffing of Child Study Team and Related Service personnel seeks to create a unified Team that carries out professional responsibilities in alignment with the District mission
- Increased administrative oversight within the realm of special education allows for improved programming to meet the vast needs of our population.
- Increased presence of CST and Related Service staff allows for additional consultation and collaboration efforts as a means of prevention and intervention for all students
- In seeking to meet the needs of our resident students through expansion of appropriate programming, availability of space within the special education class programs allows for additional District income through tuition-based student enrollment.

#### **Technology Initiatives 2016-2017:**

- Infrastructure will be evaluated and upgraded to provide a faster and more reliable wireless network throughout the district. Wireless networks need to be upgraded to improve the quality of technology based assessments.
- **Technology Integration and Teacher Academic Support:** Technology coach will plan and assist teachers and students in the use of technology that is accessible, routine, and support the goals of the curriculum. Technology will become second nature to teachers in the district and be used as a tool to support academic goals and encourage active participation in projects that contribute positively to the learning process.
- **Grades K-4:** Students will use high quality online literacy educational materials including RAZ-Kids where students are able to log into account at school and at home.
- **Kindergarten** Students will participate in early online learning activities that promote a strong foundation for academic success.
- **Grades 6-8:** have been issued a 1:1 Chromebook. All students in these grade levels will participate in Google Classroom for at least one core subject. This initiative will include communication via students and teachers, completion of assignments and projects, presentations using Google Slides etc. that directly correlate with current classroom topics. Technology will be used to enhance curriculum and help provide differentiation in learning tasks and goals. All students in grades 6-8 will be proficient in using online academic resources including Google Apps for Education and participation in IXL, which is an academic, online program that provides comprehensive, standards-aligned content support for math, language arts, science, and social studies.

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

- **Grades 4 & 5:** Google Apps for Education -Students will have intensive technology education to become literate with the majority GAFE products in anticipation for the middle school 1:1 initiative.
  - Google Docs
  - Google Drive
  - Google Drawing
  - Google Sheets
  - Google Classroom
  - Google Slides
  
- **Club 21:** Club students will participate in Science, Technology, Engineering, & Math activities where teacher acts as facilitator and students are encouraged to actively participate in inquiry based lessons.

#### **MARZANO Teacher Evaluation:**

Marzano Teacher Evaluation model provides a calculation system and set of tools to support evaluators and educators in this process. Through this process, it was imperative to have our district goals linked to our evaluation model. Our goals for the 2016-2017 school year are ELA, Math, Social Emotional Character Development, and Technology.

Marzano will be used to help guide observers as they identify areas of effective teaching as they observe individual staff in the classroom setting. Also during this time, each teacher's practice is evaluated in the same manner and the teacher is provided feedback to enhance further teaching and learning.

Non-Tested Grades receive the following ration as their evaluation score:

- 15% Student Growth Objectives
- 85% Teacher practice

Tested Grades and Subjects:

- 30% mSGP
- 55% Teacher Practice
- 15% Student Growth Objectives

Commercial Township School District will focus on the following elements for the 2016-2017 academic year:

- Element 2: Tracking student progress
- Element 10: Helping students process new content
- Element 36: Understanding students' interests and backgrounds
- Element 40: Asking questions of low expectancy students

#### **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, 2016.

#### **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, 2016 the District's outstanding debt issues were \$1,365,000 in general obligation bonds.

**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.

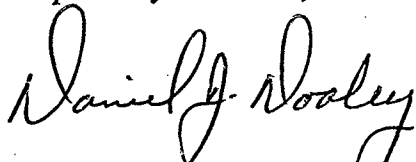
**10. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, Pa. was appointed by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards(Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

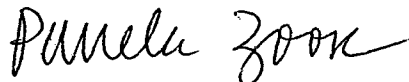
**11. ACKNOWLEDGMENTS:**

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,

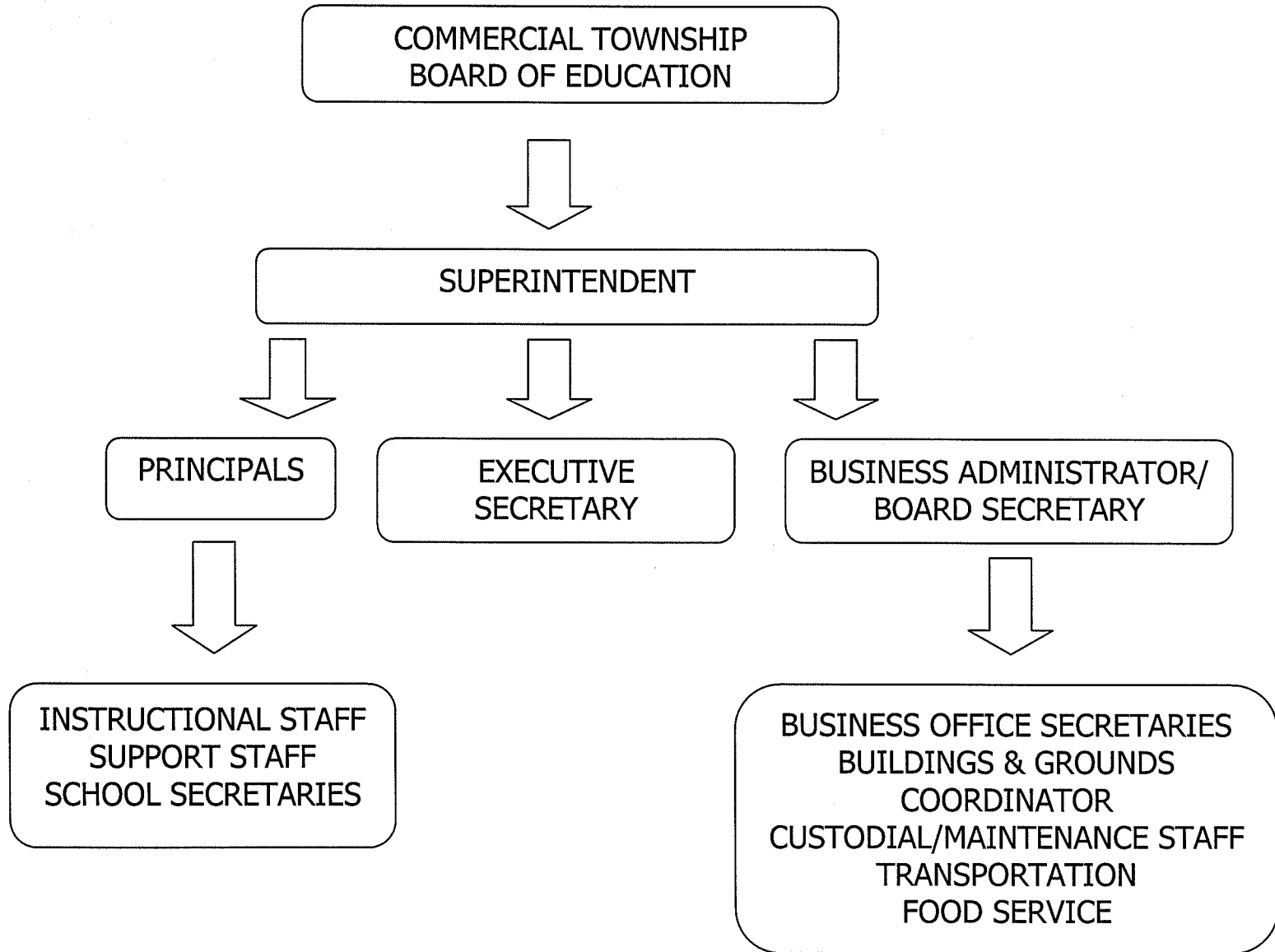


Daniel J. Dooley, ABD, Superintendent/Principal



Pamela Zook, School Business Administrator/Board Secretary

### COMMERCIAL TOWNSHIP PUBLIC SCHOOLS ORGANIZATION CHART



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

**ROSTER OF OFFICIALS**

**JUNE 30, 2016**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Carol Perrelli, President	2018
Guy DeFabrites, Vice President	2016
Julie Baum-Abbott	2016
Melissa Chamberlain	2016
Anna DeFabrites	2017
Rita Pettit	2018
Jay Sutton	2017
Ronald Sutton	2018
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**

**Jonathan M. Busch**  
Busch Law Group, LLC  
450 Main Street  
Metuchen, NJ 08840

**OFFICIAL DEPOSITORY**

**Branch Banking & Trust**  
4943 Landis Ave  
Vineland, NJ 08360

**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

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Fax (856) 728-2245  
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November 9, 2016

## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the 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, 2016, and the related notes to the financial statements, which collectively comprise the Commercial Township School 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 and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Administration and 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 Commercial Township Board of Education in the County of Cumberland, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commercial Township Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the

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

The introductory and statistical sections have not been subject 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 9, 2016 on our consideration of the Commercial Township 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* in considering Commercial Township Board of Education's internal control over financial reporting and compliance.

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, 2016

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, 2016. 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 2016 are as follows:

- ❖ General revenues accounted for \$13,733,775 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 \$2,279,577 or 14.2% of total revenues of \$16,013,352.
- ❖ Total Net Position of governmental activities totaled \$223,467.
- ❖ The School District had \$15,769,889 in program expenses. These expenses were offset by program specific charges for services, grants or contributions of \$2,279,577 mentioned above in arriving at the net governmental activity expenses of the district. General revenues comprising federal and state aid of \$11,598,553, property taxes of \$1,914,134 and other miscellaneous revenues and adjustments of \$221,068 were adequate to provide for the programs maintained by the school.
- ❖ The General Fund had \$13,009,140 in revenues, \$12,821,046 in expenditures and other financing use reductions of \$27. The General Fund's balance increased \$188,121 over 2015. 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 2016?" 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 24. 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 2015 and 2016.

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current and Other Assets	\$ 701,372	\$ 614,093
Capital Assets, Net	4,403,831	4,706,939
Total Assets	<u>5,105,203</u>	<u>5,321,032</u>
<b>Deferred Outflows of Resources</b>		
Deferred Pension Outflows	503,573	126,058
<b>Liabilities</b>		
Long-term Liabilities	2,009,548	2,372,231
Other Liabilities	2,878,848	2,494,968
Total Liabilities	<u>4,888,396</u>	<u>4,867,199</u>
<b>Deferred Inflows of Resources</b>		
Deferred Pension Inflows	206,870	309,844
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	3,039,086	3,142,194
Restricted	684,041	458,314
Unrestricted	(3,209,617)	(3,330,461)
Total Net Position	<u>\$ 513,510</u>	<u>\$ 270,047</u>

Table 2 shows the changes in Net Position from fiscal year's 2016 and 2015.

Table 2  
Changes in Net Position

	2016	2015
<b>Revenues</b>		
Programs Revenues		
Charges for Services	\$ 49,858	\$ 61,992
Operating Grants and Contributions	2,229,719	2,191,969
General Revenues		
Property Taxes	1,914,134	1,872,397
Grants and Entitlements	11,598,553	11,561,900
Other	221,088	139,085
<b>Total Revenues</b>	<b>16,013,352</b>	<b>15,827,343</b>
<b>Program Expenses</b>		
Instruction	3,813,552	3,828,645
Support Services		
Tuition	4,415,211	4,520,147
Pupils and Instructional Staff	914,259	935,886
General Administration, School		
Administration, Business	703,414	797,276
Operations and Maintenance of Facilities	722,482	729,946
Pupil Transportation	955,269	992,679
Employee Benefits	3,409,017	3,548,718
Interest on Debt	60,983	68,680
Enterprise Funds	467,975	442,205
Other	307,727	323,103
<b>Total Expenses</b>	<b>15,769,889</b>	<b>16,187,285</b>
Transfer to Charter School	-	(84,075)
<b>Decrease in Net Position</b>	<b>\$ 243,463</b>	<b>\$ (444,017)</b>

### Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Of the District's \$13,733,755 in total governmental revenues for the fiscal year ended June 30, 2016, property taxes made up 13.9% of the revenues raised for governmental activities. Federal, state and local grants accounted for another 84.5% and other revenues made up 1.6%. The total cost of all program and services was \$15,769,889, of which the amount spent on governmental activities was \$13,510,288. Of this amount, Instruction comprised 28.2%.

**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 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
Instruction	\$ 3,813,552	\$ 3,005,611	\$ 3,828,645	\$ 3,021,953
Support Services				
Tuition	4,415,211	4,415,211	4,520,147	4,520,147
Pupils and Instructional Staff	914,259	647,912	935,886	662,570
General Administration, School				
Administration, Business	703,414	703,414	797,276	797,276
Operation and Maintenance of Facilities	722,482	722,482	729,946	729,946
Pupil Transportation	955,269	955,269	992,679	992,679
Employee Benefits	3,409,017	2,691,679	3,548,718	2,783,588
Interest and Fiscal Charges	60,983	60,983	68,680	68,680
Other	307,727	307,727	323,103	323,103
Total Expenses	<u>\$ 15,301,914</u>	<u>\$ 13,510,288</u>	<u>\$ 15,745,080</u>	<u>\$ 13,899,942</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 income exceeded revenues by \$3,031 and Extended Day income exceeded revenues by \$16,965.
- ❖ The General Fund did not subsidize the food service operation in 2016 and the fund ended the year with a net positive change of \$3,031. 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 \$18,089 of revenue. This represents amount paid by patrons for daily food services or 3.96% of the revenue in the food service fund. Service charges for the Extended Day program were \$31,769, which was \$15,128 more than in the prior year.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$438,093, which represents 96.0% 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 \$14,484,506 and expenditures of \$14,285,815. The net positive change in fund balance for the year was \$198,691. The School District was 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, 2016, 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 2015</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 2,135,202	14.8%	\$ 130,334	6.1%
State Sources	11,536,340	79.6%	(23,373)	-0.2%
Federal Sources	812,964	5.6%	(103,784)	-12.8%
<b>Total</b>	<b>\$ 14,484,506</b>	<b>100.0%</b>	<b>\$ 3,177</b>	<b>0.0%</b>

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

The increase in Local Sources is attributed to increases in the local tax levy of \$41,737, interest earnings and miscellaneous revenue of \$88,597.

The increase in State Sources is attributed to higher general fund state aid of \$37,165, off set by decrease in state and federal grants for special projects of \$20,282, capital projects fund of \$39,554 and debt service aid of \$702.

The decrease in Federal Sources is attributed to decreases in various grant awards totaling \$103,784.

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, 2016.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>(Decrease) from 2015</u>	<u>Increase (Decrease)</u>
Current:				
Instruction	\$ 3,813,552	26.7%	\$ (15,093)	-0.4%
Undistributed Expenditures	10,202,590	71.4%	(369,875)	-3.6%
Capital Outlay	14,626	0.1%	(78,782)	-538.6%
Debt Service:				
Principal	200,000	1.4%	5,000	2.5%
Interest	55,047	0.4%	(6,191)	-11.2%
<b>Total</b>	<b>\$ 14,285,815</b>	<b>100.0%</b>	<b>\$ (464,941)</b>	<b>-3.3%</b>

The decrease in Current – Instruction is attributed to decreases in special education instruction of \$35,115, other special education instruction of \$9,062 and other instruction of \$970, offset by an increase in regular tuition of \$30,054.

The decrease in Current – Undistributed Expenditures is attributed to decreases in, School Administrative Services of \$93,862 and Pupil Transportation of \$37,410 and Employee Benefits of \$104,576, District Tuition of \$104,936 Student and Instruction Related Services of \$21,627 and Plant Operations, Maintenance of \$7,464.

The decrease in capital outlay is attributed to decreases in capital projects of \$8,864 and in construction service costs of \$69,918.

The decrease in debt service is attributed to decreased outstanding debt obligations of \$5,000 in principal and interest of \$6,191.

### 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 2016, 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 increase in fund balance of \$228,908.

- ❖ Actual revenues were \$46,329 more than expected (excluding On-Behalf pension and social security state aid of \$846,961, due primarily to interest and miscellaneous revenue.
- ❖ The actual expenditures were \$314,036 less than expected, which excluded the effects of state On-Behalf pension and social security aid of \$846,961, partially offset by favorable variances in various budget appropriations.

### Capital Assets

At the end of the fiscal year 2016, the School District had \$4,403,831 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2015 balances compared to 2016.

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

	<u>2016</u>	<u>2015</u>
Land	\$ 14,877	\$ 14,877
Land Improvements	515,625	556,341
Building and Improvements	3,617,124	3,835,391
Equipment	256,205	300,330
Totals	<u>\$ 4,403,831</u>	<u>\$ 4,706,939</u>

Overall capital assets decreased \$303,108 from fiscal year 2015 to fiscal year 2016. Increases in capital assets of \$5,356 were offset by depreciation expense of \$308,464.

## **Debt Administration**

At June 30, 2016, the School District had \$2,009,548 as outstanding debt. Of this amount, \$644,548 is for compensated absences and the balance of \$1,365,000 is for refunding bonds dated 11/17/09.

At June 30, 2016, the School District's overall legal debt margin was \$7,049,170 and the unvoted debt margin was \$5,684,170, or 81% 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.

Over the past year, the Commercial Township School District has identified multiple students placed in out of district special education programs that may benefit from the provision of programming within their resident schools. Through the development and implementation of new special education programs within the District, as well as revisions to current programs, out of district enrollment has decreased significantly. With the cost savings from decreased tuition expenditures and special transportation services, we are able to meet the needs of our most exceptional children in a less restrictive environment. These programs not only meet the needs of our students, but offer a cost effective option for special education placements to other local school districts, while serving as a revenue source for Commercial Township Schools.

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

During the budget process, it was a concern to the Administration and Board of Education how future budgets would be financed. Therefore, the Board of Education and Administration are constantly looking at ways to decrease 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 [Pam.Zook@commercialschools.org](mailto:Pam.Zook@commercialschools.org).

## **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, 2016**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 333,679	\$ 32,999	\$ 366,678
Receivables, Net	283,299	24,759	308,058
Interfund Receivable	12,349		12,349
Inventory		14,287	14,287
Restricted Assets:			
Cash and Cash Equivalents			
Capital Assets, Net (Note 5):	4,398,252	5,579	4,403,831
Total Assets	<u>5,027,579</u>	<u>77,624</u>	<u>5,105,203</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Outflows	<u>503,573</u>		<u>503,573</u>
<b>LIABILITIES</b>			
Accounts Payable	95,010		95,010
Accrued Interest	21,268		21,268
Unearned Revenue	9,291	2,889	12,180
Net Pension Liability	2,189,127		2,189,127
Short-term Loan Payable	561,263		561,263
Non-current Liabilities (Note 6):			
Due Within One Year	223,537		223,537
Due Beyond One Year	1,771,786	14,225	1,786,011
Total Liabilities	<u>4,871,282</u>	<u>17,114</u>	<u>4,888,396</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Inflows	<u>206,870</u>		<u>206,870</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	3,033,507	5,579	3,039,086
Restricted for:			
Capital Projects	48,554		48,554
Other Purposes	635,487		635,487
Unrestricted (Deficit)	(3,264,548)	54,931	(3,209,617)
Total Net Position	<u>\$ 453,000</u>	<u>\$ 60,510</u>	<u>\$ 513,510</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, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 3,022,514	\$	\$ 807,941	\$ (2,214,573)	\$	\$ (2,214,573)
Special Education	748,881			(748,881)		(748,881)
Other Special Instruction	38,498			(38,498)		(38,498)
Other Instruction	3,659			(3,659)		(3,659)
Support Services:						
Tuition	4,415,211			(4,415,211)		(4,415,211)
Student & Instruction Related Se	914,259		266,347	(647,912)		(647,912)
General and Business Administr	284,983			(284,983)		(284,983)
School Administrative Services	207,643			(207,643)		(207,643)
Central Services	142,631			(142,631)		(142,631)
Admin Info Tech	68,157			(68,157)		(68,157)
Plant Operations and Maintenanc	722,482			(722,482)		(722,482)
Pupil Transportation	955,269			(955,269)		(955,269)
Employee Benefits	3,409,017		717,338	(2,691,679)		(2,691,679)
Interest on Long-term Debt	60,983			(60,983)		(60,983)
Unallocated Depreciation	307,727			(307,727)		(307,727)
Total Governmental Activities	15,301,914		1,791,626	(13,510,288)		(13,510,288)
Business-type Activities:						
Food Service	453,151	18,089	438,093		3,031	3,031
Extended Day	14,824	31,769			16,945	16,945
Total Business-type Activities	467,975	49,858	438,093		19,976	19,976
Total Primary Government	\$15,769,889	\$ 49,858	\$ 2,229,719	\$ (13,510,288)	\$ 19,976	\$ (13,490,312)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 1,802,791	\$	\$ 1,802,791
Taxes Levied for Debt Service				111,343		111,343
Federal, State and Local Aid not Restricted				11,598,553		11,598,553
Investment Earnings				750	20	770
Miscellaneous Income				220,318		220,318
Total General Revenues, Special Items, Extraordinary Items and Transfers				13,733,755	20	13,733,775
Change in Net Position				223,467	19,996	243,463
Net Position—Beginning (Restated)				229,533	40,514	270,047
Net Position—Ending				\$ 453,000	\$ 60,510	\$ 513,510

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, 2016**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 257,703	\$ 43,125	\$ 5,532	\$ 6,191	\$ 312,551
Due from Other Funds	227,339		3,468		230,807
State Aid Receivable	19,875		39,554		59,429
Federal Aid Receivable	1,004	221,562			222,566
Other Accounts Receivable	1,304				1,304
<b>Total Assets</b>	<b>\$ 507,225</b>	<b>\$ 264,687</b>	<b>\$ 48,554</b>	<b>\$ 6,191</b>	<b>\$ 826,657</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 1,360	\$ 93,650	\$	\$	\$ 95,010
Short-term Loan Payable	561,263				561,263
Due to Other Funds	3,468	193,862			197,330
Unearned Revenue		9,291			9,291
<b>Total Liabilities</b>	<b>566,091</b>	<b>296,803</b>			<b>862,894</b>
<b>Fund Balances:</b>					
<b>Restricted For:</b>					
Excess Surplus	340,314				340,314
Capital Reserve	255				255
Maintenance Reserve	22,500				22,500
Emergency Reserve	41,300				41,300
<b>Assigned:</b>					
Designated for Subsequent Year's Expenditures					
Excess surplus	231,373				231,373
<b>Unassigned, Reported in:</b>					
General Fund (Deficit)	(694,608)				(694,608)
Special Revenue Fund (Deficit)		(32,116)			(32,116)
Capital Projects Fund			48,554		48,554
Debt Service Fund				6,191	6,191
<b>Total Fund Balances (Deficit)</b>	<b>(58,866)</b>	<b>(32,116)</b>	<b>48,554</b>	<b>6,191</b>	<b>(36,237)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 507,225</b>	<b>\$ 264,687</b>	<b>\$ 48,554</b>	<b>\$ 6,191</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 \$10,854,151 and the accumulated depreciation is \$6,455,899 (See Note 5) 4,398,252

Long Term Net Pension Liability (2,189,127)  
 Deferred Pension Outflows 503,573  
 Deferred Pension Inflows (206,870)

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. (21,268)

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). (1,995,323)

Net Position of Governmental Activities **\$ 453,000**

**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, 2016**

	<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>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 1,802,791	\$	\$	\$ 111,343	\$ 1,914,134
Interest Earned on Investments	723		27		750
Miscellaneous	134,272	86,046			220,318
<b>Total - Local Sources</b>	<b>1,937,786</b>	<b>86,046</b>	<b>27</b>	<b>111,343</b>	<b>2,135,202</b>
State Sources	11,051,820	334,625		149,895	11,536,340
Federal Sources	19,534	793,430			812,964
<b>Total Revenues</b>	<b>13,009,140</b>	<b>1,214,101</b>	<b>27</b>	<b>261,238</b>	<b>14,484,506</b>
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	2,214,573	807,941			3,022,514
Special Education Instruction	748,881				748,881
Other Special Instruction	38,498				38,498
Other Instruction	3,659				3,659
Support Services:					
Tuition	4,415,211				4,415,211
Student & Instruction Related Services	647,912	266,347			914,259
General Administrative Services	284,983				284,983
School Administrative Services	207,643				207,643
Central Services	142,631				142,631
Admin Info Tech	68,157				68,157
Plant Operations and Maintenance	722,482				722,482
Pupil Transportation	955,269				955,269
Employee Benefits	2,356,521	135,434			2,491,955
Debt Service:					
Interest and Other Charges				55,047	55,047
Principal				200,000	200,000
Capital Outlay	14,626				14,626
<b>Total Expenditures</b>	<b>12,821,046</b>	<b>1,209,722</b>		<b>255,047</b>	<b>14,285,815</b>
Excess (Deficiency) of Revenues over Expenditures	188,094	4,379	27	6,191	198,691
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers of Capital Project Interest	27		(27)		
<b>Total Other Financing Sources and Uses</b>	<b>27</b>		<b>(27)</b>		
Net Change in Fund Balances	188,121	4,379		6,191	198,691
Fund Balance—July 1	(246,987)	(36,495)	48,554		(234,928)
<b>Fund Balance—June 30 (Deficit)</b>	<b>\$ (58,866)</b>	<b>\$ (32,116)</b>	<b>\$ 48,554</b>	<b>\$ 6,191</b>	<b>\$ (36,237)</b>

**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, 2016**

<b>Total Net Change in Fund Balances - Governmental Funds (from B-2)</b>	<b>\$ 198,691</b>
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation expense	\$ (307,727)
Capital outlays	5,356
	<hr style="width: 100%; border: 0.5px solid black;"/>
	(302,371)
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.	200,000
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.	3,334
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.	(38,870)
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).	162,683
	<hr style="width: 100%; border: 0.5px solid black;"/>
<b>Change in Net Position of Governmental Activities (A-2)</b>	<b>\$ <u><u>223,467</u></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, 2016**

	Business-type Activities - Enterprise Funds		
	Food Service	Extended Day	Totals
<b>ASSETS</b>			
Current Assets:			
Cash	\$	\$ 54,127	\$ 54,127
Accounts Receivable	23,236	1,523	24,759
Inventories	14,287		14,287
Total Current Assets	37,523	55,650	93,173
Fixed Assets:			
Equipment	154,995		154,995
Accumulated Depreciation	(149,416)		(149,416)
Total Fixed Assets	5,579		5,579
Total Assets	43,102	55,650	98,752
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable			
Due to General	16,523	4,605	21,128
Unearned Revenue	2,889		2,889
Compensated Absences	14,225		14,225
Total Current Liabilities	33,637	4,605	38,242
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt	5,579		5,579
Unrestricted	3,886	51,045	54,931
Total Net Position	\$ 9,465	\$ 51,045	\$ 60,510

**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, 2016**

	Business-type Activities - Enterprise Fund		
	Food Service	Extended Day	Total Enterprise
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$	\$	\$
Daily Sales - Non-reimbursable Programs	18,089	31,769	49,858
Total Operating Revenue:	18,089	31,769	49,858
Operating Expenses:			
Salaries	139,485	13,175	152,660
Employee Benefits	57,978	1,008	58,986
Supplies and Materials	19,051		19,051
Depreciation	737		737
Cost of Sales	205,603		205,603
Management Fee	18,582		18,582
Repairs and Other Expenses	11,715	641	12,356
Total Operating Expenses	453,151	14,824	467,975
Operating Income (Loss)	(435,062)	16,945	(418,117)
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program	4,684		4,684
Federal Sources:			
National School Breakfast Program	101,832		101,832
National School Lunch Program	268,245		268,245
National Snack Program	9,435		9,435
Food Distribution Program	31,796		31,796
Fruit and Vegetable Grant	22,101		22,101
Interest		20	20
Total Non-operating Revenues (Expenses)	438,093	20	438,113
Income (Loss) before Contributions & Transfers	3,031	16,965	19,996
Transfers in (out)			
Change in Net Position	3,031	16,965	19,996
Total Net Position—Beginning	6,434	34,080	40,514
Total Net Position—Ending	\$ 9,465	\$ 51,045	\$ 60,510

**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, 2016**

	<b>Business-type Activities Enterprise Funds</b>		
	<b>Food Service</b>	<b>Extended Day</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 18,089	\$ 31,769	\$ 49,858
Payments to Employees	(139,485)	(13,175)	(152,660)
Payments for Employee Benefits	(57,978)	(1,008)	(58,986)
Payments to Suppliers	(290,478)	2,601	(287,877)
Net Cash Provided by (used for) Operating Activities	<u>(469,852)</u>	<u>20,187</u>	<u>(449,665)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	4,684		4,684
Federal Sources	433,409		433,409
Operating Subsidies and Transfers to Other Funds			
Net Cash Provided by (used for) Non-capital Financing Activities	<u>438,093</u>		<u>438,093</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of Capital Assets			
Net Cash Provided by (used for) Capital and Related Financing Activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and Dividends		20	20
Net Cash Provided by (used for) Investing Activities		<u>20</u>	<u>20</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(31,759)	20,207	(11,552)
Balances—Beginning of Year	31,759	33,920	65,679
Balances—End of Year	<u>\$ -</u>	<u>\$ 54,127</u>	<u>\$ 54,127</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:</b>			
Operating Income (Loss)	\$ (435,062)	\$ 16,945	\$ (418,117)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities			
Depreciation and Net Amortization	737		737
(Increase) Decrease in Accounts Receivable, Net	5,519	(1,323)	4,196
(Increase) Decrease in Inventories	(1,708)		(1,708)
(Increase) Decrease in Interfund Receivable	13,501		13,501
Increase (Decrease) in Due to Accounts Payable	(67,622)		(67,622)
Increase (Decrease) in Due to General	16,523	4,605	21,128
Increase (Decrease) in Unearned Revenue	(1,740)	(40)	(1,780)
Increase (Decrease) in Compensated Absences	0		0
Total Adjustments	<u>(34,790)</u>	<u>3,242</u>	<u>(31,548)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (469,852)</u>	<u>\$ 20,187</u>	<u>\$ (449,665)</u>

**Noncash Noncapital Financing Activities:**

During the year, the District received \$31,838.43 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, 2016**

	<b>Unemployment Compensation Trust</b>	<b>Private Purpose Scholarship Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 163,363	\$ 71	\$ 288,972
Certificates of Deposit		32,500	
Due from Payroll Agency Account	10,574		
Total Assets	173,937	32,571	288,972
<b>LIABILITIES</b>			
Interfunds Payable			12,349
Summer Reserve			244,571
Accounts Payable			
Payable to Student Groups			15,904
Due to Unemployment Trust Account			10,574
Payroll Deductions and Withholdings			6,010
Total Liabilities			\$ 289,408
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	\$ 173,937		
Restricted for Scholarships		\$ 32,571	

**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, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 2,685	\$
Contributions	14,196	
Other	136	73
	<hr/>	<hr/>
Total Additions	17,017	73
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Scholarships Awarded		1,000
Unemployment Claims	8,432	
	<hr/>	<hr/>
Total Deductions	8,432	1,000
	<hr/>	<hr/>
Change in Net Position	8,585	(927)
Net Position—Beginning of the Year	165,352	33,498
	<hr/>	<hr/>
Net Position—End of the Year	\$ 173,937	\$ 32,571
	<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, 2016**

**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, 2016 of 572 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**

**New Accounting Standards:**

The district adopted the following GASB statements:

- GASB No. 80 - *Blending Requirements for Certain Component Units - an Amendment of GASB No. 14*: The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 80, did not impact the financial statements of the School District.



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**New Accounting Standards (Continued):**

The School District has adopted the following GASB statements:

- GASB No. 79 - *Certain External Investment Pools and Pool Participants*: This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 79, did not impact the financial statements of the School District.
  
- GASB Statement No. 78 - *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*: The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 78, did not impact the financial statements of the School District.
  
- GASB No. 77, *Tax Abatement Disclosures*: This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 77, did not impact the financial statements of the School District.
  
- GASB No. 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*: The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 76, did not impact the financial statements of the School District.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**New Accounting Standards (Continued):**

The School District has adopted the following GASB statements:

- GASB No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*: The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 73, did not impact the financial statements of the School District.
- GASB No. 72 - *Fair Value Measurement and Application*: This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 72, did not impact the financial statements of the School District.

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

- GASB No. 82 - *Pensions - an Amendment of GASB No. 67, No. 68 and No. 73*: The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 82 on the School District's financial statements.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**New Accounting Standards (Continued):**

- GASB No. 81 - *Irrevocable Split-Interest Agreements*: The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 82 on the School District's financial statements.
  
- GASB No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 82 on the School District's financial statements.
  
- GASB No. 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*: The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 82 on the School District's financial statements.

**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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**A. Basis of Presentation (Continued):**

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.

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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**GOVERNMENTAL FUND TYPE**

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

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

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

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

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

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

**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:

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**B. Fund Accounting (Continued):**

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

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

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

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

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

**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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**FIDUCIARY FUND TYPE (Continued)**

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

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

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

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

*District-wide, Proprietary and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of 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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**C. Basis of Accounting and Measurement Focus (Continued):**

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.

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.



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**D. Budgets/Budgetary Control (Continued):**

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 yearend 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.

**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 2015-16, 2014-15 and 2013-14 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, 2016.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**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, 2016.

**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 \$2,889.35 in federal commodities on hand at June 30, 2016. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

Inventory in the Food Service Fund at June 30, 2016 consisted of the following:

Food	\$ 12,072.03
Supplies	2,215.18
	<hr/>
	\$ 14,287.21
	<hr/>

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

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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**K. Assets, Liabilities and Equity (Continued):**

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

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

**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.

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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**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.

**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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**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.

Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

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

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**W. Revenues – Exchange and Non-exchange Transactions (Continued):**

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 yearend: 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.

**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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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, 2016, 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	\$	698,572
Certificates of Deposit		32,500
Total	\$	731,072

**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

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2016, the School District's bank balance of \$1,109,739 custodial credit risk as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		<u>859,739</u>
	\$	<u><u>1,109,739</u></u>

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, 2016, 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, 2016, the District had no funds on deposit with the New Jersey Cash Management Fund.

**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.



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 4. CAPITAL RESERVE ACCOUNT (CONT'D)**

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, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 255
Interest Earnings	
Deposits	
Withdrawals	_____
Ending Balance, June 30, 2016	\$ <u>255</u>

Of this amount, \$0 has been appropriated as revenue to fund the 2016-17 operating budget.

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2016 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, 2016**

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 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	\$ 5,356		8,570,798
Machinery and equipment	1,394,362			1,394,362
Totals at historical cost	10,833,918	5,356		10,839,274
Less accumulated depreciation for :				
Land Improvements	(317,773)	(40,716)		(358,489)
Building and improvements	(4,730,051)	(223,623)		(4,953,674)
Equipment	(1,100,348)	(43,388)		(1,143,736)
Total accumulated depreciation	(6,148,172)	(307,727)		(6,455,899)
Total capital assets being depreciated, net of accumulated depreciation	4,685,746	(302,371)		4,383,375
<b>Government activities capital assets, net</b>	<b>\$ 4,700,623</b>	<b>\$ (302,371)</b>		<b>\$ 4,398,252</b>
				<b>To A-1</b>
Business-type activities - Equipment	\$ 154,995			\$ 154,995
Less accumulated depreciation	(148,679)	(737)		(149,416)
<b>Business-type activities capital assets, net</b>	<b>\$ 6,316</b>	<b>\$ (737)</b>	<b>\$ -</b>	<b>\$ 5,579</b>

Depreciation expense was charged to governmental functions  
as follows:

Unallocated	\$ 307,727
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**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due within One Year</b>	<b>Long-term Portion</b>
<b>Governmental Activities:</b>						
Bonds payable:						
General obligation debt	\$1,565,000	\$ -	\$ 200,000	\$1,365,000	\$ 210,000	\$1,155,000
Total bonds payable	1,565,000		200,000	1,365,000	210,000	1,155,000
Other Liabilities:						
Compensated absences payable	793,006		162,683	630,323	13,537	616,786
Total other liabilities	\$2,358,006	\$ -	\$ 362,683	\$1,995,323	\$ 223,537	\$1,771,786
					<b>To A-1</b>	
<b>Business-Type Activities:</b>						
Compensated absences payable	\$ 14,225	\$ -		\$ 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, 2016 are as follows:

Year ending June 30,	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
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>\$ 1,365,000</u>	<u>\$ 165,685</u>	<u>\$ 1,530,685</u>

**B. Bonds Authorized But Not Issued - As of June 30, 2016**      None.

**C. Capital Leases**

The District had no capital leases as of June 30, 2016.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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:

	<b><u>Amount</u></b>
Year ending June 30,	
2017	\$ 24,885
Total future minimum lease payments	\$ <u>24,885</u>

**NOTE 8. PENSION PLANS**

**A. Description of Plans:**

All required employees of the School 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.

**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. 18A: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 School 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.

For the year ended June 30, 2016, the District recognized pension expense of \$304,346 and revenue of \$304,346 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**A. Description of Plans (Continued):**

**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, which equal the required contribution for each fiscal year, were as follows:

<b>Public Employees Retirement System</b>					
<b>Fiscal Year</b>	<b>Normal Contribution</b>	<b>Accrued Liability</b>	<b>Total Liability</b>	<b>Funded by State</b>	<b>Paid by District</b>
2016	\$ 14,194	\$ 65,386	\$ 79,580	\$ N/A	\$ 79,580

**B. Vesting and Benefit Provisions:**

**Teachers' Pension and Annuity Fund** - 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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**B. Vesting and Benefit Provisions (Continued):**

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A.43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 8 to 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for TPAF and PERS:

**Tier Definition**

- 1 Members enrolled before July 1, 2007
- 2 Members eligible for enrollment on or after July 1, 2007 and before November 2, 2008
- 3 Members eligible for enrollment on or after November 2, 2008 and on or before May 21, 2010
- 4 Members eligible for enrollment after May 21, 2010 and before June 28, 2011
- 5 Members eligible for enrollment on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 8. PENSION PLANS (CONT'D)**

**C. Contributions:**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/16	\$ 580,668	100 %	\$ N/A
6/30/15	473,398	100	N/A
6/30/14	572,203	100	N/A

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$265,057 to the TPAF for pension contributions and \$315,611 for normal and post-retirement benefits on behalf of the School. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the School District \$266,293 during the year ended June 30, 2016 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when surplus pension assets no longer exist. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**C. Contributions (Continued):**

**Public Employees' Retirement System (Continued)** - Contributions to the pension plan from the School District were \$83,841 for the fiscal year ended June 30, 2016. Employee contributions were \$50,202.65 for the fiscal year ended June 30, 2016.

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

**Teachers' Pension and Annuity Fund** - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the School District.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined.

**Public Employees' Retirement System** - At June 30, 2016, the School District reported a liability of \$2,189,127 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the School District's proportion was .009752%, which represents a .0008% increase from the prior year.

For the fiscal year ended June 30, 2016, the School District recognized \$135,146 in the government-wide financial statements, for pension expense for PERS.



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

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

At June 30, 2016, the School 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	\$ 52,225	\$
Changes of assumptions	235,095	
Net difference between projected and actual earnings on pension plan investments		35,197
Changes in proportion and differences between District contributions and proportionate share of contributions	132,412	171,673
District contributions subsequent to the measurement date	83,841	
<b>Total</b>	<b>\$ 503,573</b>	<b>\$ 206,870</b>

\$83,841 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>PERS</u>
2017	\$ 41,462
2018	41,462
2019	41,462
2020	41,462
2021	41,462
Thereafter	5,550
<b>Total</b>	<b>\$ 212,862</b>

Collective Balances at June 30, 2015 and 2016 are as follows:

	<u>6/30/2015</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	\$ 5,086,138,484	\$ 1,032,618,058
Collective deferred inflows of resources	\$ 478,031,236	\$ 1,726,631,532
Collective net pension liability	\$ 22,447,996,119	\$ 18,722,735,003
District's Proportion	0.0097519947%	0.0089183996%

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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

**E. Actuarial Assumptions:**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>TPAF</u>
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Valuation Date	July 1, 2014	July 1, 2014
Interest Rate	7.90%	7.90%
Salary Scale (Based on Age):		
2012-2021	2.15% - 4.40%	Varies based
Thereafter	3.15% - 5.40%	on Experience
Inflation	3.04%	2.50%

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were based on Scale AA. Preretirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Postretirement 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.

For PERS, 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.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
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**NOTE 8. PENSION PLANS (CONT'D)**

**E. Actuarial Assumptions (Continued):**

Asset Class	PERS		TPAF	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%	5.00%	0.53%
U.S. Treasuries	1.75%	1.64%	1.75%	1.39%
Investment Grade Credit	10.00%	1.79%	13.50%	2.72%
Mortgages	2.10%	1.62%	2.10%	2.54%
High Yield Bonds	2.00%	4.03%	2.00%	4.57%
Inflation-Indexed Bonds	1.50%	3.25%	1.50%	1.47%
Broad US Equities	27.25%	8.52%	27.25%	5.63%
Developed Foreign Equities	12.00%	6.88%	12.00%	6.22%
Emerging Market Equities	6.40%	10.00%	6.40%	8.46%
Private Equity	9.25%	12.41%	9.25%	9.15%
Hedge Funds/Absolute Return	12.00%	4.72%	12.00%	14.57%
Real Estate (Property)	2.00%	6.83%	4.25%	3.97%
Commodities	1.00%	5.32%	1.00%	3.58%
Timber	n/a	n/a	1.00%	4.61%
Farmland	n/a	n/a	1.00%	4.61%
Global Debt ex US	3.50%	-0.40%	n/a	n/a
Real Estate (REITS)	4.25%	5.12%	n/a	n/a
Total	100%		100%	

**F. Discount Rate** - The discount rate used to measure the total pension liability was 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 8. PENSION PLANS (CONT'D)**

**G. Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate:**

**Teachers' Pension and Annuity Fund (TPAF)** - As indicated above, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution.

**Public Employees' Retirement System (PERS)** - The following presents the School District's proportionate share of the net pension liability at June 30, 2016 calculated using a discount rate of 4.90% for PERS, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (3.9%)	Current Discount (4.9%)	1% Increase (5.9%)
District's proportionate share of the net pension liability	\$ 2,720,817	\$ 2,189,127	\$ 1,743,362

**H. Pension Plan Fiduciary Net Position:**

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

**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, 2015, there were 107,314 retirees receiving post-retirement medical benefits and the State contributed \$1.25 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 10. COMPENSATED ABSENCES**

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

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

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, 2016, a liability existed for compensated absences in the governmental activities in the amount of \$630,323.

**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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 12. RISK MANAGEMENT (CONT'D)**

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's trust fund for the current and prior two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$ 14,332	\$ 2,685	\$ 8,432	\$ 173,937
2014-2015	13,124	5,917	16,752	165,352
2013-2014	2,941	17,513		163,063

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

<u>Fiscal Year</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 227,339	\$ 3,468
Special Revenue fund		193,862
Capital Projects	3,468	
Food Service Fund		16,523
Payroll		22,923
Unemployment Comp	10,574	
Extended Day		4,605
Total	\$ 241,381	\$ 241,381

**NOTE 14. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$(58,866) Deficit General Fund balance at June 30, 2016 \$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, 2017; \$22,500 has been restricted in a Maintenance Account, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; \$41,300 has been restricted in an Emergency Reserve; \$571,687 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$231,373 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2017); and there is a deficit in unassigned fund balance of (\$694,608).

**Debt Service Fund** - The fund balance in the Debt Service Fund at June 30, 2016 is \$0.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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, 2016 is \$571,687 of which \$231,373 must be budgeted in the 2016-17 budget and \$340,314 must be budgeted in 2017-18.

**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, except for one claim, which has been referred to the insurance carrier.

**NOTE 17. MAINTENANCE RESERVE**

The District also has a maintenance reserve in the amount of \$22,500 at June 30, 2016, none of which was anticipated as revenue in the 2016-17 budget.

**NOTE 18. EMERGENCY RESERVE**

The District also has an emergency reserve in the amount of \$41,300 at June 30, 2016, of which none was anticipated as revenue in the 2016-17 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, 2016, there was an unspent balance of \$59,392, which relates to a 2001 project for additions to the two elementary schools.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 19. CAPITAL PROJECT (CONT'D)**

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, 2016.

**NOTE 20. WILDWOOD LIBRARY DONATION**

The Wildwood Library made a donation of \$55,000 in the 2014-15 year. A portion of the money was spent in the 2015-16 year. The remaining amount will be set up as an Unearned Revenue.

**NOTE 21. DEFICIT FUND BALANCES**

The District has a deficit in Unrestricted fund balance of (\$708,622) in the General Fund and (\$32,116) in the Special Revenue Fund as of June 30, 2016 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 \$951,584. The special revenue fund deficit of \$32,116 is equal to the last state aid payments.

**NOTE 22. RECEIVABLES**

Receivables at June 30, 2016 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:



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 22. RECEIVABLES (CONT'D)**

<u>Receivables:</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Proprietary Funds</u>
Intergovernmental	\$ 20,879	\$ 221,562	\$ 39,554	23,209
Other	1,304			1,550
Totals	<u>\$ 22,183</u>	<u>\$ 221,562</u>	<u>\$ 39,554</u>	<u>24,759</u>

**NOTE 23. SUBSEQUENT EVENTS**

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

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, 2016**

	<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	\$ 1,802,791	\$ -	\$ 1,802,791	\$ 1,802,791	\$ -
Tuition from Other LEAs Within the State	29,192		29,192		(29,192)
Interest on Investments				723	723
Miscellaneous	60,000		60,000	134,272	74,272
<b>Total - Local Sources</b>	<b>1,891,983</b>		<b>1,891,983</b>	<b>1,937,786</b>	<b>45,803</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				3,496	3,496
Non-Public Transportation Aid				3,480	3,480
On-behalf TPAF Post Retirement Medical Contribution				315,611	315,611
On-behalf TPAF Pension Contribution				265,057	265,057
Reimbursement TPAF Social Security				266,293	266,293
<b>Total - State Sources</b>	<b>10,238,670</b>		<b>10,238,670</b>	<b>11,092,607</b>	<b>853,937</b>
Federal Sources:					
Medicaid Assistance (SEMI)	25,984		25,984	19,534	(6,450)
<b>Total - Federal Sources</b>	<b>25,984</b>		<b>25,984</b>	<b>19,534</b>	<b>(6,450)</b>
<b>TOTAL REVENUES</b>	<b>\$ 12,156,637</b>	<b>\$ -</b>	<b>\$ 12,156,637</b>	<b>\$ 13,049,927</b>	<b>\$ 893,290</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool	\$ 23,497	\$ 5,607	\$ 29,104	\$ 29,104	\$ -
Kindergarten	199,103	151	199,254	199,253	1
Grades 1-5	841,803	161,849	1,003,652	1,003,652	
Grades 6-8	654,774	39,540	694,314	694,313	1
Home Instruction:					
Salaries of Teachers		4,805	4,805	3,348	1,457
Purchased Educational Services	5,000	(4,832)	168		168
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	152,982	29,868	182,850	182,848	2
Purchased Technical Services	9,523	415	9,938	9,938	
Other Purchased Services	55,095	(2,760)	52,335	46,924	5,411
General Supplies	51,542	(6,500)	45,042	40,695	4,347
Textbooks	5,000	(1,661)	3,339		3,339
Other Objects	5,000	2,817	7,817	4,498	3,319
<b>Total Regular Programs</b>	<b>\$ 2,003,319</b>	<b>\$ 229,299</b>	<b>\$ 2,232,618</b>	<b>\$ 2,214,573</b>	<b>\$ 18,045</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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>Special Education</b>					
Learning/Language Disabled:					
Instruction					
Salaries of Teachers	\$ 207,620	\$ 1,565	\$ 209,185	\$ 209,185	\$
Other Salaries for Instructions	102,564	20,319	122,883	122,883	
<b>Total Learning/Language Disabled:</b>	<b>310,184</b>	<b>21,884</b>	<b>332,068</b>	<b>332,068</b>	
Multiple Disabilities:					
Salaries of Teachers	111,346	13,304	124,650	124,650	
Other Salaries for Instruction	49,894	(1,047)	48,847	47,676	1,171
<b>Total Multiple Disabilities</b>	<b>161,240</b>	<b>12,257</b>	<b>173,497</b>	<b>172,326</b>	<b>1,171</b>
Resource Room:					
Salaries of Teachers	294,627	(50,138)	244,489	244,487	2
Other Salaries for Instruction	35,039	(35,039)			
<b>Total Resource Room</b>	<b>329,666</b>	<b>(85,177)</b>	<b>244,489</b>	<b>244,487</b>	<b>2</b>
<b>TOTAL SPECIAL EDUCATION</b>	<b>801,090</b>	<b>(51,036)</b>	<b>750,054</b>	<b>748,881</b>	<b>1,173</b>
Bilingual Education - Instruction:					
Salaries of Teachers	38,498	1	38,499	38,498	1
<b>Total Bilingual Instruction:</b>	<b>38,498</b>	<b>1</b>	<b>38,499</b>	<b>38,498</b>	<b>1</b>
School Sponsored Co-curricular Activities:					
Salaries	1,500		1,500	297	1,203
Purchased Services	100		100		100
<b>Total School Sponsored Co-curricular Activities</b>	<b>1,600</b>		<b>1,600</b>	<b>297</b>	<b>1,303</b>
School Sponsored Athletics:					
Salaries	4,000	(80)	3,920	2,782	1,138
Purchased Services	500	80	580	580	
Supplies and Materials	500		500		500
<b>Total School Sponsored Athletics</b>	<b>5,000</b>		<b>5,000</b>	<b>3,362</b>	<b>1,638</b>
<b>Total Instruction</b>	<b>\$ 2,849,507</b>	<b>\$ 178,264</b>	<b>\$ 3,027,771</b>	<b>\$ 3,005,611</b>	<b>\$ 22,160</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Original Budget</b>	<b>Budget Amendments/ Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>CURRENT EXPENDITURES: (Continued)</b>					
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	\$ 3,066,211	\$ 96,295	\$ 3,162,506	\$ 3,162,506	\$ -
Tuition - Other LEAs Within the State - Special	300,250	(19,274)	280,976	250,250	30,726
Tuition - County Voc Sch Dist Regular	9,360		9,360	7,800	1,560
Tuition - County Voc Sch Dist Special	110,980		110,980	98,540	12,440
Tuition - Co Spec Serv and Regional Day Schools	1,112,345	(289,158)	823,187	846,182	(22,995)
Tuition to Private Schools for the Disabled Within State	62,097	(11,625)	50,472	49,933	539
<b>Total Undistributed Expenditures - Instruction</b>	<b>4,661,243</b>	<b>(223,762)</b>	<b>4,437,481</b>	<b>4,415,211</b>	<b>22,270</b>
Attendance and Social Work Services:					
Salaries	19,014	(316)	18,698	18,697	1
Purch Prof/ Tech Services		377	377	377	
<b>Total Attendance and Social Work Services</b>	<b>19,014</b>	<b>61</b>	<b>19,075</b>	<b>19,074</b>	<b>1</b>
Health Services:					
Salaries	140,934	520	141,454	141,454	
Purch Prof/ Tech Services	1,600	(520)	1,080	1,000	80
Other Purchased Services	200		200		200
Supplies and Materials	5,000	(461)	4,539	3,777	762
<b>Total Health Services</b>	<b>147,734</b>	<b>(461)</b>	<b>147,273</b>	<b>146,231</b>	<b>1,042</b>
Other Support Services - Students - Related Services:					
Salaries	53,393	(30,483)	22,910	22,905	5
Purchased Prof - Education Services	111,768	24,880	136,648	128,888	7,760
Supplies and Materials		5,603	5,603	4,192	1,411
<b>Total Related Services</b>	<b>165,161</b>		<b>165,161</b>	<b>155,985</b>	<b>9,176</b>
Special Education- Extraordinary Services					
Purchased Prof - Education Services	96,860	(25,801)	71,059	58,908	12,151
<b>Total Special Education- Extraordinary Services</b>	<b>96,860</b>	<b>(25,801)</b>	<b>71,059</b>	<b>58,908</b>	<b>12,151</b>
Other Support Services - Students-Regular Guidance					
Salaries Other Professionals	111,306	54,233	165,539	165,473	66
Salaries of Secretarial and Clerical Assistants	36,428		36,428	35,965	463
Other Purchased Prof. and Tech. Services	200		200		200
Other Purchase Serv	250		250		250
Supplies and Materials	3,000		3,000		3,000
<b>Total Other Support Services - Students-Regular Guidance</b>	<b>151,184</b>	<b>54,233</b>	<b>205,417</b>	<b>201,438</b>	<b>3,979</b>
Other Support Services - Students- Child Study Teams					
Purchased Professional - Educational Services	90,475		90,475	60,851	29,624
Supplies and Materials	500		500	361	139
<b>Total Other Support Services - Students- Child Study Teams</b>	<b>\$ 90,975</b>	<b>\$ -</b>	<b>\$ 90,975</b>	<b>\$ 61,212</b>	<b>\$ 29,763</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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>					
Educational Media Services/School Library:					
Salaries	\$ 37,485	\$ (34,404)	\$ 3,081	\$ -	\$ 3,081
<b>Total Educational Media Services/School Library:</b>	<b>37,485</b>	<b>(34,404)</b>	<b>3,081</b>		<b>3,081</b>
Instructional Staff Training Services					
Salaries of Other Professional Staff					
Purchased Professional and Educational Services					
Other Purchased Services	1,000	2,094	3,094	3,094	
Supplies and Materials	500	(491)	9		9
Other Objects	2,000	(29)	1,971	1,970	1
<b>Total Inst. Staff Training Services</b>	<b>3,500</b>	<b>1,574</b>	<b>5,074</b>	<b>5,064</b>	<b>10</b>
Support Services General Administration:					
Salaries	174,452	(8,438)	166,014	164,753	1,261
Legal Services	10,000	9,538	19,538	15,912	3,626
Audit Fees	20,803	1,047	21,850	21,850	
Other Purchased Professional Services	8,000	2,561	10,561	9,944	617
Purchased Technical Services	1,400	1,000	2,400	2,400	
Communication/Telephone	70,000	(5,624)	64,376	51,841	12,535
BOE Other Purchased Services	5,000	(2,516)	2,484	2,320	164
Miscellaneous Purchased Services	25,524	3,082	28,606	7,029	21,577
General Supplies	2,000	3,811	5,811	2,878	2,933
Miscellaneous Expenditures	200		200	150	50
BOE Membership Dues and Fees	6,000		6,000	5,906	94
<b>Total Support Services General Administration</b>	<b>323,379</b>	<b>4,461</b>	<b>327,840</b>	<b>284,983</b>	<b>42,857</b>
Support Services School Administration:					
Salaries of Principals/Assistant Principals	85,000	(2,000)	83,000	83,000	
Salaries of Secretarial and Clerical Assistants	112,105	3,359	115,464	111,199	4,265
Other Salaries	4,000	6,233	10,233	1,001	9,232
Purchased Professional and Technical Services	3,000	1,654	4,654	1,500	3,154
Other Purchased Services	5,500	498	5,998	5,614	384
Supplies and Materials	3,500	5,798	9,298	5,114	4,184
Other Objects	1,800	(214)	1,586	215	1,371
<b>Total Support Services School Administration</b>	<b>214,905</b>	<b>15,328</b>	<b>230,233</b>	<b>207,643</b>	<b>22,590</b>
Central Services					
Salaries	106,121	18,208	124,329	124,328	1
Purchased Professional Services	5,500	542	6,042	6,052	(10)
Purchased Technical Services	8,000	176	8,176	8,175	1
Miscellaneous Purchased Services	3,100	(1,300)	1,800	1,800	
Supplies and Materials	1,500		1,500	1,291	209
Interest on Lease Purchase Agreements	935	(935)			
Miscellaneous Expenditures	2,125	(1,140)	985	985	
<b>Total Central Services</b>	<b>127,281</b>	<b>15,551</b>	<b>142,832</b>	<b>142,631</b>	<b>201</b>
Admin. Info. Technology					
Purchased Technical Services	65,000	2,914	67,914	67,318	596
Other Purchased Services		1,000	1,000	839	161
<b>Total Admin. Info. Technology</b>	<b>\$ 65,000</b>	<b>\$ 3,914</b>	<b>\$ 68,914</b>	<b>\$ 68,157</b>	<b>\$ 757</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$ 54,313	\$ 91	\$ 54,404	\$ 54,313	\$ 91
Cleaning, Repair and Maintenance Services	44,700	46,222	90,922	85,694	5,228
General Supplies	1,200	5,018	6,218	6,726	(508)
Required Maintenance for School Facilities:	100,213	51,331	151,544	146,733	4,811
Custodial Services:					
Salaries	3,000	14,384	17,384	16,879	505
Purchased Professional and Technical Services	310,000	3,876	313,876	306,888	6,988
Cleaning, Repair, and Maintenance Services	28,600	(3,644)	24,956	22,231	2,725
Insurance	30,000	(20,581)	9,419		9,419
Miscellaneous Purchased Services	5,000		5,000	4,100	900
General Supplies	31,000	890	31,890	26,688	5,202
Energy (Natural Gas)	25,000	(2,201)	22,799	11,740	11,059
Energy (Electricity)	190,000	-	190,000	187,223	2,777
Total Custodial Services	622,600	(7,276)	615,324	575,749	39,575
Total Operation and Maintenance of Plant Services	722,813	44,055	766,868	722,482	44,386
Undistributed Expenditures - Student Transportation Services:					
Salaries - Between Home & School - Regular	30,302		30,302	30,302	
Management Fee - ESC & CTSA Transportation Programs	12,000	48,000	60,000	49,536	10,464
Contracted Services (Home/School) - Vendor	503,739	(17,458)	486,281	481,024	5,257
Contracted Services (not Home/School) - Vendors	15,000	(5,000)	10,000	9,066	934
Contracted Services (Special Ed. Students) - ECS	326,200	71,618	397,818	385,341	12,477
Contracted Services - Aid in Lieu of Payments - Nonpublic	60,000	(60,000)			
Total Student Transportation Services	947,241	37,160	984,401	955,269	29,132
Unallocated Benefits:					
Social Security Contributions	74,000	248	74,248	74,248	
Other Retirement Contributions - PERS	95,377	(3,307)	92,070	83,841	8,229
Unemployment Compensation	69,000	(15,237)	53,763	31,804	21,959
Workers Compensation	72,000	20,953	92,953	92,952	1
Health Benefits	1,236,654	(77,105)	1,159,549	1,134,259	25,290
Tuition Reimbursement	5,000		5,000		5,000
Other Employee Benefits		102,457	102,457	92,456	10,001
Unused Sick Payment to Terminated/Retired Staff	31,666	(31,666)			
Total Unallocated Benefits	1,583,697	(3,657)	1,580,040	1,509,560	70,480
On-behalf TPAF Pension Contributions				265,057	(265,057)
On-behalf TPAF Post Retirement Medical Contribution				315,611	(315,611)
Reimbursement TPAF Social Security				266,293	(266,293)
Total Personal Services - Employee Benefits	1,583,697	(3,657)	1,580,040	2,356,521	(776,481)
Total Undistributed Expenditures	9,357,472	(111,748)	9,245,724	9,800,809	(555,085)
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	<b>12,206,979</b>	<b>\$ 66,516</b>	<b>\$ 12,273,495</b>	<b>\$ 12,806,420</b>	<b>\$ (532,925)</b>



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$	\$	\$	\$	\$
Grades 6-8					
Total Equipment					
Facilities Acquisition and Construction Services:					
Construction Services		5,356	5,356	5,356	
Assessment for Debt Service on SDA Funding	9,270		9,270	9,270	
Total Facilities Acquisition and Construction Services	9,270	5,356	14,626	14,626	
<b>TOTAL CAPITAL OUTLAY</b>	<b>9,270</b>	<b>5,356</b>	<b>14,626</b>	<b>14,626</b>	
<b>TOTAL EXPENDITURES</b>	<b>\$ 12,216,249</b>	<b>\$ 71,872</b>	<b>\$ 12,288,121</b>	<b>\$ 12,821,046</b>	<b>\$ (532,925)</b>
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	\$ (59,612)	\$ (71,872)	\$ (131,484)	\$ 228,881	\$ 360,365
Other financing sources (uses):					
Operating Transfer out - Food Service Deficit					
Operating Transfer out - Charter Schools	(71,872)	71,872			
Capital Outlay Transferred to Capital Projects Fund					
Operating Transfer - Interest on Capital Projects				27	27
Total Other Financing Sources	(71,872)	71,872		27	27
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(131,484)		(131,484)	228,908	360,392
Fund Balances, July 1	663,810		663,810	663,810	
Fund Balances, June 30	\$ 532,326	\$	\$ 532,326	\$ 892,718	\$ 360,392

**RECAPITULATION :**

**Reserved:**

**Restricted Fund Balance:**

Excess Surplus	\$ 340,314
Excess Surplus - Designated for Subsequent Year's Expenditures	231,373
Capital Reserve	255
Maintenance Reserve	22,500
Emergency Reserve	41,300
<b>Unassigned Fund Balance</b>	<b>256,976</b>
	<b>892,718</b>

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payment not Recognized on GAAP Basis align="right">(951,584)

Fund Balance per Governmental Funds (GAAP)

\$ (58,866)

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$ 445,686	\$ 314,398	\$ 760,084	\$ 793,430	\$ (33,346)
State Sources	470,701		470,701	330,246	140,455
Local Sources		94,780	94,780	86,046	8,734
<b>Total Revenues</b>	<u>916,387</u>	<u>409,178</u>	<u>1,325,565</u>	<u>1,209,722</u>	<u>115,843</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	597,000	9,584	606,584	589,766	16,818
Other Salaries for Instruction	105,477	10,152	115,629	114,603	1,026
Other Purchased Services		614	614	614	
Supplies and Materials		166,721	166,721	93,045	73,676
General Supplies	6,000	(720)	5,280	9,913	(4,633)
Other Objects					
<b>Total Instruction</b>	<u>708,477</u>	<u>186,351</u>	<u>894,828</u>	<u>807,941</u>	<u>86,887</u>
<b>Support Services</b>					
Other Salaries		32,686	32,686	25,771	6,915
Other Salaries for Instruction		8,582	8,582	7,051	
Employee Benefits	35,453	111,455	146,908	135,434	11,474
Purchased Professional & Technical Services - Other		8,300	8,300	6,316	1,984
Purchased Professional Ed Services	172,457	30,507	202,964	202,964	
Other Purchased Services		27,600	27,600	21,170	6,430
Supplies and Materials		3,075	3,075	3,075	
Other Objects		622	622		622
<b>Total Support Services</b>	<u>207,910</u>	<u>222,827</u>	<u>430,737</u>	<u>401,781</u>	<u>27,425</u>
<b>Facilities Acquisition and Construction Services:</b>					
Construction Services					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<u>916,387</u>	<u>409,178</u>	<u>1,325,565</u>	<u>1,209,722</u>	<u>114,312</u>
<b>Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>	<u>916,387</u>	<u>409,178</u>	<u>1,325,565</u>	<u>1,209,722</u>	<u>114,312</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, 2016

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

	General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 13,049,927	[C-2] \$ 1,209,722
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.	910,797	36,495
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(951,584)	(32,116)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 13,009,140	[B-2] \$ 1,214,101
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 12,821,046	[C-2] \$ 1,209,722
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	[B-2] \$ 12,821,046	[B-2] \$ 1,209,722

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.009752%	0.008918%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,189,127	\$ 1,669,768
District's Covered-Employee Payroll	\$ 726,259	\$ 3,376,654
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	301.43%	49.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%

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>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 83,841	\$ 73,552
Contributions in Relation to the Contractually Required Contribution	<u>(83,841)</u>	<u>(73,552)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 726,259	\$ 3,376,654
Contributions as a Percentage of Covered-Employee Payroll	11.54%	2.18%

**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>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.033840%	0.038948%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 21,388,041	\$ 20,816,478
District's Covered-Employee Payroll	\$ 3,436,632	\$ 3,392,779
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	622.35%	613.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	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-4

COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT CONTRIBUTIONS  
Teachers' Pension Plan

The School District was not required to make any contributions towards TPAF.

Note: This schedule is required by GASB 68 to show information for a 10 year period.  
However, information is only currently available for three years.  
Additional years will be presented as they become available.

**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, 2016

**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, 2016**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

	Lowe's Grant	Safety Grant	Race to the Top	NCLB				I.D.E.A. - Part B		Sub-Total Per E-1 (2)	Totals	
				Title I Part A		Title II Part A		Basic 2015-16	Pre-School 2014-15		2016	2015
				2015-16	2014-15	2015-16	2014-15					
<b>REVENUES:</b>												
Federal Sources			\$ 698	\$ 354,053	\$ 63,633	\$ 62,191	\$ 2,310	\$ 196,237	\$ 5,844	\$ 108,464	\$ 793,430	\$ 889,525
State Sources										330,246	330,246	364,393
Other	\$ 4,645	\$ 3,075								78,326	86,046	3,138
<b>Total Revenues</b>	<b>4,645</b>	<b>3,075</b>	<b>698</b>	<b>354,053</b>	<b>63,633</b>	<b>62,191</b>	<b>2,310</b>	<b>196,237</b>	<b>5,844</b>	<b>517,036</b>	<b>1,209,722</b>	<b>1,257,056</b>
<b>EXPENDITURES:</b>												
Instruction:												
Salaries of Teachers				272,491	47,088	49,416	2,310			218,461	589,766	570,745
Salaries - Other Instructional										114,603	114,603	119,245
Other Purchased Services										614	614	
Supplies and Materials	4,645			6,384						82,016	93,045	108,407
General Supplies				4,633						5,280	9,913	8,037
Other Objects												258
<b>Total Instruction</b>	<b>4,645</b>			<b>283,508</b>	<b>47,088</b>	<b>49,416</b>	<b>2,310</b>			<b>420,974</b>	<b>807,941</b>	<b>806,692</b>
Support Services:												
Salaries										25,771	25,771	42,466
Other Salaries										7,051	7,051	1,602
Personal Services-Employee Benefits				69,229	12,243	12,775				41,187	135,434	177,048
Purchased Prof/Tech Services			698	1,316	4,302						6,316	203,586
Purch. Prof.Ed.Services								196,237	5,844	883	202,964	
Other Purchased Services										21,170	21,170	21,819
Supplies and Materials		3,075									3,075	3,138
Other Objects												705
<b>Total Support Services</b>		<b>3,075</b>	<b>698</b>	<b>70,545</b>	<b>16,545</b>	<b>12,775</b>		<b>196,237</b>	<b>5,844</b>	<b>96,062</b>	<b>401,781</b>	<b>450,364</b>
Facilities Acquisition/Construction:												
Instructional Equipment												
<b>Total Facilities Acquisition/Construction</b>												
<b>Total Expenditures</b>	<b>\$ 4,645</b>	<b>\$ 3,075</b>	<b>\$ 698</b>	<b>\$ 354,053</b>	<b>\$ 63,633</b>	<b>\$ 62,191</b>	<b>\$ 2,310</b>	<b>\$ 196,237</b>	<b>\$ 5,844</b>	<b>\$ 517,036</b>	<b>\$ 1,209,722</b>	<b>\$ 1,257,056</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

	21ST CENTURY									
	2015-2016		HMS PY	PNS PY	PN United Way 15-16	PN IDEA 15-16	Commercial Twp Grant	Wildwood Library	Preschool Education 2015-16	Totals 2016
	PN	HMS								
<b>REVENUES:</b>										
Federal Sources	\$ 43,665	\$ 39,735	\$ 4,378	\$ 16,634	\$ 3,409	\$ 643				\$ 108,464
State Sources									\$ 330,246	330,246
Other Sources							\$ 1,000	\$ 77,326		78,326
<b>Total Revenues</b>	<b>43,665</b>	<b>39,735</b>	<b>4,378</b>	<b>16,634</b>	<b>3,409</b>	<b>643</b>	<b>1,000</b>	<b>77,326</b>	<b>330,246</b>	<b>517,036</b>
<b>EXPENDITURES:</b>										
Instruction:										
Salaries of Teachers	13,088	12,980	1,872	4,791	2,414				183,316	218,461
Salaries - Other Instructional		8,361	765						105,477	114,603
Other Purchased Services							614			614
Supplies & Materials	261	1,598	1,539		582	324	386	77,326		82,016
General Supplies									5,280	5,280
<b>Total Instruction</b>	<b>13,349</b>	<b>22,939</b>	<b>4,176</b>	<b>4,791</b>	<b>2,996</b>	<b>324</b>	<b>1,000</b>	<b>77,326</b>	<b>294,073</b>	<b>420,974</b>
Support Services:										
Salaries	9,490	14,086		1,898		297				25,771
Other Salaries	3,973			3,078						7,051
Personal Services-Employee Benefits	2,063	2,710	202	747	153	22			35,290	41,187
Purchased Professional-Educational Services									883	883
Other Purchased Services	14,790			6,120	260					21,170
<b>Total Support Services</b>	<b>30,316</b>	<b>16,796</b>	<b>202</b>	<b>11,843</b>	<b>413</b>	<b>319</b>			<b>36,173</b>	<b>96,062</b>
Facilities Acquisition/Construction:										
Instructional Equipment										
<b>Total Facilities Acquisition/Construction</b>										
<b>Total Expenditures</b>	<b>\$ 43,665</b>	<b>\$ 39,735</b>	<b>\$ 4,378</b>	<b>\$ 16,634</b>	<b>\$ 3,409</b>	<b>\$ 643</b>	<b>\$ 1,000</b>	<b>\$ 77,326</b>	<b>\$ 330,246</b>	<b>\$ 517,036</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF PRESCHOOL EDUCATION AID**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 183,316	\$ 183,316	
Other Salaries of Instruction	105,477	105,477	
General Supplies	5,280	5,280	
<b>Total Instruction</b>	<u>294,073</u>	<u>294,073</u>	
<b>Support Services:</b>			
Personal Services - Employee Benefits	35,290	35,290	
Purchased Professional - Educational Services	883	883	
Other Objects			
<b>Total Support Services</b>	<u>36,173</u>	<u>36,173</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>\$ 330,246</u>	<u>\$ 330,246</u>	

**CALCULATION OF BUDGET AND CARRYOVER**

Total Revised 2015-16 Preschool Education Aid Allocation	\$ 321,156	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2015)	9,647	(2)
Add: Budgeted Transfer from the General Fund 2015-16		(3)
Total Preschool Education Aid Funds Available for 2015-16 Budget	330,803	(4)
Less: 2015-16 Budgeted Preschool Education Aid ( including prior year budget carryover)	(330,246)	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	<u>557</u>	(6)
Add: June 30, 2016 Unexpended Preschool Education Aid	-	(7)
Less: 2015-16 Commissioner-approved Transfer to the General Fund		(8)
2015-16 Carryover - Preschool Education Aid Programs	<u>\$ 557</u>	(9)
2015-16 Preschool Education Aid Carryover Budgeted for Preschool Programs 2016-17	<u>\$ 557</u>	(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, 2016**

<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 2016</u>	<u>June 30 2015</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	3/7/15	42,644	40,599		2,045	2,045
Installation of Telecommunications System At the Port Norris Elementary School	0950-050-14-1002	3/7/15	30,770	29,319		1,451	1,451
			<u>\$ 4,511,883</u>	<u>\$ 4,448,995</u>	<u>\$</u>	<u>\$ 62,888</u>	<u>\$ 61,437</u>
				Unencumbered Balance	\$	62,888	
				Less: Unearned State Aid		(14,334)	
				Fund Balance	\$	<u>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, 2016**

**Revenues and Other Financing**

**Sources**

State Sources - SDA Grant	\$	
Interest		27
		<hr/>
Total Revenues		27
		<hr/>

**Expenditures and Other Financing**

**Uses**

Construction Services		
		<hr/>
Total Expenditures		
		<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures		27
Transfer of Interest Earned to General Fund		(27)
Fund Balance - Beginning		62,888
		<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, 2016**

		<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
		<hr/>				<hr/>	
Total Revenues		42,644				42,644	42,644
		<hr/>				<hr/>	
<b>Expenditures and Other Financing Uses</b>							
Construction Services		40,599				40,599	42,644
		<hr/>				<hr/>	
Total Expenditures		40,599				40,599	42,644
		<hr/>				<hr/>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	2,045	\$		\$	2,045	\$
		<hr/> <hr/>				<hr/> <hr/>	

**Additional Project Information:**

Project Number	0950-025-14-GINO
Grant Date/ Letter of Notification	March 7, 2015
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%
Original Target Completion Date	June 30, 2016
Revised Target Completion Date	June 30, 2016

**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, 2016**

	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
<b>Total Revenues</b>	<b>30,770</b>		<b>30,770</b>	<b>30,770</b>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	29,319		29,319	30,770
<b>Total Expenditures</b>	<b>29,319</b>		<b>29,319</b>	<b>30,770</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ 1,451</b>	<b>\$</b>	<b>\$ 1,451</b>	<b>\$</b>

**Additional Project Information:**

Project Number	0950-050-14-GINP
Grant Date/ Letter of Notification	March 7, 2015
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, 2016 AND 2015**

	<u>Food Service Enterprise Fund</u>	<u>Extended Day Enterprise Fund</u>	<u>Totals</u>	
			<u>2016</u>	<u>2015</u>
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$	\$ 54,127	\$ 54,127	\$ 65,679
Accounts Receivable:				
State	258		258	445
Federal	22,951		22,951	27,594
Other	27	1,523	1,550	916
Interfund Receivable				13,501
Inventories	14,287		14,287	12,579
Total Current Assets	<u>37,523</u>	<u>55,650</u>	<u>93,173</u>	<u>120,714</u>
Fixed Assets:				
Equipment	154,995		154,995	154,995
Accumulated Depreciation	(149,416)		(149,416)	(148,679)
Total Fixed Assets	<u>5,579</u>		<u>5,579</u>	<u>6,316</u>
Total Assets	<u>43,102</u>	<u>55,650</u>	<u>98,752</u>	<u>127,030</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable				67,622
Due to General Fund	16,523	4,605	21,128	
Unearned Revenue	2,889		2,889	4,669
Compensated Absences	14,225		14,225	14,225
Total Current Liabilities	<u>33,637</u>	<u>4,605</u>	<u>38,242</u>	<u>86,516</u>
<b>NET POSITION:</b>				
Invested in Capital Assets Net of Related Debt	5,579		5,579	6,316
Unrestricted	3,886	51,045	54,931	34,198
Total Net Position	<u>\$ 9,465</u>	<u>\$ 51,045</u>	<u>\$ 60,510</u>	<u>\$ 40,514</u>

**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, 2016 AND 2015**

	<u>Food Service</u> <u>Enterprise</u> <u>Fund</u>	<u>Extended Day</u> <u>Enterprise</u> <u>Fund</u>	<u>Totals</u>	
			<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES:</b>				
Local Sources:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$	\$	\$	\$ 29,648
Total Daily Sales - Reimbursable Programs				29,648
Daily Sales Non-Reimbursable Programs	18,089	31,769	49,858	32,344
Total Operating Revenue	18,089	31,769	49,858	61,992
<b>OPERATING EXPENSES:</b>				
Salaries	139,485	13,175	152,660	174,023
Employee Benefits	57,978	1,008	58,986	32,388
Supplies and Materials	19,051		19,051	26,160
Depreciation	737		737	1,301
Cost of Sales	205,603		205,603	159,755
Management Fee	18,582		18,582	21,000
Repairs and Other Expenses	11,715	641	12,356	27,578
Total Operating Expenses	453,151	14,824	467,975	442,205
Operating Income (Loss)	(435,062)	16,945	(418,117)	(380,213)
Non-Operating Revenues:				
State Sources:				
State School Lunch Program	4,684		4,684	4,106
Federal Sources:				
School Breakfast Program	101,832		101,832	81,268
National School Lunch Program	268,245		268,245	203,569
Snack Program	9,435		9,435	12,136
Food Distribution Program	31,796		31,796	24,153
Fruit and Vegetable Grant	22,101		22,101	21,599
Interest		20	20	18
Total Non-Operating Revenues	438,093	20	438,113	346,849
Net Income before Operating Transfers	3,031	16,965	19,996	(33,364)
Operating Transfer In				35,342
Net Income	3,031	16,965	19,996	1,978
Net Position - July 1	6,434	34,080	40,514	38,536
Net Position - June 30	\$ 9,465	\$ 51,045	\$ 60,510	\$ 40,514



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING SCHEDULE OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

	Food Service Enterprise Fund	Extended Day Enterprise Fund	Totals	
			2016	2015
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 18,089	\$ 31,769	\$ 49,858	\$ 61,992
Payments to Employees and Employee Benefits	(197,463)	(14,183)	(211,646)	(206,411)
Payments to Suppliers	(290,478)	2,601	(287,877)	(202,331)
Net Cash Provided by Noncapital Financing Activities	(469,852)	20,187	(449,665)	(346,750)
Cash Flows from Noncapital Financing Activities:				
Cash Received from State and Federal Reimbursements	438,093		438,093	346,831
Operating Transfer from General Fund	-		-	35,342
Net Cash Provided by Noncapital Financing Activities	438,093		438,093	382,173
Cash Flows from Capital & Related Financing Activities				
Purchase of Capital Assets				(4,477)
Net Cash Provided by Capital and Related Financing Activities				(4,477)
Cash Flows From Investing Activities				
Interest and Dividends		20	20	18
Net Cash Provided by Investing Activities		20	20	18
Net Decrease in Cash and Cash Equivalents	(31,759)	20,207	(11,552)	30,964
Cash and Cash Equivalents, July 1 (Overdraft)	31,759	33,920	65,679	34,715
Cash and Cash Equivalents, June 30 (Overdraft)	\$ -	\$ 54,127	\$ 54,127	\$ 65,679
Operating Income (Loss)	\$ (435,062)	\$ 16,945	\$ (418,117)	\$ (380,213)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation	737		737	1,301
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	5,519	(1,323)	4,196	5,175
(Increase)/Decrease in Inventory	(1,708)		(1,708)	574
(Increase)/Decrease in Interfund Receivable	13,501		13,501	(13,501)
Increase/(Decrease) in Accounts Payable	(67,622)		(67,622)	66,510
Increase/(Decrease) in Due to General	16,523	4,605	21,128	(21,841)
Increase/(Decrease) in Unearned Revenue	(1,740)	(40)	(1,780)	997
Increase/(Decrease) in Compensated Absences	-		-	(5,752)
Net Cash Used by Operating Activities	\$ (469,852)	\$ 20,187	\$ (449,665)	\$ (346,750)

## **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, 2016**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

	Unemployment Trust Funds	Private Purpose Scholarship Fund	Agency		Total	
			Student Activity	Payroll	2016	2015
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 163,363	\$ 71	\$ 15,468	\$ 273,504	\$ 452,406	\$ 490,035
Certificate of Deposit		32,500			32,500	32,500
Due from Payroll Agency Account	10,574				10,574	2,142
Accounts Receivable			436		436	
<b>Total Assets</b>	<b>\$ 173,937</b>	<b>\$ 32,571</b>	<b>\$ 15,904</b>	<b>\$ 273,504</b>	<b>\$ 495,916</b>	<b>\$ 524,677</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Interfund Payable - General Fund	\$	\$	\$	\$ 12,349	\$ 12,349	\$ 12,349
Due to Unemployment Trust Account				10,574	10,574	2,142
Accounts Payable						
Summer Reserve				244,571	244,571	257,014
Payroll Deductions and Withholdings				6,010	6,010	44,850
Due to Student Groups			15,904		15,904	9,472
<b>Total Liabilities</b>			<b>15,904</b>	<b>273,504</b>	<b>289,408</b>	<b>325,827</b>
<b>Net Position</b>						
Reserved for Scholarships		32,571			32,571	33,498
Held in Trust for Unemployment Claims and Other Purposes	173,937				173,937	165,352
<b>Total Net Position</b>	<b>173,937</b>	<b>32,571</b>			<b>206,508</b>	<b>198,850</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 173,937</b>	<b>\$ 32,571</b>	<b>\$ 15,904</b>	<b>\$ 273,504</b>	<b>\$ 495,916</b>	<b>\$ 524,677</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**FIDUCIARY FUNDS**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2016 AND 2015**

	<u>Expendable Trust</u>			
	<u>Unemployment</u>	<u>Scholarship</u>	<u>Total</u>	<u>Total</u>
	<u>Funds</u>	<u>Funds</u>	<u>2016</u>	<u>2015</u>
ADDITIONS:				
Contributions	\$ 14,196	\$	\$ 14,196	\$ 12,961
Employee Deductions	2,685		2,685	5,917
Investment Earnings	136	73	209	246
Total Additions	<u>17,017</u>	<u>73</u>	<u>17,090</u>	<u>19,124</u>
DEDUCTIONS:				
Total Deductions	<u>8,432</u>	<u>1,000</u>	<u>9,432</u>	<u>17,752</u>
Change in Net Position	8,585	(927)	7,658	1,372
Net Position - Beginning of the Year	<u>165,352</u>	<u>33,498</u>	<u>198,850</u>	<u>197,478</u>
Net Position - End of the Year	<u>\$ 173,937</u>	<u>\$ 32,571</u>	<u>\$ 206,508</u>	<u>\$ 198,850</u>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1,</u> <u>2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Receivable</u>	<u>Balance</u> <u>June 30,</u> <u>2016</u>
<b>ELEMENTARY SCHOOLS</b>					
Haleyville-Mauricetown	\$ 306	\$ 3,883	\$ 2,666	\$	\$ 1,523
Port Norris	386	2,897	2,161		1,122
Breakfast Fund	1,187	2,815	3,185	35	852
General Fund	1,405	7			1,412
Performing Arts	6,093	5,241	1,055	401	10,680
Due to Student Groups	1				1
Basketball, PNS	84	525	320		289
Graduation Awards/Donations		1,365	1,365		0
Bookfair, HMS	8	6,369	6,366		11
NJHS PNS	2	987	975		14
Total Elementary Schools	<u>9,472</u>	<u>24,089</u>	<u>18,093</u>	<u>436</u>	<u>15,904</u>
<b>TOTAL ALL SCHOOLS</b>	<b>\$ <u>9,472</u></b>	<b>\$ <u>24,089</u></b>	<b>\$ <u>18,093</u></b>	<b>\$ <u>436</u></b>	<b>\$ <u>15,904</u></b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>7/1/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/16</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 316,355	\$ 2,840,237	\$ 2,883,088	\$ 273,504
Total Assets	<u>\$ 316,355</u>	<u>\$ 2,840,237</u>	<u>\$ 2,883,088</u>	<u>\$ 273,504</u>
<b>LIABILITIES:</b>				
Interfund Payable - General Fund	\$ 12,349	\$	\$	\$ 12,349
Due to Unemployment Trust Account	2,142	8,432		10,574
Summer Reserve Account	257,014	250,989	263,432	244,571
Payroll Deductions and Withholdings	44,850	2,580,816	2,619,656	6,010
Total Liabilities	<u>\$ 316,355</u>	<u>\$ 2,840,237</u>	<u>\$ 2,883,088</u>	<u>\$ 273,504</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, 2016**

<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, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>	
			<u>Date</u>	<u>Amount</u>						
Refunding Bonds of 2009 to Refund Series 2001 Above	11/17/2009	\$ 2,370,000	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%					
						1,565,000	200,000	1,365,000		
Totals					\$	1,565,000	\$	200,000	\$	1,365,000



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2016**

	<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	\$ 111,343	\$	\$ 111,343	\$ 111,343	\$
State Sources:					
Debt Service Aid Type II	149,895		149,895	149,895	
<b>TOTAL REVENUES</b>	<u>261,238</u>		<u>261,238</u>	<u>261,238</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service					
Interest	61,238		61,238	55,047	6,191
Redemption of Principal	200,000		200,000	200,000	
<b>Total Regular Debt Service</b>	<u>261,238</u>		<u>261,238</u>	<u>255,047</u>	<u>6,191</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>		<u>0</u>	<u>6,191</u>	<u>6,191</u>
Other Financing Sources (Uses) Operating Transfers In					
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Sources	<u>0</u>		<u>0</u>	<u>6,191</u>	<u>6,191</u>
Fund Balance, July 1					
<b>Fund Balance, June 30</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 6,191</u>	<u>\$ 6,191</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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 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	\$ 3,033,507
Restricted	1,549,510	1,128,119	2,046,062	1,526,428	1,466,286	1,021,338	981,597	823,240	458,314	684,041
Unrestricted	(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)	(3,264,548)
<b>Total Governmental Activities Net Position</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>\$ 453,000</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 10,770	\$ 10,309	\$ 9,083	\$ 23,902	\$ 21,832	\$ 19,762	\$ 17,692	\$ 3,140	\$ 6,316	\$ 5,579
Restricted										
Unrestricted	121,133	159,873	167,010	124,630	82,489	45,896	57,781	35,396	34,198	54,931
<b>Total Business-Type Activities Net Position</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>\$ 60,510</b>
<b>District-Wide</b>										
Invested in Capital Assets, Net of Related Debt	\$ 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	\$ 3,039,086
Restricted	1,549,510	1,128,119	2,046,062	1,526,428	1,466,286	1,021,338	981,597	823,240	458,314	684,041
Unrestricted	(963,110)	(871,251)	(1,580,858)	(1,760,610)	(1,519,796)	(920,968)	(1,605,856)	(1,415,691)	(3,330,461)	(3,209,617)
<b>Total District-Wide Net Position</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>	<b>\$ 513,510</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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses:</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 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	3,022,514
Special Education	410,850	402,660	608,730	495,980	695,354	400,945	695,940	729,384	783,996	748,881
Other Special Education	269,767	239,384	366,151	418,126	343,378	7,447	62,530	63,849	47,560	38,498
Other Instruction	3,826	2,704	18,538	19,833	6,286	9,731	9,430	5,711	4,629	3,659
<b>Support Services</b>										
Tuition	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	4,415,211
Student and Instruction Related Services	914,994	1,218,422	887,375	1,022,953	963,836	942,783	860,192	975,156	935,886	914,259
General and Business Administrative Services	301,534	339,179	395,564	354,808	273,396	225,672	287,624	280,692	242,672	284,983
School Administrative Services	321,346	292,444	302,336	314,291	344,906	365,004	309,154	305,762	367,393	207,643
Central Services	195,105	204,391	205,258	219,829	217,143	248,170	117,424	130,654	122,355	142,631
Administrative Information Technology		12,530	9,875	3,783	13,526	31,615	57,358	66,484	64,856	68,157
Plant Operations and Maintenance	769,031	792,768	841,711	817,433	899,009	835,641	769,215	738,506	729,946	722,482
Pupil Transportation	691,322	815,314	880,997	993,527	808,002	802,161	851,737	671,346	992,679	955,269
Business and Other Support Services	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	3,409,017
Summer School		32,901	52,932	55,884	10,732					
Amortization of Debt Issue Costs	3,850	3,850	3,850	35,614	9,516	9,516				
Interest on Long-Term Debt	158,543	149,861	139,399	72,761	85,405	78,086	76,918	63,895	68,680	60,983
Unallocated Depreciation	533,538	393,603	393,603	415,865	509,902	538,034	538,750	330,253	323,103	307,727
<b>Total Governmental Activities Expenses</b>	<b>12,702,100</b>	<b>12,885,792</b>	<b>13,150,153</b>	<b>14,215,731</b>	<b>14,013,268</b>	<b>14,366,547</b>	<b>15,307,209</b>	<b>14,107,496</b>	<b>15,745,080</b>	<b>15,301,914</b>
<b>Business-Type Activities</b>										
Food Service	389,398	403,650	453,051	495,927	507,598	446,127	428,049	409,116	424,230	453,151
Extended Day	21,511	19,570	18,608	19,712	18,822	23,578	24,581	32,136	17,975	14,824
Safe Schools										
<b>Total Business-Type Activities Expense</b>	<b>410,909</b>	<b>423,220</b>	<b>471,659</b>	<b>515,639</b>	<b>526,420</b>	<b>469,705</b>	<b>452,630</b>	<b>441,252</b>	<b>442,205</b>	<b>467,975</b>
<b>Total District Expenses</b>	<b>\$ 13,113,009</b>	<b>13,309,012</b>	<b>13,621,812</b>	<b>14,731,370</b>	<b>14,539,688</b>	<b>14,836,252</b>	<b>15,759,839</b>	<b>14,548,748</b>	<b>16,187,285</b>	<b>15,769,889</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Operating Grants and Contributions	\$ 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	1,791,626
<b>Total Governmental Activities Program Revenues</b>	<b>2,682,881</b>	<b>2,732,628</b>	<b>1,754,904</b>	<b>2,108,027</b>	<b>2,174,350</b>	<b>1,869,639</b>	<b>2,016,459</b>	<b>1,708,949</b>	<b>1,845,138</b>	<b>1,791,626</b>
<b>Business-Type Activities</b>										
<b>Charges for Services</b>										
Food Service	76,574	77,775	67,020	64,339	77,806	57,650	51,247	43,603	45,351	18,089
Extended Day	21,028	22,954	19,235	25,636	23,654	18,438	36,327	9,721	16,641	31,769
Operating Grants and Contributions	227,753	250,120	290,924	357,007	330,188	350,089	342,616	363,163	346,831	438,093
<b>Total Business-Type Activities Program Revenues</b>	<b>325,355</b>	<b>350,849</b>	<b>377,179</b>	<b>446,982</b>	<b>431,648</b>	<b>426,177</b>	<b>430,190</b>	<b>416,487</b>	<b>408,823</b>	<b>487,951</b>
<b>Total District Program Revenues</b>	<b>\$ 3,008,236</b>	<b>3,083,477</b>	<b>2,132,083</b>	<b>2,555,009</b>	<b>2,605,998</b>	<b>2,295,816</b>	<b>2,446,649</b>	<b>2,125,436</b>	<b>2,253,961</b>	<b>2,279,577</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (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)	(13,510,288)
Business-Type Activities	(85,554)	(72,371)	(94,480)	(68,657)	(94,772)	(43,528)	(22,440)	(24,765)	(33,382)	19,976
<b>Total District-Wide Net Expense</b>	<b>\$ (10,104,773)</b>	<b>(10,225,535)</b>	<b>(11,489,729)</b>	<b>(12,176,361)</b>	<b>(11,933,690)</b>	<b>(12,540,436)</b>	<b>(13,313,190)</b>	<b>(12,423,312)</b>	<b>(13,933,324)</b>	<b>(13,490,312)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Property Taxes Levied for General Purposes, net	\$ 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	1,802,791
Taxes Levied for Debt Service	86,149	114,019	109,911	115,148	174,378	143,805	146,908	105,778	104,954	111,343
Unrestricted Grants and Contributions	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	11,598,553
Investment Earnings	143,079	51,543	15,013	20,573	11,982	7,557	3,948	1,195	843	750
Miscellaneous Income	179,202	122,225	175,836	104,569	44,264	20,750	131,520	119,269	131,628	220,318
Other Adjustments	17,339	(14,383)	(57,680)					(1,521,219)		
Transfers	(120,000)	(120,000)	(100,000)	(35,000)	(50,000)	(4,349)	(32,116)	(1,310)	(119,417)	
<b>Total Governmental Activities</b>	<b>9,409,952</b>	<b>9,629,695</b>	<b>11,617,106</b>	<b>12,212,059</b>	<b>11,970,438</b>	<b>12,868,691</b>	<b>12,389,202</b>	<b>10,918,426</b>	<b>13,453,947</b>	<b>13,733,755</b>
<b>Business-Type Activities</b>										
Investment Earnings	2,020	1,166	391	489	561	516	139	30	18	20
Other Adjustments		(10,516)		5,607				(13,512)		
Transfers	120,000	120,000	100,000	35,000	50,000	4,349	32,116	1,310	35,342	
<b>Total Business-Type Activities</b>	<b>122,020</b>	<b>110,650</b>	<b>100,391</b>	<b>41,096</b>	<b>50,561</b>	<b>4,865</b>	<b>32,255</b>	<b>(12,172)</b>	<b>35,360</b>	<b>20</b>
<b>Total District-Wide</b>	<b>\$ 9,531,972</b>	<b>9,740,345</b>	<b>11,717,497</b>	<b>12,253,155</b>	<b>12,020,999</b>	<b>12,873,556</b>	<b>12,421,457</b>	<b>10,906,254</b>	<b>13,489,307</b>	<b>13,733,775</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (609,267)	(523,469)	221,857	104,355	131,520	371,783	(901,548)	(1,480,121)	(445,995)	223,467
Business-Type Activities	36,466	38,279	5,911	(27,561)	(44,211)	(38,663)	9,815	(36,937)	1,978	19,996
<b>Total District-Wide</b>	<b>\$ (572,801)</b>	<b>(485,190)</b>	<b>227,768</b>	<b>76,794</b>	<b>87,309</b>	<b>333,120</b>	<b>(891,733)</b>	<b>(1,517,058)</b>	<b>(444,017)</b>	<b>243,463</b>

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted	\$ 1,099,012	\$ 852,073	\$ 1,486,960	\$ 1,622,136	\$ 641,437	\$ 88,309	\$ 584,774	\$ 14,587	\$ 231,373	\$ 635,742
Unrestricted	371,498	209,417	(126,263)	(732,463)	179,066	763,619	(344,252)	106,259	(478,360)	(694,608)
<b>Total General Fund</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>	<b>\$ (58,866)</b>
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unrestricted, Reported in:										
Special Revenue Fund	(45,314)	(55,765)	(32,417)	(32,806)	(36,296)	(32,806)	(27,009)	(27,009)	(36,495)	(32,116)
Capital Projects Fund	18,938	18,938	18,938	24,668	65,122	72,899	59,392	59,392	48,554	48,554
Debt Service Fund	4,757	4,757	2	42,861	42,862	38,423	687	687		6,191
Permanent Fund										
<b>Total All Other Governmental Funds</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>	<b>\$ 22,629</b>

Source: CAFR Schedule B-1

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax Levy	\$ 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	\$ 1,914,134
Transportation										
Interest Earnings	143,079	51,543	15,013	20,573	11,982	7,557	3,948	1,195	843	750
Miscellaneous	182,201	125,225	176,836	104,569	44,264	20,750	116,302	88,031	131,628	220,318
State Sources	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	11,536,340
Federal Sources	900,696	808,241	808,369	2,879,611	1,219,292	1,179,675	888,985	770,383	916,748	812,964
Other Sources							15,218	9,471		
<b>Total Revenues</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>14,484,506</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	3,022,514
Special Education Instruction	410,850	402,660	608,730	495,980	695,354	400,945	695,940	729,384	783,996	748,881
Other Special Instruction	269,767	239,384	366,151	418,126	343,378	7,447	62,530	63,849	47,560	38,498
Other instruction	3,826	2,704	18,538	19,833	6,286	9,731	9,430	5,711	4,629	3,659
<b>Support Services</b>										
Tuition	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	4,415,211
Student and Instruction Related Services	914,994	1,218,422	887,375	1,022,953	963,836	942,783	860,192	975,156	935,886	914,259
School Administrative Services	296,534	292,444	395,564	354,808	344,906	365,004	309,154	305,762	367,393	207,643
General Administrative Services	326,346	351,709	302,336	314,291	273,396	225,672	287,624	280,692	242,672	284,983
Central Services & Info. Techn.	195,105	204,391	215,133	223,612	228,303	278,409	174,782	197,138	187,211	210,788
Plant Operations and Maintenance	769,031	792,768	847,255	817,433	899,009	835,641	769,215	738,506	729,946	722,482
Pupil Transportation	691,322	815,314	880,997	993,527	808,002	802,161	851,737	892,170	992,679	955,269
Business and Other Support Services										
Employee Benefits	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	2,491,955
Summer School		32,901	52,932	55,884	10,732					
Capital Outlay	100,287	36,494	238,416	982,230	199,491	442,247	15,020	43,680	93,408	14,626
<b>Debt Service</b>										
Principal	209,704	216,295	227,981	239,693	271,536	278,473	280,560	282,748	195,000	200,000
Interest and Other Charges	162,364	153,222	143,635	90,625	90,326	81,101	74,113	67,014	61,238	55,047
<b>Total Expenditures</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>14,285,815</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(256,354)	(299,471)	417,800	(387,824)	17,795	42,602	(574,662)	(190,207)	(269,427)	198,691
<b>Other Financing Sources (Uses)</b>										
Other adjustments	(1,770)									
Transfers, Net	(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>(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>-</b>
<b>Net Change in Fund Balances</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>\$ 198,691</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	3.0%	2.9%	2.9%	2.4%	2.6%	2.5%	2.4%	2.5%	1.7%	1.8%

Source: CAFR Schedule B-2

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Transportation and Tuition Revenue</u>	<u>Prior Years Tuition</u>	<u>Prior Year Order Adjustments</u>	<u>E-Rate</u>	<u>Misc.</u>	<u>Total</u>
2016	\$ 723	\$	\$ 33,078	\$ 1,136	\$ 85,795	\$	\$ 120,732
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

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
2016	\$ 17,806,100	\$ 238,291,700	\$ 2,529,300	\$ 463,500	\$ 12,289,700	\$ 12,810,900	\$	\$ 284,191,200	\$	\$ 284,191,200	0.683	\$ 224,015,848
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	11,201,600	12,810,900	1,169,000	287,834,600	1,210,992	289,045,592	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

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)*

Year Ended June 30,	Commercial Township Board of Education			Overlapping Rates		
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Commercial Township	Cumberland County	Total
2016	\$ 0.643	\$ 0.040	\$ 0.683	\$ 0.568	\$ 0.882	\$ 2.133
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

\* 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	2016		2007	
	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	
2016	\$ 1,914,134	\$ 1,914,134	100.00%	\$
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%	

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	
	General Obligation Bonds <sup>d</sup>	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Personal Income <sup>a</sup>		Per Capita <sup>a</sup>	
2016	\$ 1,365,000	\$	\$	\$	\$ 1,365,000	0.75%	\$ 270	
2015	1,565,000				1,565,000	0.86%	308	
2014	1,760,000				1,760,000	0.97%	344	
2013	2,042,748				2,042,748	1.16%	398	
2012	2,323,308				2,323,308	1.32%	450	
2011	2,601,781				2,601,781	1.47%	504	
2010	2,873,317				2,873,317	1.67%	556	
2009	3,018,009	5,939			3,023,948	1.72%	559	
2008	3,245,990	11,483			3,257,473	1.89%	603	
2007	3,462,285	28,465			3,490,750	2.14%	647	

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		
2016	\$ 1,365,000		\$ 1,365,000	0.48%	270
2015	1,565,000		1,565,000	0.54%	308
2014	1,760,000		1,760,000	0.61%	344
2013	2,042,748		2,042,748	0.70%	398
2012	2,323,308		2,323,308	0.80%	450
2011	2,601,781		2,601,781	0.89%	504
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

**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, 2016**  
*(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	\$ 1,171,908	100.000%	\$ 1,171,908
<b>Other Debt</b>			
County of Cumberland - Township share	86,581,151	2.536%	2,195,827
Subtotal, Overlapping Debt			<u>3,367,735</u>
<b>Commercial Township School District Direct Debt</b>			<u>1,365,000</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 4,732,735</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 2015**

	Equalized Valuation Basis	
	2015	\$ 224,539,624
	2014	231,974,936
	2013	248,402,390
	[A]	\$ 704,916,950
Average Equalized Valuation of Taxable Property	[A/3]	\$ 234,972,317
Debt Limit (3% of Average Equalization Value)	[B]	\$ 7,049,170 <sup>a</sup>
Net Bonded School Debt	[C]	1,365,000
Legal Debt Margin	[B-C]	\$ 5,684,170

	<u>Fiscal Year,</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>	<u>2016</u>
Debt Limit	\$ 5,391,024	\$ 6,137,667	\$ 6,772,680	\$ 7,377,297	\$ 7,835,390	\$ 7,835,390	\$ 7,835,770	\$ 7,558,298	\$ 7,301,999	\$ 7,049,170
Total Net Debt Applicable to Limit	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	1,365,000
Legal Debt Margin	\$ 1,928,739	\$ 2,891,677	\$ 3,754,671	\$ 4,962,073	\$ 5,233,609	\$ 5,233,609	\$ 5,793,022	\$ 5,515,550	\$ 5,736,999	\$ 5,684,170
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	64%	53%	45%	39%	33%	33%	26%	27%	21%	19%

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>	
2016	*	5,063	\$ 181,374,718	\$ 35,824	11.70%
2015		5,080	181,078,327	35,645	11.80%
2014		5,112	181,312,416	35,468	13.40%
2013		5,132	175,955,752	34,286	19.40%
2012		5,159	176,283,030	34,170	17.40%
2011		5,163	176,894,706	34,262	15.50%
2010		5,170	171,581,960	33,188	13.60%
2009		5,412	175,559,868	32,439	12.70%
2008		5,406	172,640,610	31,935	7.40%
2007		5,398	163,473,032	30,284	6.10%

\* 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>2016</u>		<u>2007</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)*

<u>Function/Program</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>	<u>2016</u>
Instruction										
Regular	51	49	49	48	47	49	46	47	46	49
Special Education	7	12	17	14	19	11	14	14	16	15
Support Services:										
Tuition										
Student & Instruction Related Services	19	16	14	17	15	13	7	7	6	6
General Administrative Services	2	2	2	2	2	1	1	1	1	1
School Administrative Services	5	5	5	7	7	6	4	4	3	3
Business Administrative Services	3	3	3	3		2	1	2	2	2
Plant Operations and Maintenance	9	9	9	9	9	2	2	1	1	1
Food Service										
<b>Total</b>	<b>96</b>	<b>96</b>	<b>99</b>	<b>100</b>	<b>99</b>	<b>84</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>77</b>

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>
2016	572	\$ 14,016,142	\$ 24,504	1.9%	47	12.2 : 1	571.5	537.5	-5.02%	94.05%
2015	567	14,401,110	25,399	4.4%	59	10.1 : 1	566.5	530.1	-5.85%	93.58%
2014	579	13,924,902	24,050	-1.1%	59	10.1 : 1	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%

**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)**

	<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>	<u>2016</u>
<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	499	460	492	460	470	444	403	397	396	404
<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	218	190	188	195	195	192	198	183	171	168
<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, 2016

- 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**

School Facilities	Gross Square Footage	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Haleyville-Mauricetown	65,975	\$ 71,017	\$ 79,210	\$ 39,628	\$ 38,639	\$ 121,257	\$ 125,112	\$ 112,057	\$ 112,126	\$ 86,625	\$ 118,932
Port Norris Middle	49,875	63,163	60,909	27,078	39,248	92,015	100,901	98,390	74,606	83,659	58,557
Total School Facilities		134,180	140,119	66,706	77,887	213,272	226,013	210,447	186,732	170,284	177,489
Other Facilities	1,900	12,553	4,115	3,683	2,248	61,315	3,195	6,095	5,781	11,141	13,249
Grand Total		\$ 146,733	\$ 144,234	\$ 70,389	\$ 80,135	\$ 274,587	\$ 229,208	\$ 216,542	\$ 192,513	\$ 181,425	\$ 190,738

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
*INSURANCE SCHEDULE*  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**  
**(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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## 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 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, 2016, and the related notes to the financial statements, which collectively comprise the Board of Education of the Commercial Township's basic financial statements and have issued our report thereon dated November 9, 2016. 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 the audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

#### Internal Control Over Financial Reporting

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

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

**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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

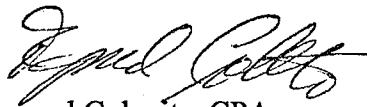
**Purpose of this Report**

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

November 9, 2016

# NIGHTLINGER, COLAVITA & VOLPA

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## REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES REQUIRED BY UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE) AND NEW JERSEY OMB CIRCULAR 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 Federal and State 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 *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Commercial Township School District's major federal and state programs for the fiscal year ended June 30, 2016. 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 major federal and state 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 the audit requirements as prescribed by the *Office of School Finance, Department of Education, State of New Jersey, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB 15-08*. Those standards, *Uniform Guidance and New Jersey OMB 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 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 compliance 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, 2016.

### Report on Internal Control Over Compliance

Management of the Commercial Township School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to major federal and state programs. In planning and performing our audit, we considered Commercial Township Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance in accordance with Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commercial Township School District 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 federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

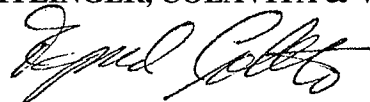
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated November 9, 2016. 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 Uniform Guidance and New Jersey OMB 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 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.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915  
November 9, 2016

**TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Schedule A  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015	Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures	Returned/ Adjustments	Balance at June 30, 2016				
					From	To							Accounts Receivable	Unearned Revenue	Due to Grantor		
<b>U.S. Department of Education</b>																	
General Fund																	
Medical Assistance Program (SEMI)	93.778	1605NJ5MAP	N/A	\$ 19,534	7/1/15	6/30/16	\$	\$ 18,530	\$ (19,534)	\$	\$ (\$19,534)	\$	\$ (1,004)	\$	\$		
								18,530	(19,534)		(19,534)		(1,004)				
<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	N/A	25,001	7/1/14	6/30/15	2,847		(2,847)		(2,847)						
U.S.D.A. Food Distribution Program	10.565	N/A	N/A	31,838	7/1/15	6/30/16		31,838	(28,949)		(28,949)				2,889		
Fresh Fruits and Vegetable Program	10.582	16161NJ304L1603	N/A	22,101	7/1/15	6/30/16		19,479	(22,101)		(22,101)		(2,622)				
Fresh Fruits and Vegetable Program	10.582	16161NJ304L1603	N/A	21,599	7/1/14	6/30/15	(3,352)	3,352									
School Breakfast Program	10.553	16161NJ304N1099	N/A	101,832	7/1/15	6/30/16		96,445	(101,832)		(101,832)		(5,387)				
School Breakfast Program	10.553	16161NJ304N1099	N/A	81,268	7/1/14	6/30/15	(6,800)	6,800									
School Snack Program	10.555	16161NJ304N1099	N/A	9,435	7/1/15	6/30/16		9,273	(9,435)		(9,435)		(162)				
School Snack Program	10.555	16161NJ304N1099	N/A	12,136	7/1/14	6/30/15	(535)	535									
National School Lunch Program	10.555	16161NJ304N1099	N/A	268,245	7/1/15	6/30/16		253,465	(268,245)		(268,245)		(14,780)				
National School Lunch Program	10.555	16161NJ304N1099	N/A	203,569	7/1/14	6/30/15	(16,907)	16,907									
Total U.S. Department of Agriculture							(24,747)	438,094	(433,409)		(433,409)		(22,951)		2,889		
<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	H173A150114	IDEA0950-15	5,744	7/1/14	6/30/15	(1,149)	1,149									
I.D.E.A. Part B, Pre-school	84.173	H173A150114	IDEA0950-16	5,844	7/1/15	6/30/16		4,090	(5,844)		(5,844)		(1,754)				
I.D.E.A. Part B Basic	84.027	H027A150100	IDEA0950-15	197,147	7/1/14	6/30/15	(39,429)	39,429									
I.D.E.A. Part B Basic	84.027	H027A150100	IDEA0950-16	196,237	7/1/15	6/30/16		137,367	(196,237)		(196,237)		(58,870)				
Title I	84.010A	S010A150030	NCLB0950-16	429,098	7/1/15	6/30/16		238,086	(354,053)		(354,053)		(115,967)				
Title I	84.010A	S010A150030	NCLB0950-15	586,407	7/1/14	6/30/15	(122,746)	186,379	(63,633)		(63,633)						
Title I	84.010A	S010A150030	NCLB0950-14	478,565	9/1/13	8/31/14	(71,612)	71,612									
Title II A	84.367A	S367A150029	NCLB0950-16	62,264	7/1/15	6/30/16		43,278	(62,191)		(62,191)		(18,913)				
Title II A	84.367A	S367A150029	NCLB0950-15	66,912	7/1/14	6/30/15	(27,538)	29,848	(2,310)		(2,310)						
Title II A	84.367A	S367A150029	NCLB0950-14	66,140	9/1/13	8/31/14	(4,441)	4,441									
21st Century Prog - PN	84.287C	S287C150030	NCLB0950-16	75,203	9/1/15	8/31/16		38,139	(47,717)		(47,717)		(9,578)				
21st Century Prog - PN	84.287C	S287C150030	NCLB0950-15	74,880	9/1/14	8/31/15	(40,808)	57,442	(16,634)		(16,634)						
21st Century Prog - HMS	84.287C	S287C150030	NCLB0950-16	44,241	9/1/15	8/31/16		23,255	(39,735)		(39,735)		(16,480)				
21st Century Prog - HMS	84.287C	S287C150030	NCLB0950-15	45,216	9/1/14	8/31/15	(13,384)	17,762	(4,378)		(4,378)						
RTTT3	84.413A	B413A120008	RTTT-0950-13	34,183	9/1/11	#####	4,875	698	(698)		(698)	(4,875)					
Total U.S. Department of Education							(316,232)	892,975	(793,430)		(793,430)	(4,875)	(221,562)				
Total Federal Financial Awards							\$ (340,979)	\$ 1,349,599	\$ (1,246,373)	\$	\$ (1,246,373)	\$ (4,875)	\$ (245,517)	\$ 2,889	\$		

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, 2016**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2015			Cash Received	Budgetary Expenditures	Balance at June 30, 2016		MEMO	
					(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	15-495-034-5120-078	\$ 9,272,615	7/1/14	6/30/15	\$ (824,860)	\$	\$	\$ 824,860	\$	\$	\$	\$	\$
Equalization Aid	16-495-034-5120-078	9,272,615	7/1/15	6/30/16				9,272,615	(10,134,413)	(861,798)	*	(861,798)	10,134,413
Special Education Categorical Aid	15-495-034-5120-089	470,267	7/1/14	6/30/15	(41,833)			41,833					
Special Education Categorical Aid	16-495-034-5120-089	470,267	7/1/15	6/30/16				470,267	(513,974)	(43,707)	*	(43,707)	513,974
Security Aid	16-495-034-5120-084	283,193	7/1/15	6/30/16				283,193	(309,513)	(26,320)	*	(26,320)	309,513
Security Aid	15-495-034-5120-084	283,193	7/1/14	6/30/15	(25,192)			25,192					
Transportation Aid	16-495-034-5120-014	196,051	7/1/15	6/30/16				196,051	(214,272)	(18,221)	*	(18,221)	214,272
Transportation Aid	15-495-034-5120-014	196,051	7/1/14	6/30/15	(17,440)			17,440					
Under Adequacy Aid	16-495-034-5120-096	944	7/1/15	6/30/16				856	(944)	(88)	*	(88)	944
Under Adequacy Aid	15-495-034-5120-096	944	7/1/14	6/30/15	(84)			84					
PARCC Readiness Aid	16-495-034-5120-098	7,800	7/1/15	6/30/16				7,075	(7,800)	(725)	*	(725)	7,800
PARCC Readiness Aid	15-495-034-5120-098	7,800	7/1/14	6/30/15	(694)			694					
Per Pupil Growth Aid	16-495-034-5120-097	7,800	7/1/15	6/30/16				7,075	(7,800)	(725)	*	(725)	7,800
Per Pupil Growth Aid	15-495-034-5120-097	7,800	7/1/14	6/30/15	(694)			694					
Extraordinary Aid	16-100-034-5120-473	3,496	7/1/15	6/30/16					(3,496)	(3,496)	*		3,496
Non-public Transportation Aid	16-495-034-5120-014	3,480	7/1/15	6/30/16					(3,480)	(3,480)	*		3,480
Non-public Transportation Aid	15-495-034-5120-014	3,654	7/1/14	6/30/15	(3,654)			3,654					
Reimbursed TPAF Social Security Contrib	16-495-034-5095-002	266,293	7/1/15	6/30/16				253,394	(266,293)	(12,899)	*		266,293
Reimbursed TPAF Social Security Contrib	15-495-034-5095-002	297,651	7/1/14	6/30/15	(16,541)			16,541					
<b>Total General Fund</b>					<b>(930,992)</b>			<b>11,421,518</b>	<b>(11,461,985)</b>	<b>(971,459)</b>		<b>(951,584)</b>	<b>11,461,985</b>
Special Revenue Fund:													
Preschool Education Aid	15-495-034-5120-086	364,950	7/1/14	6/30/15	(36,495)	9,647	(9,647)	36,495					
Preschool Education Aid	16-495-034-5120-086	321,156	7/1/15	6/30/16				289,040	(330,246)	(32,116)	557	(32,116)	330,246
<b>Total Special Revenue Fund</b>					<b>(36,495)</b>	<b>9,647</b>	<b>-</b>	<b>325,535</b>	<b>(330,246)</b>	<b>(32,116)</b>	<b>557</b>	<b>(32,116)</b>	<b>330,246</b>
Capital Projects Fund:													
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
					<b>(39,554)</b>					<b>(39,554)</b>			<b>39,554</b>
Debt Service Fund:													
Debt Service Aid-Type II	16-495-034-5120-017	149,895	7/1/15	6/30/16				149,895	(149,895)		*		149,895
<b>State Department of Agriculture:</b>													
Enterprise Fund:													
National School Lunch Prog.	16-101-010-3350-023	4,684	7/1/15	6/30/16				4,426	(4,684)	(258)	*		4,684
National School Lunch Prog.	15-101-010-3350-023	4,536	7/1/14	6/30/15	(445)			445					
<b>Total Enterprise Fund</b>					<b>(445)</b>			<b>4,871</b>	<b>(4,684)</b>	<b>(258)</b>			<b>4,684</b>
<b>Total State Financial Assistance Subject to OMB 15-08</b>					<b>\$ (1,007,486)</b>	<b>\$ 9,647</b>	<b>\$</b>	<b>\$ 11,901,819</b>	<b>\$ (11,946,810)</b>	<b>\$ (1,043,387)</b>	<b>\$ 557</b>	<b>\$ (983,700)</b>	<b>\$ 11,986,364</b>
State Financial Assistance Not Subject to OMB 15-08													
On-Behalf TPAF Post Retirement Medical	16-495-034-5095-001	315,611	7/1/15	6/30/16				\$ 315,611	\$ (315,611)				
On-Behalf TPAF Pension Contribution	16-495-034-5095-006	265,057	7/1/15	6/30/16				265,057	(265,057)				
<b>Total State Financial Assistance</b>								<b>\$ 12,482,487</b>	<b>\$ (12,527,478)</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, 2016**

**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 federal awards and state 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 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements 2 CFR 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey OMB 15-08. 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 \$40,787 for the general fund and \$4,379 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, 2016**  
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 19,534	\$ 11,051,820	\$ 11,071,354
Special Revenue Fund	793,430	334,625	1,128,055
Debt Service		149,895	149,895
Food Service Fund	<u>433,409</u>	<u>4,684</u>	<u>438,093</u>
 Total Awards & Financial Assistance	 <u>\$ 1,246,373</u>	 <u>\$ 11,541,024</u>	 <u>\$ 12,787,397</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, 2016.

**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, 2016. 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, 2016.

**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 \$4,875 noted on Schedule A, Exhibit 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, 2016

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
- 2) Significant deficiencies identified? \_\_\_\_\_ yes        X   none 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
- 2) Significant deficiencies identified? \_\_\_\_\_ 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 2 CFR 200 section .516(a) of Uniform Guidance?

\_\_\_\_\_ yes        X   no

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	16161NJ304N1099	School Breakfast Program
10.555	16161NJ304N1099	National School Lunch Program
10.555	16161NJ304N1099	School Snack Program

Dollar threshold used to distinguish between type A and type B programs:      \$ 750,000

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, 2016  
(continued)

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

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

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 15-08 as applicable?   yes  X  no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
16-495-034-5120-078	Equalization Aid
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-096	Under Adequacy Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5120-014	Transportation Aid

COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey OMB Circular 15-08 audit.

**Finding:**

**Criteria or specific requirement:**

**Condition:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(continued)

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

This section identifies the audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB Circular Letter 15-08, as applicable, for State Financial Assistance.

**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, 2016**

This section identifies the status of prior - year findings related to the basic financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a)(b) and New Jersey OMB's Circular 04-04 and/or 15-08, as applicable.

**STATUS OF PRIOR - YEAR FINDINGS**

**Finding: 2015-1**

**Condition:**

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

**Current Status:**

Corrective action has been taken.