

REVISED
2/19/19

SCHOOL DISTRICT
OF THE
TOWNSHIP OF COMMERCIAL



Commercial Township Board of Education
Port Norris, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Township of Commercial Board of Education

Port Norris, New Jersey

For the Fiscal Year Ended June 30, 2018

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



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856.785.2333



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

Jean Smith

Interim Superintendent/Principal

Darren Harris

School Business Administrator

Alysia R. Thomson, M.Ed

District Assistant Principal

John Lavell

Director of Special Services

January 22, 2019

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, 2018, 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 2017-18 fiscal year with a June enrollment of 530 students, which is 28 less than the previous year enrollment. The following details the changes in the student enrollment of the District over the last ten years.

June 30 Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-18	530	(5.00)%
2016-17	558	(2.45)%
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%

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:

- review curriculum and instruction to ensure we are meeting the needs of every student, completion of Social Studies, Science, Spanish, Physical Education Curriculum guides by December, 2018
- to create appropriate teaching and learning opportunities as it relates to differentiation, planning, and instruction
- the introduction of technology with the intent to establish high interest activities, engagement, and time on task,
- provide new language arts,

3. MAJOR INITIATIVES (CONT'D):

- 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 for Grade 2 and Special Education teachers
 - 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.
 - Enrichment and Intervention in the Port Norris Middle School
 - Academic Learning Lab after school at the Port Norris Middle School
 - Technology Advisor
 - Professional development is in place for teachers to implement guided math
 - Implementation of the Marzano Focused Model which directly reinforces district goals and objectives
 - 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:

- 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.
- Utilizing Fountas and Pinnell Benchmark Assessments to collect meaningful data for grades K-8.
- 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.
- Port Norris Middle School has implemented an Enrichment and Intervention Period daily into the schedule as well as a flex period that will enhance instruction and give more opportunities to work with students to increase student achievement.
- Bus Lease that will help save the district on the cost of contracted routes, plus provide revenue for providing transportation for our field trips, 21st Century Community Learning, and all after school activities.

Child Study Team and Related Services

- 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.

3. MAJOR INITIATIVES (CONT'D):

Technology Initiatives 2018-19:

- LANSchool - Continue to implement classroom management software and encourage teachers to utilize this feature.
- **Grades PS-8:** have weekly courses in technology
- **Grades K-4:** Students will use high quality online educational materials including Reflex Math, where students are able to log into account at school and at home.
- **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
- **Grades 3-8:** Google Apps for Education -Students will have intensive technology education to become literate with the majority GSuite products in anticipation for the middle school 1:1 initiative.
 - Google Docs
 - Google Drive
 - Google Drawing
 - Google Sheets
 - Google Classroom
 - Google Slides

Technology Device Upgrades:

- Replace computers that are older than 8 years old with new technology if funding and/or grants allows for this.

MARZANO Focused Teacher Evaluation:

Commercial Township School District has transitioned to the Marzano Focused Teacher Evaluation model. This revised model supports standards-based learning, research-based practices, effective strategies, common language, and taxonomy levels to drive instruction. Through this process, it was imperative to have our district goals linked to our evaluation model. Our goals for the 2018-2019 school year are Literacy and Math Achievement, Social Emotional Character Development, and Technology Infusion and Integration.

The Marzano Focused Teacher Evaluation Model 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.

3. MAJOR INITIATIVES (CONT'D):

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

15% Student Growth Objectives
85% Teacher practice

Tested Grades and Subjects:

5 %mSGP
70% Teacher Practice
25 % Student Growth Objectives

1. to increase all students' learning;
2. Research: Research into teaching and learning for the purpose of improving both (National Council for the Accreditation of Teacher Education, 2001).

Transportation

Commercial Township implemented a transportation department for the 17-18 school year in response to rising contracted route costs. When contracting routes with vendors, the District was limited to the company's schedule, which was prepared with the company in mind, not the District's needs and schedule of events. By taking ownership of the transportation needs, the District has effectively simplified and condensed the number of buses required to transport the District's student population to the District schools, as well as Millville High Schools. In response to any changes that may arise with times, locations, events, etc., the District is able to respond directly and efficiently, while previous changes were made through the contracted vendor with frequent minimal communication of such changes or updates. The consistency of the drivers creates familiarity and stability among the student population, which was noted previously as an issue with the contracted vendors' drivers changing sometimes daily. Two areas of high transportation costs were Special Education and In-Transit student populations. These types of routes were costly due to the additional needs of these populations - wheelchairs, aides, temporary housing locations that are not in District, etc. The coordinated effort of the Child Study Team and the creation of Special Education programs will allow the District to service those students' needs in-district, not only saving the cost of out-of-district tuition but also the transportation costs. When projecting costs of continued contracted vendor services compared to implementing the department, it was estimated the District could potentially save about \$200,000. The District assessed the effectiveness of the quantitative and qualitative items throughout and at the end of the 17-18 school year and found the program to be most worthwhile. It will be continued throughout 2018-2019 school year.

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.

4. INTERNAL ACCOUNTING CONTROLS (CONT'D):

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, 2018.

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, 2018 the District's outstanding debt issues were \$930,000 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.

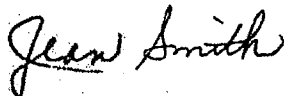
10. OTHER INFORMATION:

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.

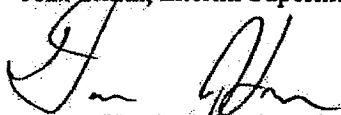
11. ACKNOWLEDGMENTS:

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,

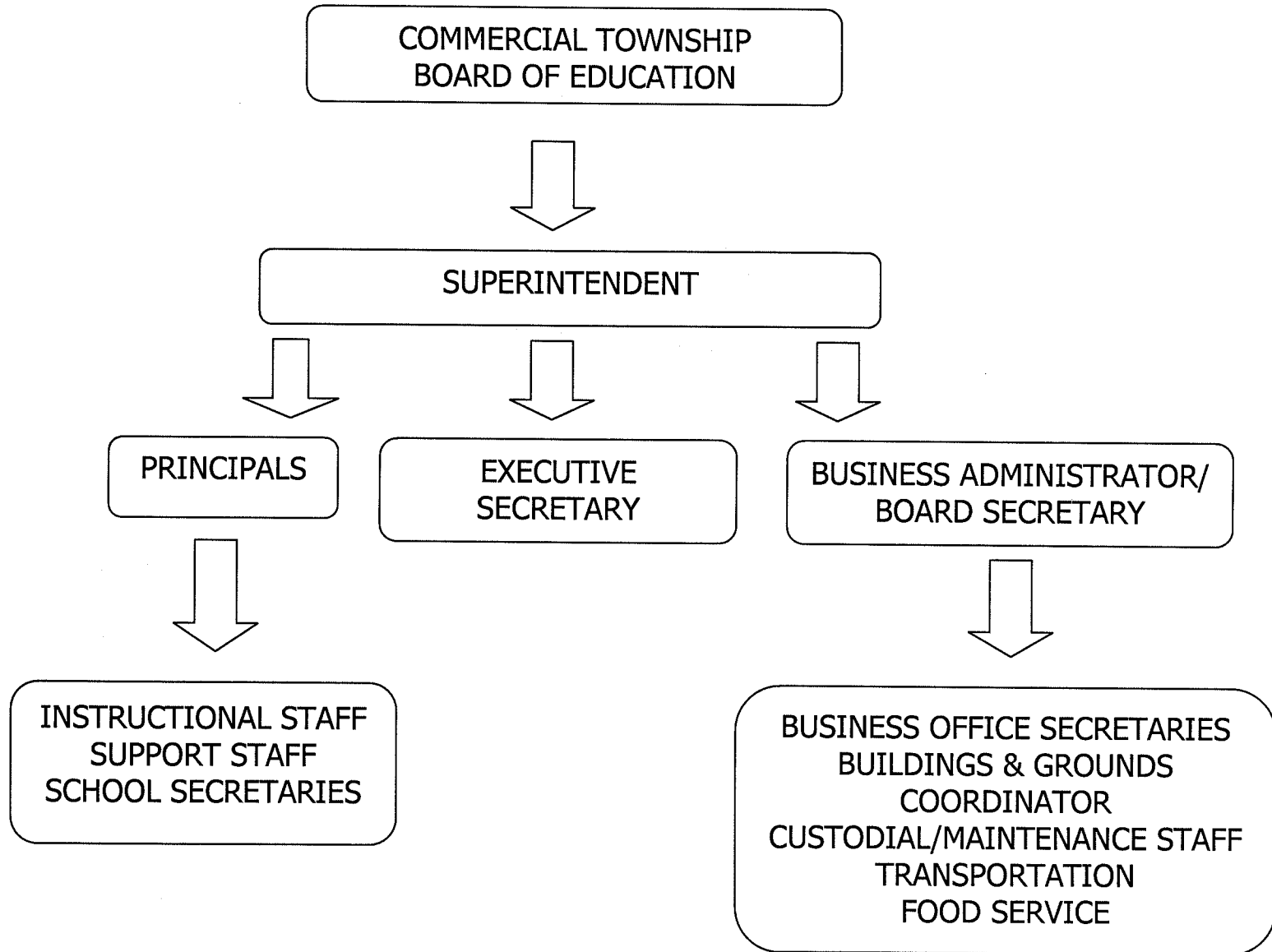


Jean Smith, Interim Superintendent/Principal



Darren Harris, 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, 2018

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Carol Perrelli, President	2018
Ronald Sutton, Jr.	2018
Julie Baum-Abbott	2019
Sharon Porter	2019
Beverly Dragotta	2018
Karen Stormes - Rivera	2020
Sheena Plummer	2018
Michelle Ronan	2020
Stacy Wilson-Smith	2020
<u>OTHER OFFICIALS</u>	<u>Bond Amount</u>
Jean Smith, Interim Superintendent	
Trish Birmingham, Board Secretary (To 10/26/18)	
Darren Harris, Board Secretary (From 11/7/18)	\$ 100,000
Jonathan M. Busch, 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

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

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, 2018, 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, 2018, 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, budgetary comparison information and schedules related to accounting and reporting for pensions 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 School 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 accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the 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's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

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

The introductory and statistical sections have not been 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 January 22, 2019 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 effectiveness of the Commercial Township Board of Education's of 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.
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REQUIRED SUPPLEMENTARY INFORMATION – PART I

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
COMMERCIAL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018. 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 2018 are as follows:

- ❖ General revenues accounted for \$15,717,068 in revenue or 87% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,273,383 or 13% of total revenues of \$17,990,451.
- ❖ Total Net Position of governmental activities was \$48,816.
- ❖ The School District had \$17,772,472 in program expenses. These expenses were offset by program specific charges for services, grants or contributions of \$2,273,383 mentioned above in arriving at the net governmental activity expenses of the district. General revenues comprising federal and state aid of \$13,042,311, property taxes of \$1,978,787 and other miscellaneous revenues and adjustments of \$655,073 were adequate to provide for the programs maintained by the school.
- ❖ The General Fund had \$14,042,989 in revenues, \$13,533,691 in expenditures and other financing use reductions of \$86,356. The General Fund's balance increased \$422,942 over 2017. 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 2018?" 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 25. 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 2017 and 2018.

Table 1
Net Position

	2018	2017
Assets		
Current and Other Assets	\$ 1,083,951	\$ 479,964
Capital Assets, Net	3,914,400	4,131,113
Total Assets	4,998,351	4,611,077
Deferred Outflows of Resources		
Deferred Pension Outflows	931,225	1,314,432
Liabilities		
Long-term Liabilities	1,666,601	1,776,614
Other Liabilities	3,420,360	4,089,040
Total Liabilities	5,086,961	5,865,654
Deferred Inflows of Resources		
Deferred Pension Inflows	697,789	133,008
Net Position		
Invested in Capital Assets, Net of Debt	2,984,667	2,976,368
Restricted	857,006	426,409
Unrestricted (Deficit)	(3,696,847)	(3,475,930)
Total Net Position	\$ 144,826	\$ (73,153)

Table 2 shows the changes in Net Position from fiscal year's 2018 and 2017.

Table 2
Changes in Net Position

	2018	2017
Revenues		
Programs Revenues		
Charges for Services	\$ 38,972	\$ 40,953
Operating Grants and Contributions	2,234,411	2,157,848
General Revenues		
Property Taxes	1,978,787	1,945,171
Grants and Entitlements	13,042,311	12,297,191
Other	695,970	468,734
Total Revenues	17,990,451	16,909,897
Program Expenses		
Instruction	4,034,937	3,746,908
Support Services		
Tuition	3,942,053	4,868,287
Pupils and Instructional Staff	1,216,846	1,134,241
General Administration, School		
Administration, Business	856,405	855,534
Operations and Maintenance of Facilities	743,947	749,379
Pupil Transportation	755,234	869,962
Employee Benefits	5,395,286	4,481,458
Interest on Debt	45,639	54,664
Enterprise Funds	490,028	442,794
Other	292,097	293,333
Total Expenses	17,772,472	17,496,560
Increase/(Decrease) in Net Position	\$ 217,979	\$ (586,663)

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 \$15,676,171 in total governmental revenues for the fiscal year ended June 30, 2018, property taxes made up 12.6% of the revenues raised for governmental activities. Federal, state and local grants accounted for another 83.2% and other revenues made up 4.2%. The total cost of all program and services was \$17,772,472, of which the amount spent on governmental activities was \$17,282,444 and of this amount, Instruction comprised 23.3%.

Governmental Activities (Continued)

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

	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>
Instruction	\$ 4,034,937	\$ 3,266,356	\$ 3,746,908	\$ 2,987,817
Support Services				
Tuition	3,942,053	3,942,053	4,868,287	4,868,287
Pupils and Instructional Staff	1,216,846	967,054	1,134,241	915,112
General Administration, School				
Administration, Business	856,405	856,405	855,534	855,534
Operation and Maintenance of Facilities	743,947	743,947	749,379	749,379
Pupil Transportation	755,234	755,234	869,962	869,962
Employee Benefits	5,395,286	4,608,874	4,481,458	3,719,678
Interest and Fiscal Charges	45,639	45,639	54,664	54,664
Other	292,097	292,097	293,333	293,333
Total Expenses	<u>\$ 17,282,444</u>	<u>\$ 15,477,659</u>	<u>\$ 17,053,766</u>	<u>\$ 15,313,766</u>

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

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

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

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

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

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

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

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District. Other includes unallocated depreciation and amortization.

Business-Type Activities

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

- ❖ Food service expenses exceeded revenue by \$23,080 and Extended Day revenue exceeded expenses by \$1,681, including \$31 in interest income.
- ❖ The General Fund subsidized the 2018 food service operation in the amount of \$10,561 and the fund ended the year with a net positive change of \$17,786. 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 \$20,214 of revenue. This represents amount paid by patrons for daily food services or 4.5% of the revenue in the food service fund. Service charges for the Extended Day program were \$18,758, which was \$7,535 less than in the prior year.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$429,626, which represents 95.5% 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 \$15,466,507 and expenditures of \$14,955,345. The net positive change in fund balance for the year was \$424,780. 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, 2018, 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 2017</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 2,698,152	17.5%	\$ 284,273	11.8%
State Sources	11,822,303	76.4%	114,813	0.1%
Federal Sources	946,052	6.1%	163,855	20.9%
Total	\$ 15,466,507	100.0%	\$ 562,941	3.8%

The School District's Funds (Continued)

The increase in Local Sources is attributed to increases in the local tax levy of \$33,616, tuition of \$210,113 and interest earnings and miscellaneous revenue of \$40,544.

The increase in State Sources is attributed to increases in general fund state aid of \$190,483 and debt service aid of \$4,320, offset by a decrease in state and federal grants for special projects of \$79,990.

The decrease in Federal Sources is attributed to decreases in various grant awards totaling \$163,855.

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, 2018.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2017</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 4,034,937	27.0%	\$ 288,029	7.7%
Undistributed Expenditures	10,619,900	71.0%	(558,369)	-5.0%
Capital Outlay	35,264	0.2%	4,642	15.2%
Debt Service:				
Principal	225,000	1.5%	15,000	7.1%
Interest	40,244	0.3%	(7,650)	-16.0%
Total	\$ 14,955,345	100.0%	\$ (258,348)	-1.7%

The increase in Current – Instruction is attributed to increases in regular instruction of \$242,875, special education tuition of \$31,363, other special education instruction of \$5,667 and other instruction of \$8,124.

The decrease in Current – Undistributed Expenditures is attributed to decreases in District Tuition of \$926,234, Plant Operations, Maintenance of \$5,432 and Pupil Transportation of \$114,728, offset by increases in Employee Benefits of \$404,549, Student and Instruction Related Services of \$82,605 and School Administrative Services of \$871.

The increase in capital outlay is attributed to increases in capital projects and construction service costs of \$4,642.

The increase in debt service is attributed to increased outstanding debt obligations of \$15,000 in principal offset by a decrease of \$7,650 in interest.

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 2018, 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 \$515,735.

- ❖ Actual revenues were \$314,808 more than expected (excluding On-Behalf pension and social security state aid of \$1,170,622, due primarily to interest and miscellaneous revenue.
- ❖ The actual expenditures were \$468,005 less than expected, which excluded the effects of state On-Behalf pension and social security aid of \$1,170,622, partially offset by favorable variances in various budget appropriations.

Capital Assets

At the end of the fiscal year 2018, the School District had \$3,914,400 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2017 balances compared to 2018.

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

	<u>2018</u>	<u>2017</u>
Land	\$ 14,877	\$ 14,877
Land Improvements	434,194	474,909
Building and Improvements	3,178,272	3,393,514
Equipment	287,057	247,813
Totals	<u>\$ 3,914,400</u>	<u>\$ 4,131,113</u>

Overall capital assets decreased \$216,713 from fiscal year 2017 to fiscal year 2018. Increases in capital assets of \$25,994 were offset by depreciation expense of \$295,102 less adjustments of \$52,395.

Debt Administration

At June 30, 2018, the School District had \$1,666,601 as outstanding debt. Of this amount, \$736,601 is for compensated absences and the balance of \$930,000 is for refunding bonds dated 11/17/09. The District also reported a Net Pension Liability of \$2,463,800, in accordance with GASB #68.

At June 30, 2018, the School District's overall legal debt margin was \$6,977,432 and the unvoted debt margin was \$6,047,432, or 87% of the total amount permitted by statute.

For the Future

Commercial Township School District's future is positive and bright. While notice was received that there would be a State Aid Reduction in funds of \$958,000, an application for Emergency Aid was submitted and \$910,000 was reinstated, which will give us some relief to this situation.. This deficit could have forced a reduction in force of five staff members, consolidate three homerooms, use a large amount of reserve and put off major maintenance projects.

Over the past three years, the Commercial Township School District has identified multiple students out of district in special education programs that may benefit from the provision of programming within their resident schools. 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 75%, 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 Jean Smith, Interim Superintendent at Commercial Township Board of Education, Port Norris, N.J. or email at jean.smith@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, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 543,304	\$ 21,808	\$ 565,112
Receivables, Net	450,950	31,211	482,161
Interfund Receivable	20,213		20,213
Inventory		16,465	16,465
Restricted Assets:			
Cash and Cash Equivalents			
Capital Assets, Net (Note 5):	3,882,258	32,142	3,914,400
Total Assets	<u>4,896,725</u>	<u>101,626</u>	<u>4,998,351</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	<u>931,225</u>		<u>931,225</u>
LIABILITIES			
Accounts Payable	168,537		168,537
Accrued Interest	14,893		14,893
Unearned Revenue	115,804	5,616	121,420
Net Pension Liability	2,463,800		2,463,800
Short-term Loan Payable	651,710		651,710
Non-current Liabilities (Note 6):			
Due Within One Year	270,905		270,905
Due Beyond One Year	1,395,696		1,395,696
Total Liabilities	<u>5,081,345</u>	<u>5,616</u>	<u>5,086,961</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	<u>697,789</u>		<u>697,789</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,952,525	32,142	2,984,667
Restricted for:			
Capital Projects	48,554		48,554
Other Purposes	808,452		808,452
Unrestricted (Deficit)	(3,760,715)	63,868	(3,696,847)
Total Net Position	<u>\$ 48,816</u>	<u>\$ 96,010</u>	<u>\$ 144,826</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, 2018

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 3,169,459	\$	\$ 768,581	\$ (2,400,878)	\$	\$ (2,400,878)
Special Education	784,927			(784,927)		(784,927)
Other Special Instruction	68,317			(68,317)		(68,317)
Other Instruction	12,234			(12,234)		(12,234)
Support Services:						
Tuition	3,942,053			(3,942,053)		(3,942,053)
Student & Instruction Related Services	1,216,846		249,792	(967,054)		(967,054)
General and Business Administrative Services	338,703			(338,703)		(338,703)
School Administrative Services	300,793			(300,793)		(300,793)
Central Services	141,143			(141,143)		(141,143)
Admin Info Tech	75,766			(75,766)		(75,766)
Plant Operations and Maintenance	743,947			(743,947)		(743,947)
Pupil Transportation	755,234			(755,234)		(755,234)
Employee Benefits	5,395,286		786,412	(4,608,874)		(4,608,874)
Interest on Long-term Debt	45,639			(45,639)		(45,639)
Unallocated Depreciation	292,097			(292,097)		(292,097)
Total Governmental Activities	17,282,444		1,804,785	(15,477,659)		(15,477,659)
Business-type Activities:						
Food Service	472,920	20,214	429,626		(23,080)	(23,080)
Extended Day	17,108	18,758			1,650	1,650
Total Business-type Activities	490,028	38,972	429,626		(21,430)	(21,430)
Total Primary Government	\$17,772,472	\$ 38,972	\$ 2,234,411	\$ (15,477,659)	\$ (21,430)	\$ (15,499,089)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 1,875,624	\$	\$ 1,875,624
Taxes Levied for Debt Service				103,163		103,163
Federal, State and Local Aid not Restricted				13,042,311		13,042,311
Tuition from Other LEA'S Within the State and Individuals				268,264		268,264
Investment Earnings				972	31	1,003
Transfers				(10,561)	10,561	
Transfer to Charter Schools				(75,821)		(75,821)
Fixed Asset Adjustment				22,090	30,305	52,395
Child Study Team				305,501		305,501
Miscellaneous Income				144,628		144,628
Total General Revenues, Special Items, Extraordinary Items and Transfers				15,676,171	40,897	15,717,068
Change in Net Position				198,512	19,467	217,979
Net Position—Beginning				(149,696)	76,543	(73,153)
Net Position—Ending (Deficit)				\$ 48,816	\$ 96,010	\$ 144,826

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, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 444,539		\$ 56,834		\$ 501,373
Due from Other Funds	247,594				247,594
State Aid Receivable	28,147		39,554		67,701
Federal Aid Receivable		\$ 242,919			242,919
Other Accounts Receivable	140,330				140,330
Total Assets	<u>\$ 860,610</u>	<u>\$ 242,919</u>	<u>\$ 96,388</u>		<u>\$ 1,199,917</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 152,032	\$ 16,505			\$ 168,537
Short-term Loan Payable	651,710				651,710
Due to Other Funds		137,616	47,834		185,450
Unearned Revenue		115,804			115,804
Total Liabilities	<u>803,742</u>	<u>269,925</u>	<u>47,834</u>		<u>1,121,501</u>
Fund Balances:					
Restricted For:					
Excess Surplus	494,604				494,604
Capital Reserve	267				267
Maintenance Reserve	272,524				272,524
Emergency Reserve	41,324				41,324
Unassigned, Reported in:					
General Fund (Deficit)	(751,851)				(751,851)
Special Revenue Fund (Deficit)		(27,006)			(27,006)
Capital Projects Fund			48,554		48,554
Total Fund Balances (Deficit)	<u>56,868</u>	<u>(27,006)</u>	<u>48,554</u>		<u>78,416</u>
Total Liabilities and Fund Balances	<u>\$ 860,610</u>	<u>\$ 242,919</u>	<u>\$ 96,388</u>		

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 \$10,692,280 and the accumulated depreciation is \$6,810,022 (See Note 5)	3,882,258
Long Term Net Pension Liability	(2,463,800)
Deferred Pension Outflows	931,225
Deferred Pension Inflows	(697,789)
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.	(14,893)
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).	(1,666,601)
Net Position of Governmental Activities	<u>\$ 48,816</u>

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, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Local Tax Levy	\$ 1,875,624	\$	\$	\$ 103,163	\$ 1,978,787
Tuition from Other LEA'S Within the State	236,807				236,807
Tuition from Individuals	31,457				31,457
Child Study Team	305,501				305,501
Interest Earned on Investments	946		26		972
Miscellaneous	102,833	41,795			144,628
Total - Local Sources	<u>2,553,168</u>	<u>41,795</u>	<u>26</u>	<u>103,163</u>	<u>2,698,152</u>
State Sources	11,445,790	220,623		155,890	11,822,303
Federal Sources	44,031	902,021			946,052
Total Revenues	<u>14,042,989</u>	<u>1,164,439</u>	<u>26</u>	<u>259,053</u>	<u>15,466,507</u>
EXPENDITURES					
Current:					
Regular Instruction	2,400,878	768,581			3,169,459
Special Education Instruction	784,927				784,927
Other Special Instruction	68,317				68,317
Other Instruction	12,234				12,234
Support Services:					
Tuition	3,942,053				3,942,053
Student & Instruction Related Services	967,054	249,792			1,216,846
General Administrative Services	338,703				338,703
School Administrative Services	300,793				300,793
Central Services	141,143				141,143
Admin Info Tech	75,766				75,766
Plant Operations and Maintenance	743,947				743,947
Pupil Transportation	755,234				755,234
Employee Benefits	2,967,378	138,037			3,105,415
Debt Service:					
Interest and Other Charges				40,244	40,244
Principal				225,000	225,000
Capital Outlay	35,264				35,264
Total Expenditures	<u>13,533,691</u>	<u>1,156,410</u>		<u>265,244</u>	<u>14,955,345</u>
Excess (Deficiency) of Revenues over Expenditures	509,298	8,029	26	(6,191)	511,162
OTHER FINANCING SOURCES (USES)					
Transfers of Capital Project Interest	26		(26)		
Transfer to Charter Schools	(75,821)				(75,821)
Operating Transfer out - Food Service Fund	(10,561)				(10,561)
Total Other Financing Sources and Uses	<u>(86,356)</u>		<u>(26)</u>		<u>(86,382)</u>
Net Change in Fund Balances	422,942	8,029	-	(6,191)	424,780
Fund Balance—July 1 (Deficit)	(366,074)	(35,035)	48,554	6,191	(346,364)
Fund Balance—June 30 (Deficit)	<u>\$ 56,868</u>	<u>\$ (27,006)</u>	<u>\$ 48,554</u>	<u>\$ -</u>	<u>\$ 78,416</u>

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, 2018

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 424,780

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	\$	(292,097)	
Fixed Asset adjustment		22,090	
Capital outlays		25,994	
			(244,013)

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. 225,000

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. 3,875

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. (96,143)

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). (114,987)

Change in Net Position of Governmental Activities (A-2) \$ 198,512

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, 2018

	Business-type Activities - Enterprise Funds		
	Food Service	Extended Day	Totals
ASSETS			
Current Assets:			
Cash	\$	\$ 63,739	\$ 63,739
Accounts Receivable	31,082	129	31,211
Inventories	16,465		16,465
Total Current Assets	47,547	63,868	111,415
Fixed Assets:			
Equipment	193,795		193,795
Accumulated Depreciation	(161,653)		(161,653)
Total Fixed Assets	32,142		32,142
Total Assets	79,689	63,868	143,557
LIABILITIES:			
Current Liabilities:			
Accounts Payable	361		361
Due to General	41,931		41,931
Unearned Revenue	5,255		5,255
Total Current Liabilities	47,547		47,547
NET POSITION			
Invested in Capital Assets Net of Related Debt	32,142		32,142
Unrestricted		63,868	63,868
Total Net Position	\$ 32,142	\$ 63,868	\$ 96,010

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, 2018

	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	20,214	18,758	38,972
Total Operating Revenue:	20,214	18,758	38,972
Operating Expenses:			
Salaries	160,053	15,465	175,518
Employee Benefits	55,171	883	56,054
Supplies and Materials	28,822	130	28,952
Depreciation	3,005		3,005
Cost of Sales - Reimbursable Programs	177,491		177,491
Cost of Sales - Non-Reimbursable Programs	6,441		6,441
Management Fee	21,525		21,525
Repairs and Other Expenses	20,412	630	21,042
Total Operating Expenses	472,920	17,108	490,028
Operating Income (Loss)	(452,706)	1,650	(451,056)
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program	4,340		4,340
Federal Sources:			
National School Breakfast Program	109,712		109,712
National School Lunch Program	261,165		261,165
National Snack Program	8,957		8,957
Food Distribution Program	29,459		29,459
Fruit and Vegetable Grant	15,993		15,993
Interest		31	31
Total Non-operating Revenues (Expenses)	429,626	31	429,657
Income (Loss) before Contributions & Transfers	(23,080)	1,681	(21,399)
Transfers in (out)	10,561		10,561
Fixed Asset Adjustment	30,305		30,305
Change in Net Position	17,786	1,681	19,467
Total Net Position—Beginning	14,356	62,187	76,543
Total Net Position—Ending	\$ 32,142	\$ 63,868	\$ 96,010

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, 2018**

	Business-type Activities		
	Enterprise Funds		
	Food Service	Extended Day	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 20,214	\$ 18,758	\$ 38,972
Payments to Employees	(160,053)	(15,465)	(175,518)
Payments for Employee Benefits	(55,171)	(883)	(56,054)
Payments to Suppliers	(245,177)	(5,879)	(251,056)
Net Cash Provided by (used for) Operating Activities	<u>(440,187)</u>	<u>(3,469)</u>	<u>(443,656)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	4,340		4,340
Federal Sources	425,286		425,286
Operating Subsidies and Transfers to Other Funds	10,561		10,561
Net Cash Provided by (used for) Non-capital Financing Activities	<u>440,187</u>		<u>440,187</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets			
Net Cash Provided by (used for) Capital and Related Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends		31	31
Net Cash Provided by (used for) Investing Activities		<u>31</u>	<u>31</u>
Net Increase (Decrease) in Cash and Cash Equivalents		(3,438)	(3,438)
Balances—Beginning of Year		67,177	67,177
Balances—End of Year	<u>\$</u>	<u>\$ 63,739</u>	<u>\$ 63,739</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Operating Income (Loss)	\$ (452,706)	\$ 1,650	\$ (451,056)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities			
Depreciation and Net Amortization	3,005		3,005
(Increase) Decrease in Accounts Receivable, Net	(6,653)	61	(6,592)
(Increase) Decrease in Inventories	(1,298)		(1,298)
Increase (Decrease) in Accounts Payable	361		361
Increase (Decrease) in Due to General	18,179	(5,180)	12,999
Increase (Decrease) in Unearned Revenue	(1,075)		(1,075)
Increase (Decrease) in Compensated Absences			
Total Adjustments	<u>12,519</u>	<u>(5,119)</u>	<u>7,400</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (440,187)</u>	<u>\$ (3,469)</u>	<u>\$ (443,656)</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, 2018

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 143,565	\$ 16,976	\$ 335,975
Certificates of Deposit		14,550	
Due from Payroll Agency Account	33,086		
Accounts Receivable			1,000
Total Assets	<u>176,651</u>	<u>31,526</u>	<u>336,975</u>
LIABILITIES			
Interfunds Payable			20,213
Summer Reserve			273,405
Accounts Payable	1,582	1,000	
Payable to Student Groups			10,271
Due to Unemployment Trust Account			33,086
Payroll Deductions and Withholdings			
Total Liabilities	<u>1,582</u>	<u>1,000</u>	<u>\$ 336,975</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 175,069</u>		
Restricted for Scholarships		<u>\$ 30,526</u>	

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 4,342	\$
Contributions	13,141	
Other	130	30
	<hr/>	<hr/>
Total Additions	17,613	30
	<hr/>	<hr/>
DEDUCTIONS		
Scholarships Awarded		1,035
Unemployment Claims	27,985	
	<hr/>	<hr/>
Total Deductions	27,985	1,035
	<hr/>	<hr/>
Change in Net Position	(10,372)	(1,005)
Net Position—Beginning of the Year	185,441	31,531
	<hr/>	<hr/>
Net Position—End of the Year	\$ 175,069	\$ 30,526
	<hr/> <hr/>	<hr/> <hr/>

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018 of 530 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 School District has adopted the following GASB 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 inter-period equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 75 will impact the financial statements of the School District.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

New Accounting Standards (Continued):

- GASB No. 85 - *Omnibus 2017*: The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 85 is not expected to impact the financial statements of the School District.
- GASB No. 86 - *Certain Debt Extinguishment Issues*: The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 86 is not expected to 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. 83 - *Certain Asset Retirement Obligations*: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 83 on the School District's financial statements.
- GASB No. 84 - *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.
- GASB No. 87 - *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

New Accounting Standards (Continued):

It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of Statement will be effective for reporting periods beginning after periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.

- GASB No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 88 on the School District's financial statements.

- GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*: The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 89 on the School District's financial statements.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

New Accounting Standards (Continued):

- GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 90 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.

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

A. Basis of Presentation (Continued):

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

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

B. Fund Accounting:

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

GOVERNMENTAL FUND TYPE

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

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

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

B. Fund Accounting (Continued):

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:

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

B. Fund Accounting (Continued):

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

Food Service Fund Equipment 7 – 20 Years

Internal Service Fund - The Commercial Township School District does not maintain an Internal Service Fund whereby services would be provided on a cost-reimbursement basis.

FIDUCIARY FUND TYPE

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

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

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

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

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

C. Basis of Accounting and Measurement Focus:

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

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual, as under the New Jersey State Statute a municipality is required to remit to its School District the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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.

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

E. Encumbrance Accounting (Continued):

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 2017-18, 2016-17 and 2015-16 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, 2018.

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, 2018.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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 \$4,363 in federal commodities on hand at June 30, 2018. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

Inventory in the Food Service Fund at June 30, 2018 consisted of the following:

Food	\$	13,428
Supplies		3,037
Total	\$	16,465

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.

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

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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.

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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.

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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.

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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.

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

As of June 30, 2018, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Checking Accounts	\$ 1,061,628
Certificates of Deposit	<u>14,550</u>
Total	<u>\$ 1,076,178</u>

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

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

Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2018, the School District's bank balance of \$1,941,977 custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and collateralized with securities held by pledging financial institutions	<u>1,691,977</u>
	<u>\$ 1,941,977</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, 2018, investments are limited to Certificate of Deposit, in the amount of \$14,550.

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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, 2017, 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.

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, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 255
Interest Earnings	12
Deposits	
Withdrawals	_____
Ending Balance, June 30, 2018	<u>\$ 267</u>

Of this amount, \$0 has been appropriated as revenue to fund the 2018-19 operating budget.

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2018 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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Adjustments/ Retirements	Ending Balance
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	8,570,798			8,570,798
Machinery and equipment	1,415,714	25,994	(209,217)	1,232,491
Totals at historical cost	10,860,626	25,994	(209,217)	10,677,403
Less accumulated depreciation for :				
Land Improvements	(399,205)	(40,715)		(439,920)
Building and improvements	(5,177,284)	(215,242)		(5,392,526)
Equipment	(1,172,743)	(36,140)	231,307	(977,576)
Total accumulated depreciation	(6,749,232)	(292,097)	231,307	(6,810,022)
Total capital assets being depreciated, net of accumulated depreciation	4,111,394	(266,103)		3,867,381
Government activities capital assets, net	\$ 4,126,271	\$ (266,103)	\$ 22,090	\$ 3,882,258
				To A-1
Business-type activities - Equipment	\$ 154,995		\$ 38,800	\$ 193,795
Less accumulated depreciation	(150,153)	(3,005)	(8,495)	(161,653)
Business-type activities capital assets, net	\$ 4,842	\$ (3,005)	\$ 30,305	\$ 32,142

Depreciation expense was charged to governmental functions
as follows:

Unallocated	<u>\$ 292,097</u>
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COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 6. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2018, the following changes occurred in long-term obligations:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Bonds payable:						
General obligation debt	\$ 1,155,000	\$ -	\$ 225,000	\$ 930,000	\$ 235,000	\$ 695,000
Total bonds payable	1,155,000		225,000	930,000	235,000	695,000
Other Liabilities:						
Compensated absences payable	621,614	114,987		736,601	35,905	700,696
Total other liabilities	\$ 1,776,614	\$ 114,987	\$ 225,000	\$ 1,666,601	\$ 270,905	\$ 1,395,696
					To A-1	
Business-Type Activities:						
Compensated absences payable		\$ -		\$ -	\$ -	\$ -

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, 2018 are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 930,000</u>	<u>\$ 77,547</u>	<u>\$ 1,007,547</u>

B. Bonds Authorized But Not Issued - As of June 30, 2018 None.

C. Capital Leases

The District had no capital leases as of June 30, 2018.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 7. OPERATING LEASES

The District has commitments to lease copiers and a postage machine under operating leases that expire in 2020, 2022 and 2023. The future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 26,244
2020	26,244
2021	24,204
2022	23,556
2023	23,232
Total	<u>\$ 123,480</u>

NOTE 8. PENSION PLANS

Description of Plans - All required employees of the School District are covered by either the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) 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. For additional information about PERS or TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The following represents the membership tiers for PERS and TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who are enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

Public Employees' Retirement System

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

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 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. 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.

Contributions - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.34% of employees' annual compensation through June 30, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 13.37% of covered payroll. The District's contributions to PERS for the years ended June 30, 2018, and 2017, were \$100,051 and \$99,993 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The total payroll for the year ended June 30, 2018 was \$5,920,575. Payroll covered by PERS was \$898,346 for fiscal year 2018. Contributions to the system for the year ended June 30, 2018 were as follows:

	<u>PERS</u>
Employees	\$ 65,862
District	<u>100,051</u>
Total	<u>\$ 165,913</u>

The District is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2018, as follows:

Public Employees Retirement System					
<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2018	\$ 12,905	\$ 80,366	\$ 100,051	\$ N/A	\$ 100,051

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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

Components of Net Pension Liability - At June 30, 2018, the District's proportionate share of the PERS net pension liability was \$2,463,800. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The District's proportion measured as of June 30, 2017 was 0.010584% which was a decrease of 0.00061% from its proportion measured as of June 30, 2016.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2018 PERS pension expense, with respect to GASB 68, was \$194,250. The District's 2018 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,014	\$
Changes of assumptions	496,371	494,551
Net difference between projected and actual earnings on pension plan investments	16,777	
Changes in proportion	260,012	203,238
Contributions subsequent to the measurement date	100,051	
Total	\$ 931,225	\$ 697,789

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

Year	PERS
2018	\$ 31,414
2019	108,875
2020	74,735
2021	(70,894)
2022	(10,745)
Thereafter	
Total	\$ 133,385

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

Additional Information - Collective Balances at June 30, 2018 and 2017 are as follows:

Year		6/30/2018		6/30/2017
Collective deferred outflows of resources	\$	931,225	\$	1,314,432
Collective deferred inflows of resources	\$	697,789	\$	133,008
Collective Net Pension Liability	\$	2,463,800	\$	3,315,645
District's Proportion		0.010584%		0.011195%

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	2.25%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

Long-Term Expected Rate of Return - 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 Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

	PERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Client oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	100.00%	

Discount Rate - The discount rate as of June 30, 2017 used to measure the total pension liability was 5.00% for PERS. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 rate 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 contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. 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 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 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 FINANCIAL STATEMENTS
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NOTE 8. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate - The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	<u>1%</u> <u>Decrease</u> <u>(4.00%)</u>	<u>Current</u> <u>Discount</u> <u>(5.00%)</u>	<u>1%</u> <u>Increase</u> <u>(6.00%)</u>
District's proportionate share of the net pension liability	\$ 3,056,511	\$ 2,463,800	\$ 1,969,998

Teachers' Pension and Annuity Fund

The TPAF 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 defined benefit pension plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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.

Contributions - 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 7.34% in State fiscal year 2018. 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 2017, 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 District and all other related non-contributing employers. No normal or accrued liability contribution by the 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.

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

Teachers' Pension and Annuity Fund (Continued)

The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100% special funding situation with the State of New Jersey.

Trend Information for TPAF (Paid on-behalf of the 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>
6/30/18	\$	521,424	100	%	\$	N/A
6/30/17		580,668	100			N/A
6/30/16		580,668	100			N/A

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$521,424 to the TPAF for pension contributions, \$336,776 for post-retirement benefits on behalf of the School, and \$823 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$311,599 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Components of Net Pension Liability - At June 30, 2018, the 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 District.

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.

Pension Expense - For the year ended June 30, 2018, the District recognized pension expense of \$1,699,412 and revenue of \$1,699,412 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	Varies based
Thereafter	on experience
Inflation	2.25%

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Continued)

Long-Term Expected Rate of Return - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	TPAF	
	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Client oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 rate 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 contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate – As indicated above, TPAF has a special funding situation where the State pays 100% of the District's annual required contribution.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 8. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Continued)

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. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Employees covered by benefit terms: At June 30, 2018, the following employees were covered by the benefit terms:

TPAF participant retirees

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf.

PERS participant retirees

The state paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2017, was \$53,639,841,858. Of this amount, the total OPEB liability attributable to the School District was \$19,734,767. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.03679%. The total OPEB liability for the School District measured as of June 30, 2017 is zero as a result of the Special Funding Situation with the State of New Jersey. The School District's proportionate share of the total OPEB liability measured as of June 30, 2017 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF/ABP</u>	<u>PERS</u>
Inflation Rate	2.50%	2.50%
	Based on	Based on
Salary Increases:	Years of Service	Age
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Total Nonemployer OPEB Liability (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years.

For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 was 3.58%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the Total OPEB Liability

		<u>Total OPEB Liability</u>
Balance as of June 30, 2016 Measurement Date	\$	<u>21,360,840</u>
Changes for the year:		
Service cost		893,343
Interest cost		628,014
Changes of benefit terms		
Differences between expected and actual experience		
Changes in assumptions or other inputs		(2,707,163)
Member contributions		16,832
Gross benefit payments		(457,099)
Net changes		<u>(1,626,073)</u>
Balance as of June 30, 2017 Measurement Date	\$	<u><u>19,734,767</u></u>

Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>June 30, 2017</u>		
	<u>At 1.00% Decrease</u>	<u>At Discount Rate</u>	<u>At 1.00% Increase</u>
	2.58%	3.58%	4.58%
\$	63,674,362,200	53,639,841,858	45,680,364,953

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

June 30, 2017		
	Healthcare Cost Trend Rate	
1.00% Decrease		1.00% Increase
\$ 44,113,584,560	53,639,841,858	66,290,599,457

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the School District recognized OPEB expense of \$1,237,539. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions		2,333,952
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion		66,221
Contributions subsequent to the measurement date		
Total	\$	\$ 2,400,173

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Measurement Period Ending June 30,	OPEB
2018	\$ 244,649
2019	244,649
2020	244,649
2021	244,649
2022	244,649
Thereafter	866,058
Total	\$ 2,089,303

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)

Special Funding Situation

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

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, 2018, a liability existed for compensated absences in the governmental activities in the amount of \$736,601.

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 12. RISK MANAGEMENT

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

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$ 13,141	\$ 4,472	\$ 27,985	\$ 175,069
2016-2017	13,133	4,284	5,913	185,441
2015-2016	14,332	2,685	8,432	173,937

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

<u>Fiscal Year</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 247,594	\$
Special Revenue fund		137,616
Capital Projects		47,834
Food Service Fund		41,931
Payroll		20,213
Total	<u>\$ 247,594</u>	<u>\$ 247,594</u>

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 14. FUND BALANCE APPROPRIATED

General Fund - Of the \$56,868 Deficit General Fund balance at June 30, 2019, \$267 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, 2019; \$272,524 has been restricted in a Maintenance Account, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2019; \$41,324 has been restricted in an Emergency Reserve; \$494,604 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$0 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2019; \$0 has been assigned and appropriated and included as anticipated revenue for the year ending June 30, 2019; and there is a deficit in unassigned fund balance of (\$751,851).

Debt Service Fund –The fund balance in the Debt Service Fund at June 30, 2018 is \$0.

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, 2018 is \$494,604, which must be budgeted in the 2019-20 budget and there is no excess surplus to be budgeted in the 2018-19 budget.

NOTE 16. LITIGATION

The District is from time to time involved in claims and lawsuits incidental to its operations. There are four matters regarding litigation resulting from claims of discrimination that are being handled by the insurance carrier.

There is one other matter regarding a threatened litigation resulting from an automobile accident that the likelihood of an unfavorable outcome is not known at this time. The Board has not yet been served with a civil complaint regarding this manner.

There are two matters relating to special education, subsequent to June 30, 2018 but prior to the issuance date of the audit, of which the outcome is not known at this time.

NOTE 17. MAINTENANCE RESERVE

The District also has a maintenance reserve with a balance of \$272,524 at June 30, 2018, none of which was anticipated as revenue in the 2018-19 budget. There was interest earnings of \$24 and a transfer approved in the amount of \$250,000, which were added to the beginning balance of \$22,500.

NOTE 18. EMERGENCY RESERVE

The District also has an emergency reserve in the amount of \$41,324 at June 30, 2018, of which none was anticipated as revenue in the 2018-19 budget.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018, there was an unspent balance of \$59,392, which relates to a 2001 project for additions to the two elementary schools.

In addition, there were two new capital projects initiated in the 2014-15 School Year, for installation of a telecommunications system at the Haleyville-Mauricetown and Port Norris Elementary Schools. Both projects were completed during the 2014-15 School Year and had a combined \$3,496 of unspent funds remaining, as of June 30, 2018.

NOTE 20. DEFICIT FUND BALANCES

The District has a deficit in Unassigned Fund Balance of (\$751,851) in the General Fund and (\$27,006) in the Special Revenue Fund as of June 30, 2018 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 \$1,014,338. The special revenue fund deficit of \$27,006 is equal to the last state aid payments.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 21. RECEIVABLES

Receivables at June 30, 2018 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds. Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Receivables:</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Proprietary Funds</u>
Intergovernmental	\$ 168,477	\$ 242,919	\$ 39,554	31,024
Other				58
Totals	<u>\$ 168,477</u>	<u>\$ 242,919</u>	<u>\$ 39,554</u>	<u>31,082</u>

NOTE 22. TAX ABATEMENT

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

NOTE 23. SUBSEQUENT EVENTS

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

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, 2018

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,875,624	\$	\$ 1,875,624	\$ 1,875,624	
Tuition from Individuals	105,000		105,000	31,457	(73,543)
Tuition from Other LEA's Within the State				236,807	236,807
Interest on Investments				886	886
Interest on Investments - Emergency Reserve	24		24	24	
Interest on Investments - Maintenance Reserve	24		24	24	
Interest on Investments - Capital Reserve	12		12	12	
Miscellaneous - Child Study Team Agreement	277,456		277,456	305,501	28,045
Miscellaneous	13,386		13,386	102,833	89,447
Total - Local Sources	2,271,526		2,271,526	2,553,168	281,642
State Sources:					
Equalization Aid	9,277,063		9,277,063	9,277,063	
Categorical Special Education	475,209		475,209	475,209	
Categorical Security Aid	282,814		282,814	282,814	
Transportation	209,898		209,898	209,898	
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	
Prof Learning Comm Aid	7,590		7,590	7,590	
Extraordinary Aid				7,557	7,557
Non-Public Transportation Aid				4,930	4,930
On-behalf TPAF Pension Contribution				521,424	521,424
On-behalf TPAF Post Retirement Medical Contribution				336,776	336,776
On-behalf TPAF Long-term Disability Contribution				823	823
Reimbursement TPAF Social Security				311,599	311,599
Total - State Sources	10,269,118		10,269,118	11,452,227	1,183,109
Federal Sources:					
Medicaid Assistance (SEMI)	23,352		23,352	44,031	20,679
Total - Federal Sources	23,352		23,352	44,031	20,679
TOTAL REVENUES	\$ 12,563,996	\$	\$ 12,563,996	\$ 14,049,426	\$ 1,485,430
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool	\$ 22,655	\$ 1,601	\$ 24,256	\$ 24,256	\$
Kindergarten	214,220	58,616	272,836	272,701	135
Grades 1-5	882,931	84,643	967,574	967,574	
Grades 6-8	775,781	(109,497)	666,284	666,284	
Home Instruction:					
Salaries of Teachers	3,000		3,000	838	2,162
Purchased Professional Educational Services	2,000	(1,944)	56		56
Regular Programs - Undistributed					
Instruction:					
Other Salaries for Instruction	211,992	153,505	365,497	365,497	
Purchased Technical Services	12,000	(1,036)	10,964	10,964	
Other Purchased Services	55,094	(7,816)	47,278	44,820	2,458
General Supplies	75,039	(34,727)	40,312	40,296	16
Textbooks	5,000		5,000	5,000	
Other Objects	5,000	(2,157)	2,843	2,648	195
Total Regular Programs	\$ 2,264,712	\$ 141,188	\$ 2,405,900	\$ 2,400,878	\$ 5,022

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
CURRENT EXPENSES: (Continued)					
Special Education					
Learning/Language Disabled:					
Instruction					
Salaries of Teachers	\$ 183,840	\$ (1,787)	\$ 182,053	\$ 153,366	\$ 28,687
Other Salaries for Instructions	117,396	(25,352)	92,044	70,297	21,747
Total Learning/Language Disabled:	301,236	(27,139)	274,097	223,663	50,434
Multiple Disabilities:					
Salaries of Teachers	200,900	67,459	268,359	267,269	1,090
Other Salaries for Instruction	86,656	(36,192)	50,464	44,594	5,870
Total Multiple Disabilities	287,556	31,267	318,823	311,863	6,960
Resource Room:					
Salaries of Teachers	249,654	3,140	252,794	249,401	3,393
Other Salaries for Instruction	34,355	(34,355)			
Total Resource Room	284,009	(31,215)	252,794	249,401	3,393
TOTAL SPECIAL EDUCATION	872,801	(27,087)	845,714	784,927	60,787
Bilingual Education - Instruction:					
Salaries of Teachers	70,430	(550)	69,880	68,317	1,563
Total Bilingual Instruction:	70,430	(550)	69,880	68,317	1,563
School Sponsored Co-curricular Activities:					
Salaries	500	8,058	8,558	8,558	
Total School Sponsored Co-curricular Activities	500	8,058	8,558	8,558	
School Sponsored Athletics:					
Salaries	5,000		5,000	3,276	1,724
Purchased Services	500		500	400	100
Supplies and Materials	500		500		500
Total School Sponsored Athletics	6,000		6,000	3,676	2,324
Total Instruction	\$ 3,214,443	\$ 121,609	\$ 3,336,052	\$ 3,266,356	\$ 69,696

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
CURRENT EXPENDITURES: (Continued)					
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	\$ 2,713,916	\$ 165,813	\$ 2,879,729	\$ 2,879,729	\$ -
Tuition - Other LEAs Within the State - Special	307,655	43,121	350,776	350,776	
Tuition - County Voc Sch Dist Regular	253,447	(114,861)	138,586	138,586	
Tuition - County Voc Sch Dist Special	75,406	3,798	79,204	79,204	
Tuition - Co Spec Serv and Regional Day Schools	544,063	(66,088)	477,975	444,798	33,177
Tuition to Private Schools for the Disabled Within State	121,344	(72,384)	48,960	48,960	
Total Undistributed Expenditures - Instruction	4,015,831	(40,601)	3,975,230	3,942,053	33,177
Attendance and Social Work Services:					
Salaries	20,542	(9,884)	10,658	9,131	1,527
Supplies and Materials		429	429	360	69
Total Attendance and Social Work Services	20,542	(9,455)	11,087	9,491	1,596
Health Services:					
Salaries	149,640		149,640	149,120	520
Purch Prof/ Tech Services	1,600	58,048	59,648	59,648	
Other Purchased Services	200		200		200
Supplies and Materials	5,000		5,000	3,708	1,292
Total Health Services	156,440	58,048	214,488	212,476	2,012
Other Support Services - Students - Related Services:					
Salaries	111,530	(9,641)	101,889	98,634	3,255
Purchased Prof - Education Services	70,000	(33,435)	36,565	25,068	11,497
Supplies and Materials	10,000	(157)	9,843	346	9,497
Total Related Services	191,530	(43,233)	148,297	124,048	24,249
Special Education- Extraordinary Services					
Purchased Prof - Education Services	56,160	4,335	60,495	60,495	
Total Special Education- Extraordinary Services	56,160	4,335	60,495	60,495	
Other Support Services - Students-Regular Guidance					
Salaries Other Professionals	170,680	754	171,434	171,434	
Salaries of Secretarial and Clerical Assistants	23,425	(2,912)	20,513	13,697	6,816
Supplies and Materials		325	325	324	1
Total Other Support Services - Students-Regular Guidance	194,105	(1,833)	192,272	185,455	6,817
Other Support Services - Students- Child Study Teams					
Salaries of Other Professional Staff	316,484	(40,189)	276,295	270,606	5,689
Salaries of Secretarial and Clerical Assistants	38,633	189	38,822	38,741	81
Purchased Professional - Educational Services	10,375		10,375		10,375
Supplies and Materials	5,000		5,000	292	4,708
Total Other Support Services - Students- Child Study Teams	\$ 370,492	\$ (40,000)	\$ 330,492	\$ 309,639	\$ 20,853

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures:					
Improvement of Instructional Services					
Salary of Supervisor of Instruction	\$ 73,000	\$ (19,711)	\$ 53,289	\$ 30,915	22,374
Salaries of Other Professional Staff	20,000	(9,000)	11,000	11,000	
Other Salaries	92,000	(81,500)	10,500	10,000	500
Other Purchased Services	9,993		9,993	3,610	6,383
Supplies and Materials	1,000		1,000		1,000
Total Improvement of Instructional Services	195,993	(110,211)	85,782	55,525	30,257
Educational Media Services/School Library:					
Salaries					
Total Educational Media Services/School Library:					
Instructional Staff Training Services					
Salaries of Other Professional Staff					
Purchased Professional and Educational Services	3,500	(2,820)	680		680
Other Purchased Services	6,200	3,997	10,197	9,925	272
Supplies and Materials	500	(56)	444		444
Other Objects	500		500		500
Total Inst. Staff Training Services	10,700	1,121	11,821	9,925	1,896
Support Services General Administration:					
Salaries	173,633	3,868	177,501	177,501	
Legal Services	30,000	23,695	53,695	53,695	
Audit Fees	21,220	918	22,138	22,138	
Other Purchased Professional Services	8,000	(918)	7,082	6,849	233
Purchased Technical Services	1,400	5,860	7,260	7,260	
Communication/Telephone	70,000	(18,549)	51,451	51,134	317
BOE Other Purchased Services	7,500		7,500	2,112	5,388
Miscellaneous Purchased Services	10,742	178	10,920	10,920	
General Supplies	2,000		2,000	940	1,060
Miscellaneous Expenditures	200	(79)	121	75	46
BOE Membership Dues and Fees	6,000	79	6,079	6,079	
Total Support Services General Administration	330,695	15,052	345,747	338,703	7,044
Support Services School Administration:					
Salaries of Principals/Assistant Principals	188,700	925	189,625	189,625	
Salaries of Secretarial and Clerical Assistants	69,225	24,981	94,206	94,206	
Other Salaries	4,000	(3,473)	527	527	
Purchased Professional and Technical Services	2,500	65	2,565	2,565	
Other Purchased Services	5,500	(493)	5,007	4,982	25
Supplies and Materials	3,500	(1,196)	2,304	2,304	
Other Objects	2,000	4,584	6,584	6,584	
Total Support Services School Administration	275,425	25,393	300,818	300,793	25
Central Services					
Salaries	133,346	(24,378)	108,968	108,822	146
Purchased Professional Services	6,100	6,092	12,192	11,563	629
Purchased Technical Services	8,500	1,850	10,350	10,350	
Miscellaneous Purchased Services	1,250	4,790	6,040	6,039	1
Supplies and Materials	2,500	470	2,970	2,970	
Other Objects	1,250	325	1,575	1,399	176
Total Central Services	152,946	(10,851)	142,095	141,143	952
Admin. Info. Technology					
Purchased Technical Services	63,795	32,006	95,801	75,766	20,035
Total Admin. Info. Technology	\$ 63,795	\$ 32,006	\$ 95,801	\$ 75,766	\$ 20,035

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Required Maintenance for School Facilities:					
Salaries	74,568	2,360	\$ 76,928	\$ 76,928	\$
Cleaning, Repair and Maintenance Services	123,743	(9,232)	114,511	104,669	9,842
Lead Testing of Drinking Water		2,357	2,357	1,350	1,007
General Supplies	6,500	12,103	18,603	18,584	19
Required Maintenance for School Facilities:	204,811	7,588	212,399	201,531	10,868
Custodial Services:					
Salaries					
Purchased Professional and Technical Services	291,631		291,631	291,631	
Cleaning, Repair, and Maintenance Services	26,936	13,042	39,978	39,977	1
Insurance	20,000	(20,000)			
Miscellaneous Purchased Services	4,000	550	4,550	4,550	
General Supplies	22,500	(2,279)	20,221	7,271	12,950
Energy (Natural Gas)	14,000	12,242	26,242	19,956	6,286
Energy (Electricity)	215,000	(11,143)	203,857	179,031	24,826
Total Custodial Services	594,067	(7,588)	586,479	542,416	44,063
Total Operation and Maintenance of Plant Services	798,878		798,878	743,947	54,931
Interest Earned on Maintenance Reserve	24.00		24.00		24
Interest Earned on Current Expense Emergency Reserve	24.00		24.00		24
Undistributed Expenditures - Student Transportation Services:					
Salaries - Between Home & School - Regular	44,301	196,358	240,659	235,307	5,352
Cleaning, Repair and Maintenance Services		4,418	4,418	1,196	3,222
Lease Purchase Payments	35,000	108,451	143,451	143,451	
Contracted Services - Aid in Lieu of Payments - Nonpublic	60,000		60,000	46,189	13,811
Contracted Services (Home/School) - Vendor	443,543	(414,553)	28,990	20,288	8,702
Contracted Services (not Home/School) - Vendors	10,000	(3,465)	6,535		6,535
Contracted Services (Special Ed. Students) - ECS	352,950	(60,461)	292,489	244,134	48,355
General Supplies	28,000.00	(24,169)	3,831	3,651	180
Fuel Costs Funded by Advertising Revenue		61,832	61,832	61,018	814
Total Student Transportation Services	973,794	(131,589)	842,205	755,234	86,971
Allocated Benefits:					
Student Transportation Services					
Social Security Contributions		18,334	18,334	18,334	
Unallocated Benefits:					
Social Security Contributions	90,000	1,885	91,885	79,208	12,677
Other Retirement Contributions - PERS	110,000	(9,949)	100,051	100,051	
Other Retirement Contributions - Regular		91,986	91,986	91,986	
Unemployment Compensation	70,000	(68,721)	1,279	1,279	
Workers Compensation	98,000	13,971	111,971	111,971	
Health Benefits	1,290,166	(155,821)	1,134,345	1,070,043	64,302
Tuition Reimbursement	5,000	(2,175)	2,825	2,825	
Other Employee Benefits	93,000	228,059	321,059	321,059	
Total Unallocated Benefits	1,756,166	99,235	1,855,401	1,778,422	76,979
On-behalf TPAF Pension Contributions				521,424	(521,424)
On-behalf TPAF Post Retirement Medical Contribution				336,776	(336,776)
On-behalf TPAF Long-term Disability Contribution				823	(823)
Reimbursement TPAF Social Security				311,599	(311,599)
Total Personal Services - Employee Benefits	1,756,166	117,569	1,873,735	2,967,378	(1,093,643)
Total Undistributed Expenditures	9,563,540	(134,249)	9,429,291	10,232,071	(802,780)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 12,777,983	\$ (12,640)	\$ 12,765,343	\$ 13,498,427	\$ (733,084)

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES: (Continued)					
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	\$ 12	\$ -	\$ 12	\$ -	\$ 12
Equipment:					
Grades 1-5	8,000	(8,000)			
Grades 6-8	8,000	(8,000)			
Administrative Information Technology		41,643	41,643	19,644	21,999
Special Schools - (All Programs)		14,806	14,806	6,350	8,456
Undist. Expend - Custodial Services	13,000	(13,000)			
Total Equipment	29,000	27,449	56,449	25,994	30,455
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	9,270		9,270	9,270	
Total Facilities Acquisition and Construction Services	9,270		9,270	9,270	
TOTAL CAPITAL OUTLAY	38,282	27,449	65,731	35,264	30,467
TOTAL EXPENDITURES	\$ 12,816,265	\$ 14,809	\$ 12,831,074	\$ 13,533,691	\$ (702,617)
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	\$ (252,269)	\$ (14,809)	\$ (267,078)	\$ 515,735	\$ 782,813
Other financing sources (uses):					
Operating Transfer out - Charter Schools	(90,630)	14,809	(75,821)	(75,821)	
Operating Transfer out - Food Service Fund				(10,561)	(10,561)
Operating Transfer - Interest on Capital Projects				26	26
Total Other Financing Sources	(90,630)	14,809	(75,821)	(86,356)	(10,535)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(342,899)		(342,899)	429,379	772,278
Fund Balances, July 1	641,827		641,827	641,827	
Fund Balances, June 30	\$ 298,928	\$	\$ 298,928	\$ 1,071,206	\$ 772,278
RECAPITULATION :					
Reserved:					
Restricted Fund Balance:					
Excess Surplus				\$ 494,604	
Capital Reserve				267	
Maintenance Reserve				272,524	
Emergency Reserve				41,324	
Assigned:					
Designated for Subsequent Year's Expenditures					
Unassigned Fund Balance				262,487	
				1,071,206	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(1,014,338)	
Fund Balance per Governmental Funds (GAAP)				\$ 56,868	

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 589,426	\$ 431,577	\$ 1,021,003	\$ 902,021	\$ 118,982
State Sources	270,620		270,620	212,594	58,026
Local Sources		46,936	46,936	41,795	5,141
Total Revenues	860,046	478,513	1,338,559	1,156,410	182,149
EXPENDITURES:					
Instruction					
Salaries of Teachers	542,122	58,502	600,624	555,343	45,281
Other Salaries for Instruction	73,308	14,076	87,384	57,987	29,397
Purchased Professional Educational Services					
Other Purchased Services		98,357	98,357	94,357	4,000
Tuition					
Supplies and Materials		75,584	75,584	60,396	15,188
General Supplies					
Other Objects		503	503	498.00	5
Total Instruction	615,430	247,022	862,452	768,581	93,871
Support Services					
Other Salaries	52,924	34,410	87,334	79,591	7,743
Other Salaries for Instruction		1,503	1,503	1,269	234
Employee Benefits	19,923	125,884	145,807	138,037	7,770
Purchased Professional & Technical Services - Other		4,002	4,002	2,795	1,207
Purchased Professional Ed Services	171,769	(18,334)	153,435	106,658	46,777
Other Purchased Services		54,259	54,259	38,575	15,684
Tuition					
Supplies and Materials		29,285	29,285	20,904	8,381
Other Objects		482	482		482
Total Support Services	244,616	231,491	476,107	387,829	88,278
Facilities Acquisition and Construction Services:					
Construction Services					
Total Facilities Acquisition and Construction Services					
Total Expenditures	860,046	478,513	1,338,559	1,156,410	182,149
Other Financing Sources (Uses)					
Total Outflows	860,046	478,513	1,338,559	1,156,410	182,149
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$

**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, 2018

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

	<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 14,049,426		[C-2] \$ 1,156,410
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.	1,007,901		35,035
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(1,014,338)		(27,006)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>[B-2] \$ 14,042,989</u>		<u>[B-2] \$ 1,164,439</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 13,533,691		[C-2] \$ 1,156,410
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.			
Net transfers (outflows) to general fund			
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>[B-2] \$ 13,533,691</u>		<u>[B-2] \$ 1,156,410</u>

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.010584%	0.011195%	0.009752%	0.008918%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,463,800	\$ 3,315,645	\$ 2,189,127	\$ 1,669,768
District's Covered-Employee Payroll	\$ 898,346	\$ 688,588	\$ 726,259	\$ 730,038
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	274.26%	481.51%	301.43%	228.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	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.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 100,051	\$ 99,993	\$ 83,841	\$ 73,522
Contributions in Relation to the Contractually Required Contribution	<u>(100,051)</u>	<u>(99,993)</u>	<u>(83,841)</u>	<u>(73,522)</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 898,346	\$ 688,588	\$ 726,259	\$ 730,038
Contributions as a Percentage of Covered-Employee Payroll	11.14%	14.52%	11.54%	10.07%

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.036384%	0.033106%	0.033840%	0.038948%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 24,531,414	\$ 26,043,054	\$ 21,388,041	\$ 20,816,478
District's Covered-Employee Payroll	\$ 4,153,556	\$ 3,751,844	\$ 3,436,632	\$ 3,392,779
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	590.61%	694.14%	622.35%	613.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	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 four 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, 2018

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
Required Supplementary Information - Part III
Schedule of Changes in the Total OPEB Liability and Related Ratios
State Health Benefit Local Education Retired Employees Plan
Last Ten Fiscal Years

	<u>2017</u>
Total OPEB Liability	
Service cost	\$ 893,343
Interest	628,014
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	(2,707,163)
Member contributions	16,832
Benefit payments	(457,099)
Net change in total OPEB liability	<u>(1,626,073)</u>
Total OPEB liability - beginning	<u>21,360,840</u>
Total OPEB liability - ending	<u>\$ 19,734,767</u>
Covered-employee payroll	\$ 5,051,902
Total OPEB liability as a percentage of covered-employee payroll	390.64%

Notes to Schedule:

Changes of benefit terms: None

Changes of assumptions: The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

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, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	NCLB				I.D.E.A. - Part B		Sub-Total Per E-1 (2)	Totals	
	Title I Part A	SIA	Title II Part A	Title IV	Basic	Pre- School		2018	2017
	2017-18	2017-18	2017-18		2017-18	2016-17			
REVENUES:									
Federal Sources	\$ 452,150	\$ 51,129	\$ 62,471	\$ 218	\$ 212,726	\$ 5,919	\$ 117,408	\$ 902,021	\$ 748,887
State Sources							212,594	212,594	303,532
Other	\$ 3,241						38,554	41,795	52,007
Total Revenues	3,241	452,150	51,129	62,471	218	212,726	5,919	368,556	1,156,410
EXPENDITURES:									
Instruction:									
Salaries of Teachers	336,213	39,945					179,185	555,343	517,246
Salaries - Other Instructional							57,987	57,987	100,086
Purchased Professional Ed Services									720
Other Purchased Services					94,357			94,357	
Supplies and Materials	18,917			218			41,261	60,396	57,662
General Supplies									83,377
Other Objects							498	498	
Total Instruction	355,130	39,945		218	94,357		278,931	768,581	759,091
Support Services:									
Salaries			48,802				30,789	79,591	29,990
Other Salaries							1,269	1,269	35,941
Personal Services-Employee Benefits	94,225	11,184	13,669				18,959	138,037	126,206
Purchased Prof/Tech Services	2,795							2,795	124,717
Purch. Prof. Ed.Services					101,038	5,620		106,658	
Other Purchased Services							38,575	38,575	12,351
Supplies and Materials	3,241				17,331	299	33	20,904	16,130
Total Support Services	3,241	97,020	11,184	62,471	118,369	5,919	89,625	387,829	345,335
Facilities Acquisition/Construction:									
Instructional Equipment									
Total Facilities Acquisition/Construction									
Total Expenditures	\$ 3,241	\$ 452,150	\$ 51,129	\$ 62,471	\$ 218	\$ 212,726	\$ 5,919	\$ 368,556	\$ 1,156,410
								\$ 1,104,426	

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	21ST CENTURY												Totals 2018
	2017-2018		HMS	PNS	PNS United		Wildwo d Donation	Teacher of The Year	SC TP HMS	SC TP PN	Preschool Education 2017-18		
	PN	HMS	PY	PY	Way 17-18	PN IDEA 17-18						PN IDEA 16-17	
REVENUES:													
Federal Sources	\$32,493	\$40,749	\$ 5,251	\$28,700	\$ 1,589	\$ 1,249	\$ 7,377						\$ 117,408
State Sources											\$ 212,594		212,594
Other Sources							\$37,689	\$ 33	\$ 182	\$ 650			38,554
Total Revenues	32,493	40,749	5,251	28,700	1,589	1,249	7,377	37,689	33	182	650	212,594	368,556
EXPENDITURES:													
Instruction:													
Salaries of Teachers	12,233	8,398	1,547	4,888	305	858	2,600			182	650	147,524	179,185
Salaries - Other Instructional		5,543	1,116									51,328	57,987
Purchased Professional Educational Services													
Other Purchased Services													
Supplies & Materials		982	677		131		1,782	37,689					41,261
General Supplies													
Other Objects					498								498
Total Instruction	12,233	14,923	3,340	4,888	934	858	4,382	37,689		182	650	198,852	278,931
Support Services:													
Salaries	7,826	9,828	1,586	8,554			2,995						30,789
Other Salaries	1,269												1,269
Personal Services-Employee Benefits	1,632	1,818	325	1,028	23	391						13,742	18,959
Purchased Professional-Educational Services													
Other Purchased Services	9,533	14,180		14,230	632								38,575
Supplies									33				33
Total Support Services	20,260	25,826	1,911	23,812	655	391	2,995		33			13,742	89,625
Facilities Acquisition/Construction:													
Instructional Equipment													
Total Facilities Acquisition/Construction													
Total Expenditures	\$32,493	\$40,749	\$ 5,251	\$28,700	\$ 1,589	\$ 1,249	\$ 7,377	\$37,689	\$ 33	\$ 182	\$ 650	\$ 212,594	\$ 368,556

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 177,389	\$ 147,524	\$ 29,865
Other Salaries of Instruction	73,308	51,328	21,980
Purchased Professional Educational Services			
Supplies and Materials			
Total Instruction	<u>250,697</u>	<u>198,852</u>	<u>51,845</u>
Support Services:			
Personal Services - Employee Benefits	19,923	13,742	6,181
Total Support Services	<u>19,923</u>	<u>13,742</u>	<u>6,181</u>
Facilities Acquisition and Const. Services:			
Instructional Equipment			
Non Instructional Equipment			
Total Facilities Acquisition and Const. Services	<u> </u>	<u> </u>	<u> </u>
Contribution to Charter Schools	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 270,620</u>	<u>\$ 212,594</u>	<u>\$ 58,026</u>

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2017-18 Preschool Education Aid Allocation	\$ 270,063	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2017)	47,377	(2)
Add: Budgeted Transfer from the General Fund 2017-18	<u> </u>	(3)
Total Preschool Education Aid Funds Available for 2017-18 Budget	317,440	(4)
Less: 2017-18 Budgeted Preschool Education Aid (including prior year budget carryover)	<u>(270,620)</u>	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2018	46,820	(6)
Add: June 30, 2018 Unexpended Preschool Education Aid	58,026	(7)
Less: 2017-18 Commissioner-approved Transfer to the General Fund	<u> </u>	(8)
2017-18 Carryover - Preschool Education Aid Programs	<u>\$ 104,846</u>	(9)
2017-18 Preschool Education Aid Carryover Budgeted for Preschool Programs 2018-19	<u>\$ -</u>	(10)

The Board should consider appropriating this additional carry-over into the 2018-19 budgets \$ 104,846

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, 2018

<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 2018</u>	<u>June 30 2017</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>\$ 62,888</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, 2018

Revenues and Other Financing

Sources

State Sources - SDA Grant	\$	
Interest		26
		<hr/>
Total Revenues		26
		<hr/>

Expenditures and Other Financing

Uses

Construction Services		<hr/>
Total Expenditures		<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures		26
Transfer of Interest Earned to General Fund		(26)
Fund Balance - Beginning		48,554
		<hr/>
Fund Balance - Ending	\$	48,554
		<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, 2018

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

Additional Project Information:

Project Number	0950-025-14-GINO
Grant Date/ Letter of Notification	March 7, 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, 2018

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

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, 2018 AND 2017**

	Food Service Enterprise Fund	Extended Day Enterprise Fund	Totals	
			2018	2017
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$	\$ 63,739	\$ 63,739	\$ 67,177
Accounts Receivable:				
State	354		354	284
Federal	30,670		30,670	23,518
Other	58	129	187	817
Inventories	16,465		16,465	15,167
Total Current Assets	<u>47,547</u>	<u>63,868</u>	<u>111,415</u>	<u>106,963</u>
Fixed Assets:				
Equipment	193,795		193,795	154,995
Accumulated Depreciation	(161,653)		(161,653)	(150,153)
Total Fixed Assets	<u>32,142</u>		<u>32,142</u>	<u>4,842</u>
Total Assets	<u>79,689</u>	<u>63,868</u>	<u>143,557</u>	<u>111,805</u>
LIABILITIES:				
Current Liabilities:				
Due to General Fund	41,931		41,931	28,932
Unearned Revenue	5,255		5,255	6,330
Accounts Payable	361		361	
Total Current Liabilities	<u>47,547</u>		<u>47,547</u>	<u>35,262</u>
NET POSITION:				
Invested in Capital Assets Net of Related Debt	32,142		32,142	4,842
Unrestricted		63,868	63,868	71,701
Total Net Position	<u>\$ 32,142</u>	<u>\$ 63,868</u>	<u>\$ 96,010</u>	<u>\$ 76,543</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, 2018 AND 2017

	Food Service	Extended Day	Totals	
	Enterprise Fund	Enterprise Fund	2018	2017
OPERATING REVENUES:				
Local Sources:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$	\$	\$	\$
Total Daily Sales - Reimbursable Programs				
Daily Sales Non-Reimbursable Programs	20,214	18,758	38,972	40,953
Total Operating Revenue	20,214	18,758	38,972	40,953
OPERATING EXPENSES:				
Salaries	160,053	15,465	175,518	172,469
Employee Benefits	55,171	883	56,054	35,426
Supplies and Materials	28,822	130	28,952	14,657
Depreciation	3,005		3,005	737
Cost of Sales - Reimbursable Programs	177,491		177,491	181,241
Cost of Sales - Non-Reimbursable Programs	6,441		6,441	4,538
Management Fee	21,525		21,525	21,210
Repairs and Other Expenses	20,412	630	21,042	12,516
Total Operating Expenses	472,920	17,108	490,028	442,794
Operating Income (Loss)	(452,706)	1,650	(451,056)	(401,841)
Non-Operating Revenues:				
State Sources:				
State School Lunch Program	4,340		4,340	4,466
Federal Sources:				
School Breakfast Program	109,712		109,712	114,581
National School Lunch Program	261,165		261,165	263,107
Snack Program	8,957		8,957	8,482
Food Distribution Program	29,459		29,459	27,212
Fruit and Vegetable Grant	15,993		15,993	
Interest		31	31	26
Total Non-Operating Revenues	429,626	31	429,657	417,874
Net Income before Operating Transfers	(23,080)	1,681	(21,399)	16,033
Operating Transfer In	10,561		10,561	
Fixed Asset Adjustment	30,305		30,305	
Net Income	17,786	1,681	19,467	16,033
Net Position - July 1	14,356	62,187	76,543	60,510
Net Position - June 30	\$ 32,142	\$ 63,868	\$ 96,010	\$ 76,543

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017

	Food Service Enterprise Fund	Extended Day Enterprise Fund	Totals	
			2018	2017
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 20,214	\$ 18,758	\$ 38,972	\$ 40,953
Payments to Employees and Employee Benefits	(215,224)	(16,348)	(231,572)	(207,895)
Payments to Suppliers	(245,177)	(5,879)	(251,056)	(237,882)
Net Cash Provided by Noncapital Financing Activities	(440,187)	(3,469)	(443,656)	(404,824)
Cash Flows from Noncapital Financing Activities:				
Cash Received from State and Federal Reimbursements	429,626		429,626	417,848
Operating Transfer from General Fund	10,561		10,561	
Net Cash Provided by Noncapital Financing Activities	440,187		440,187	417,848
Cash Flows from Capital & Related Financing Activities				
Purchase of Capital Assets				
Net Cash Provided by Capital and Related Financing Activities	-			
Cash Flows From Investing Activities				
Interest and Dividends		31	31	26
Net Cash Provided by Investing Activities		31	31	26
Net Decrease in Cash and Cash Equivalents		(3,438)	(3,438)	13,050
Cash and Cash Equivalents, July 1 (Overdraft)		67,177	67,177	54,127
Cash and Cash Equivalents, June 30 (Overdraft)	\$	\$ 63,739	\$ 63,739	\$ 67,177
Operating Income (Loss)	\$ (452,706)	\$ 1,650	\$ (451,056)	\$ (401,841)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation	3,005		3,005	737
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	(6,653)	61	(6,592)	140
(Increase)/Decrease in Inventory	(1,298)		(1,298)	(880)
Increase/(Decrease) in Accounts Payable	361		361	
Increase/(Decrease) in Due to General	18,179	(5,180)	12,999	7,804
Increase/(Decrease) in Unearned Revenue	(1,075)		(1,075)	3,441
Increase/(Decrease) in Compensated Absences				(14,225)
Net Cash Used by Operating Activities	\$ (440,187)	\$ (3,469)	\$ (443,656)	\$ (404,824)

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, 2018
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	Unemployment Trust Funds	Private Purpose Scholarship Fund	Agency		Total	
			Student Activity	Payroll	2018	2017
ASSETS:						
Cash and Cash Equivalents	\$ 143,565	\$ 16,976	\$ 9,271	\$ 326,704	\$ 496,516	\$ 491,322
Certificate of Deposit		14,550			14,550	17,500
Due from Payroll Agency Account	33,086				33,086	23,002
Accounts Receivable			1,000		1,000	
Total Assets	\$ 176,651	\$ 31,526	\$ 10,271	\$ 326,704	\$ 545,152	\$ 531,824
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Interfund Payable - General Fund	\$	\$	\$	\$ 20,213	\$ 20,213	\$ 18,473
Due to Unemployment Trust Account				33,086	33,086	23,002
Accounts Payable	1,582	1,000			2,582	2,071
Summer Reserve				273,405	273,405	261,533
Due to Student Groups			10,271		10,271	9,773
Total Liabilities	1,582	1,000	10,271	326,704	339,557	314,852
Net Position						
Reserved for Scholarships		30,526			30,526	31,531
Held in Trust for Unemployment Claims and Other Purposes	175,069				175,069	185,441
Total Net Position	175,069	30,526			205,595	216,972
Total Liabilities and Net Position	\$ 176,651	\$ 31,526	\$ 10,271	\$ 326,704	\$ 545,152	\$ 531,824

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018 AND 2017

	<u>Expendable Trust</u>			
	<u>Unemployment</u>	<u>Scholarship</u>	<u>Total</u>	<u>Total</u>
	<u>Funds</u>	<u>Funds</u>	<u>2018</u>	<u>2017</u>
ADDITIONS:				
Contributions	\$ 13,141	\$	\$ 13,141	\$ 13,133
Employee Deductions	4,342		4,342	4,151
Investment Earnings	130	30	160	164
Total Additions	<u>17,613</u>	<u>30</u>	<u>17,643</u>	<u>17,448</u>
DEDUCTIONS:				
Total Deductions	<u>27,985</u>	<u>1,035</u>	<u>29,020</u>	<u>6,984</u>
Change in Net Position	(10,372)	(1,005)	(11,377)	10,464
Net Position - Beginning of the Year	<u>185,441</u>	<u>31,531</u>	<u>216,972</u>	<u>206,508</u>
Net Position - End of the Year	<u>\$ 175,069</u>	<u>\$ 30,526</u>	<u>\$ 205,595</u>	<u>\$ 216,972</u>

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Accounts Receivable</u>	<u>Balance June 30, 2018</u>
ELEMENTARY SCHOOLS					
Haleyville-Mauricetown	\$ 1,461	\$ 2,898	\$ 2,090	\$	\$ 2,269
Port Norris	1,333	7,305	7,538	1,000	2,100
Breakfast Fund	1,204	2,088	1,277		2,015
General Fund	1,419	6			1,425
Performing Arts	3,787	12,537	14,297		2,027
Due to Student Groups	1				1
Basketball, PNS	94	1,050	1,144		
Bookfair, HMS	14	4,259	4,250		23
NJHS PNS	460	644	693		411
Total Elementary Schools	<u>9,773</u>	<u>30,787</u>	<u>31,289</u>	<u>1,000</u>	<u>10,271</u>
TOTAL ALL SCHOOLS	<u>\$ 9,773</u>	<u>\$ 30,787</u>	<u>\$ 31,289</u>	<u>\$ 1,000</u>	<u>\$ 10,271</u>

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>7/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/18</u>
ASSETS:				
Cash and Cash Equivalents	\$ 303,008	\$ 7,000,767	\$ 6,977,071	\$ 326,704
Total Assets	<u>\$ 303,008</u>	<u>\$ 7,000,767</u>	<u>\$ 6,977,071</u>	<u>\$ 326,704</u>
LIABILITIES:				
Interfund Payable - General Fund	\$ 18,473	\$ 1,740		\$ 20,213
Due to Unemployment Trust Account	23,002	10,084		33,086
Summer Reserve Account	261,533	277,073	265,201	273,405
Payroll Deductions and Withholdings		2,981,936	2,981,936	
Net Payroll		3,729,934	3,729,934	
Total Liabilities	<u>\$ 303,008</u>	<u>\$ 7,000,767</u>	<u>\$ 6,977,071</u>	<u>\$ 326,704</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, 2018

<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, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds of 2009 to Refund Series 2001 Above	11/17/2009	\$ 2,370,000	8/1/18	\$ 235,000	3.125%	\$ 1,155,000	\$	\$	\$
			8/1/19	230,000	3.250%				
			8/1/20	235,000	4.500%				
			8/1/21	230,000	4.500%				
Totals						\$ 1,155,000	\$ 225,000	\$ 930,000	

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 103,163	\$	\$ 103,163	\$ 103,163	\$
State Sources:					
Debt Service Aid Type II	155,890		155,890	155,890	
TOTAL REVENUES	<u>259,053</u>		<u>259,053</u>	<u>259,053</u>	
EXPENDITURES:					
Regular Debt Service					
Interest	40,244		40,244	40,244	
Redemption of Principal	225,000		225,000	225,000	
Total Regular Debt Service	<u>265,244</u>		<u>265,244</u>	<u>265,244</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,191)</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>(6,191)</u>		<u>(6,191)</u>	<u>(6,191)</u>	
Fund Balance, July 1	<u>6,191</u>		<u>6,191</u>	<u>6,191</u>	
Fund Balance, June 30	<u>\$ 6,191</u>	<u>\$</u>	<u>\$ 6,191</u>	<u>\$</u>	<u>\$</u>

STATISTICAL SECTION

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 4,111,820	\$ 4,873,181	\$ 4,781,888	\$ 4,963,198	\$ 4,714,157	\$ 3,179,843	\$ 3,135,878	\$ 3,033,507	\$ 2,971,526	\$ 2,952,525
Restricted	2,046,062	1,526,428	1,466,286	1,021,338	981,597	823,240	458,314	684,041	426,409	857,006
Unrestricted (Deficit)	(1,747,868)	(1,885,240)	(1,602,285)	(966,864)	(1,663,637)	(1,451,087)	(3,364,659)	(3,264,548)	(3,547,631)	(3,760,715)
Total Governmental Activities Net Position	\$ 4,410,014	\$ 4,514,369	\$ 4,645,889	\$ 5,017,672	\$ 4,032,117	\$ 2,551,996	\$ 229,533	\$ 453,000	\$ (149,696)	\$ 48,816
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 9,083	\$ 23,902	\$ 21,832	\$ 19,762	\$ 17,692	\$ 3,140	\$ 6,316	\$ 5,579	\$ 4,842	\$ 32,142
Restricted										
Unrestricted	167,010	124,630	82,489	45,896	57,781	35,396	34,198	54,931	71,701	63,868
Total Business-Type Activities Net Position	\$ 176,093	\$ 148,532	\$ 104,321	\$ 65,658	\$ 75,473	\$ 38,536	\$ 40,514	\$ 60,510	\$ 76,543	\$ 96,010
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 4,120,903	\$ 4,897,083	\$ 4,803,720	\$ 4,982,960	\$ 4,731,849	\$ 3,182,983	\$ 3,142,194	\$ 3,039,086	\$ 2,976,368	\$ 2,984,667
Restricted	2,046,062	1,526,428	1,466,286	1,021,338	981,597	823,240	458,314	684,041	426,409	857,006
Unrestricted (Deficit)	(1,580,858)	(1,760,610)	(1,519,796)	(920,968)	(1,605,856)	(1,415,691)	(3,330,461)	(3,209,617)	(3,475,930)	(3,696,847)
Total District-Wide Net Position	\$ 4,586,107	\$ 4,662,901	\$ 4,750,210	\$ 5,083,330	\$ 4,107,590	\$ 2,590,532	\$ 270,047	\$ 513,510	\$ (73,153)	\$ 144,826

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities										
Instruction										
Regular	\$ 3,357,969	3,464,382	3,366,236	3,909,913	3,161,789	2,792,967	2,992,460	3,022,514	2,926,584	3,169,459
Special Education	608,730	495,980	695,354	400,945	695,940	729,384	783,996	748,881	753,564	784,927
Other Special Education	366,151	418,126	343,378	7,447	62,530	63,849	47,560	38,498	62,650	68,317
Other Instruction	18,538	19,833	6,286	9,731	9,430	5,711	4,629	3,659	4,110	12,234
Support Services										
Tuition	2,420,356	2,797,250	3,061,878	3,448,826	4,895,951	4,679,584	4,520,147	4,415,211	4,868,287	3,942,053
Student and Instruction Related Services	887,375	1,022,953	963,836	942,783	860,192	975,156	935,886	914,259	1,134,241	1,216,846
General and Business Administrative Services	395,564	354,808	273,396	225,672	287,624	280,692	242,672	284,983	330,818	338,703
School Administrative Services	302,336	314,291	344,906	365,004	309,154	305,762	367,393	207,643	319,895	300,793
Central Services	205,258	219,829	217,143	248,170	117,424	130,654	122,355	142,631	152,448	141,143
Administrative Information Technology	9,875	3,783	13,526	31,615	57,358	66,484	64,856	68,157	52,373	75,766
Plant Operations and Maintenance	841,711	817,433	899,009	835,641	769,215	738,506	729,946	722,482	749,379	743,947
Pupil Transportation	880,997	993,527	808,002	802,161	851,737	671,346	992,679	955,269	869,962	755,234
Business and Other Support Services	2,265,509	2,713,412	2,404,763	2,513,003	2,613,197	2,273,253	3,548,718	3,409,017	4,481,458	5,395,286
Summer School	52,932	55,884	10,732							
Amortization of Debt Issue Costs	3,850	35,614	9,516	9,516						
Interest on Long-Term Debt	139,399	72,761	85,405	78,086	76,918	63,895	68,680	60,983	54,664	45,639
Unallocated Depreciation	393,603	415,865	509,902	538,034	538,750	330,253	323,103	307,727	293,333	292,097
Total Governmental Activities Expenses	13,150,153	14,215,731	14,013,268	14,366,547	15,307,209	14,107,496	15,745,080	15,301,914	17,053,766	17,282,444
Business-Type Activities										
Food Service	453,051	495,927	507,598	446,127	428,049	409,116	424,230	453,151	427,617	472,920
Extended Day	18,608	19,712	18,822	23,378	24,581	32,136	17,975	14,824	15,177	17,108
Safe Schools										
Total Business-Type Activities Expense	471,659	515,639	526,420	469,705	452,630	441,252	442,205	467,975	442,794	490,028
Total District Expenses	\$ 13,621,812	14,731,370	14,539,688	14,836,252	15,759,839	14,548,748	16,187,285	15,769,889	17,496,560	17,772,472
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	\$ 1,754,904	2,108,027	2,174,350	1,869,639	2,016,459	1,708,949	1,845,138	1,791,626	1,740,000	1,804,785
Total Governmental Activities Program Revenues	1,754,904	2,108,027	2,174,350	1,869,639	2,016,459	1,708,949	1,845,138	1,791,626	1,740,000	1,804,785
Business-Type Activities										
Charges for Services										
Food Service	67,020	64,339	77,806	57,650	51,247	43,603	45,351	18,089	14,660	20,214
Extended Day	19,235	25,636	23,654	18,438	36,327	9,721	16,641	31,769	26,293	18,758
Operating Grants and Contributions	290,924	357,007	330,188	350,089	342,616	363,163	346,831	438,093	417,848	429,626
Total Business-Type Activities Program Revenues	377,179	446,982	431,648	426,177	430,190	416,487	408,823	487,951	458,801	468,598
Total District Program Revenues	\$ 2,132,083	2,555,009	2,605,998	2,295,816	2,446,649	2,125,436	2,253,961	2,279,577	2,198,801	2,273,383
Net (Expense)/Revenue	\$ (11,395,249)	(12,107,704)	(11,838,918)	(12,496,908)	(13,290,750)	(12,398,547)	(13,899,942)	(13,510,288)	(15,313,766)	(15,477,659)
Governmental Activities	(94,480)	(68,657)	(94,772)	(43,528)	(22,440)	(24,765)	(33,382)	19,976	16,007	(21,430)
Business-Type Activities										
Total District-Wide Net Expense	\$ (11,489,729)	(12,176,361)	(11,933,690)	(12,540,436)	(13,313,190)	(12,423,312)	(13,933,324)	(13,490,312)	(15,297,759)	(15,499,089)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, net	\$ 1,558,870	1,558,870	1,616,662	1,648,998	1,698,811	1,732,787	1,767,443	1,802,791	1,838,847	1,875,624
Taxes Levied for Debt Service	109,911	115,148	174,378	143,805	146,908	105,778	104,954	111,343	106,324	103,163
Unrestricted Grants and Contributions	9,915,156	10,447,899	10,173,152	11,051,930	10,440,131	10,481,926	11,568,496	11,598,553	12,297,191	13,042,311
Investment Earnings	15,013	20,573	11,982	7,557	3,948	1,195	843	750	848	972
Miscellaneous Income	175,836	104,569	44,264	20,750	131,520	119,269	131,628	220,318	467,860	718,393
Other Adjustments	(57,680)					(1,521,219)				22,090
Transfers	(100,000)	(35,000)	(50,000)	(4,349)	(32,116)	(1,310)	(119,417)			(86,382)
Total Governmental Activities	11,617,106	12,212,059	11,970,438	12,868,691	12,389,202	10,918,426	13,453,947	13,733,755	14,711,070	15,676,171
Business-Type Activities										
Investment Earnings	391	489	561	516	139	30	18	20	26	31
Other Adjustments		5,607				(13,512)				30,305
Transfers	100,000	35,000	50,000	4,349	32,116	1,310	35,342			10,561
Total Business-Type Activities	100,391	41,096	50,561	4,865	32,255	(12,172)	35,360	20	26	40,897
Total District-Wide	\$ 11,717,497	12,253,155	12,020,999	12,873,556	12,421,457	10,906,254	13,489,307	13,733,775	14,711,096	15,717,068
Change in Net Position										
Governmental Activities	\$ 221,857	104,355	131,520	371,783	(901,548)	(1,480,121)	(445,995)	223,467	(602,696)	198,512
Business-Type Activities	5,911	(27,561)	(44,211)	(38,663)	9,815	(36,937)	1,978	19,996	16,033	19,467
Total District-Wide	\$ 227,768	76,794	87,309	333,120	(891,733)	(1,517,058)	(444,017)	243,463	(586,663)	217,979

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Restricted	\$ 1,486,960	\$ 1,622,136	\$ 641,437	\$ 88,309	\$ 584,774	\$ 14,587	\$ 231,373	\$ 635,742	\$ 406,954	\$ 808,719
Unassigned (Deficit)	(126,263)	(732,463)	179,066	763,619	(344,252)	106,259	(478,360)	(694,608)	(773,028)	(751,851)
Total General Fund	\$ 1,360,697	\$ 889,673	\$ 820,503	\$ 851,928	\$ 240,522	\$ 120,846	\$ (246,987)	\$ (58,866)	\$ (366,074)	\$ 56,868
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Committed to Capital Projects Fund	18,938	24,668	65,122	72,899	59,392	59,392	48,554	48,554	48,554	48,554
Unassigned, Reported in:										
Special Revenue Fund (Deficit)	(32,417)	(32,806)	(36,296)	(32,806)	(27,009)	(27,009)	(36,495)	(32,116)	(35,035)	(27,006)
Debt Service Fund	2	42,861	42,862	38,423	687	687	6,191	6,191	6,191	
Total All Other Governmental Funds	\$ (13,477)	\$ 34,723	\$ 71,688	\$ 78,516	\$ 33,070	\$ 33,070	\$ 12,059	\$ 22,629	\$ 19,710	\$ 21,548

Source: CAFR Schedule B-1

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 1,668,781	\$ 1,674,018	\$ 1,791,040	\$ 1,792,803	\$ 1,845,719	\$ 1,838,565	\$ 1,872,397	\$ 1,914,134	\$ 1,945,171	\$ 1,978,787
Tuition									58,151	268,264
Child Study Team									249,410	305,501
Interest Earnings	15,013	20,573	11,982	7,557	3,948	1,195	843	750	848	972
Miscellaneous	176,836	104,569	44,264	20,750	116,302	88,031	131,628	220,318	160,299	144,628
State Sources	10,860,691	9,676,315	11,128,210	11,741,894	11,567,605	11,420,492	11,559,713	11,536,340	11,707,490	11,822,303
Federal Sources	808,369	2,879,611	1,219,292	1,179,675	888,985	770,383	916,748	812,964	782,197	946,052
Other Sources					15,218	9,471				
Total Revenues	13,529,690	14,355,086	14,194,788	14,742,679	14,437,777	14,128,137	14,481,329	14,484,506	14,903,566	15,466,507
Expenditures										
Instruction										
Regular Instruction	3,357,969	3,464,382	3,366,236	3,909,913	3,161,789	2,792,967	2,992,460	3,022,514	2,926,584	3,169,459
Special Education Instruction	608,730	495,980	695,354	400,945	695,940	729,384	783,996	748,881	753,564	784,927
Other Special Instruction	366,151	418,126	343,378	7,447	62,530	63,849	47,560	38,498	62,650	68,317
Other instruction	18,538	19,833	6,286	9,731	9,430	5,711	4,629	3,659	4,110	12,234
Support Services										
Tuition	2,420,356	2,797,250	3,061,878	3,448,826	4,895,951	4,679,584	4,520,147	4,415,211	4,868,287	3,942,053
Student and Instruction Related Services	887,375	1,022,953	963,836	942,783	860,192	975,156	935,886	914,259	1,134,241	1,216,846
School Administrative Services	395,564	354,808	344,906	365,004	309,154	305,762	367,393	207,643	319,895	300,793
General Administrative Services	302,336	314,291	273,396	225,672	287,624	280,692	242,672	284,983	330,818	338,703
Central Services & Info. Techn.	215,133	223,612	228,303	278,409	174,782	197,138	187,211	210,788	204,821	216,909
Plant Operations and Maintenance	847,255	817,433	899,009	835,641	769,215	738,506	729,946	722,482	749,379	743,947
Pupil Transportation	880,997	993,527	808,002	802,161	851,737	892,170	992,679	955,269	869,962	755,234
Business and Other Support Services										
Employee Benefits	2,148,522	2,452,283	2,614,324	2,671,724	2,564,402	2,263,983	2,596,531	2,491,955	2,700,866	3,105,415
Summer School	52,932	55,884	10,732							
Capital Outlay	238,416	982,230	199,491	442,247	15,020	43,680	93,408	14,626	30,622	35,264
Debt Service										
Principal	227,981	239,693	271,536	278,473	280,560	282,748	195,000	200,000	210,000	225,000
Interest and Other Charges	143,635	90,625	90,326	81,101	74,113	67,014	61,238	55,047	47,894	40,244
Total Expenditures	13,111,890	14,742,910	14,176,993	14,700,077	15,012,439	14,318,344	14,750,756	14,285,815	15,213,693	14,955,345
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	417,800	(387,824)	17,795	42,602	(574,662)	(190,207)	(269,427)	198,691	(310,127)	511,162
Other Financing Sources (Uses)										
Other Adjustments										
Transfers, Net	(100,000)	(35,000)	(50,000)	(4,349)	(32,116)	20,457	(119,417)			(86,382)
Total Other Financing Sources (Uses)	(100,000)	(35,000)	(50,000)	(4,349)	(32,116)	20,457	(119,417)			(86,382)
Net Change in Fund Balances	\$ 317,800	\$ (422,824)	\$ (32,205)	\$ 38,253	\$ (606,778)	\$ (169,750)	\$ (388,844)	\$ 198,691	\$ (310,127)	\$ 424,780
Debt Service as a Percentage of										
Noncapital Expenditures	2.9%	2.4%	2.6%	2.5%	2.4%	2.5%	1.7%	1.8%	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>CST Agreement</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>
2018	\$ 946	\$ 305,501	268,264	\$ 2,006	\$ 22,469	\$ 43,292	\$ 35,066	\$ 677,544
2017	822	249,410	58,151	23,919	6,124	57,448	20,801	416,675
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

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 ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual County Equalized Value
2018	\$ 17,764,100	\$ 237,641,200	\$ 2,090,000	\$ 401,000	\$ 11,897,500	\$ 12,628,700		\$ 282,422,500		\$ 282,422,500	0.732	\$ 240,564,310
2017	17,469,800	237,857,000	2,480,100	444,300	12,052,600	12,810,900		283,114,700		283,114,700	0.697	232,619,624
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

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		Total
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Commercial Township	Cumberland County	
2018	\$ 0.694	\$ 0.038	\$ 0.732	\$ 0.567	\$ 1.003	\$ 2.302
2017	0.659	0.038	0.697	0.567	0.951	2.215
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

* 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)

<u>Taxpayer</u>	<u>2018</u>		<u>2009</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Whibco Inc.	\$ 8,090,100	2.86%	\$ 4,992,300	1.71%
U.S. Silica Co.	4,069,500	1.44%	2,690,700	0.92%
Exelon Generation Co. LLC	2,682,900	0.95%	2,575,400	0.88%
Tax Payer #1	1,661,200	0.59%	1,414,500	0.49%
Doris Levari LLC	1,625,400	0.58%	1,388,400	0.48%
Ricci Bros Sand Co.	1,516,400	0.54%	986,000	0.34%
Levari Family LLC	1,389,100	0.49%	948,117	0.33%
Tax Payer #2	1,351,700	0.48%	733,600	0.25%
Core Element Group	1,263,400	0.45%	659,559	0.23%
Bivalve Packing Co. Inc.	1,185,100	0.42%	646,200	0.22%
Total	<u>\$ 24,834,800</u>	<u>8.79%</u>	<u>\$ 17,034,776</u>	<u>5.85%</u>

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	
2018	\$ 1,978,787	\$ 1,978,787	100.00%	\$
2017	1,945,171	1,945,171	100.00%	
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%	

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 ^o	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Personal Income ^a		Per Capita ^a	
2018	\$ 930,000	\$	\$	\$	\$ 930,000	0.48%	\$ 182	
2017	1,155,000				1,155,000	0.61%	230	
2016	1,365,000				1,365,000	0.72%	271	
2015	1,565,000				1,565,000	0.85%	308	
2014	1,760,000				1,760,000	0.99%	344	
2013	2,042,748				2,042,748	1.17%	398	
2012	2,323,308				2,323,308	1.34%	450	
2011	2,601,781				2,601,781	1.49%	504	
2010	2,873,317				2,873,317	1.68%	556	
2009	3,018,009	5,939			3,023,948	1.73%	559	

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		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2018	\$ 930,000		\$ 930,000	0.41%	182
2017	1,155,000		1,155,000	0.41%	230
2016	1,365,000		1,365,000	0.48%	271
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

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, 2018
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Commercial Township	\$ 1,196,500	100%	\$ 1,196,500
Other Debt			
County of Cumberland - Township share	85,432,863	2.752%	2,350,767
Subtotal, Overlapping Debt			3,547,267
Commercial Township School District Direct Debt			930,000
Total Direct and Overlapping Debt			\$ 4,477,267

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 2017

	Equalized Valuation Basis	
	2017	\$ 241,153,918
	2016	232,049,645
	2015	224,539,624
	[A]	\$ 697,743,187
Average Equalized Valuation of Taxable Property	[A/3]	\$ 232,581,062
Debt Limit (3% of Average Equalization Value)	[B]	\$ 6,977,432 a
Net Bonded School Debt	[C]	930,000
Legal Debt Margin	[B-C]	\$ 6,047,432

Fiscal Year,

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 6,772,680	\$ 7,377,297	\$ 7,835,390	\$ 7,835,390	\$ 7,835,770	\$ 7,558,298	\$ 7,301,999	\$ 7,049,170	\$ 6,885,642	\$ 6,977,432
Total Net Debt Applicable to Limit	3,018,009	2,873,317	2,601,781	2,601,781	2,042,748	2,042,748	1,565,000	1,365,000	1,155,000	930,000
Legal Debt Margin	\$ 3,754,671	\$ 4,962,073	\$ 5,233,609	\$ 5,233,609	\$ 5,793,022	\$ 5,515,550	\$ 5,736,999	\$ 5,684,170	\$ 5,730,642	\$ 6,047,432
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	45%	39%	33%	33%	26%	27%	21%	19%	17%	13%

Source: Abstract of Ratables and District Records

a 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> ^a	<u>Personal Income (thousands of dollars)</u> ^b	<u>Per Capita Personal Income</u> ^{c (1)}	<u>Unemployment Rate</u> ^d	
2018	*	5,101	\$ 192,499,314	\$ 37,738	9.20%
2017		5,018	188,424,972	37,550	9.40%
2016		5,044	188,458,972	37,363	10.60%
2015		5,081	184,511,434	36,314	12.40%
2014		5,112	178,393,464	34,897	13.80%
2013		5,134	174,263,362	33,943	15.20%
2012		5,162	173,752,920	33,660	18.80%
2011		5,166	175,142,898	33,903	16.90%
2010		5,170	171,147,680	33,104	13.60%
2009		5,412	175,229,736	32,378	12.70%

* Estimate

(1) Information for Cumberland County

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

^d 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>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Inspira Health Network	2,900	0.019		
Durand Glass Manufacturing Co.	1,100	0.007		
Walmart	920	0.006		
ShopRite	791	0.005		
F&S Produce/Pipco Transportation	750	0.005	NOT AVAILABLE	
Sheppard Bus Service	650	0.004		
Seabrook Brothers & Sons, Inc.	590	0.004		
Wawa	533	0.003		
Omni Baking	500	0.003		
Elwyn New Jersey	448	0.003		
	<u>9,182</u>	<u>0.06</u>		<u>0.00%</u>

Source:

This information is for the County of Cumberland.

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

<u>Function/Program</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>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	49	48	47	49	46	47	46	49	49	51
Special Education	17	14	19	11	14	14	16	15	18	16
Support Services:										
Tuition										
Student & Instruction Related Services	14	17	15	13	7	7	6	6	13	12
General Administrative Services	2	2	2	1	1	1	1	1	4	4
School Administrative Services	5	7	7	6	4	4	3	3	3	3
Business Administrative Services	3	3		2	1	2	2	2	2	2
Plant Operations and Maintenance	9	9	9	2	2	1	1	1	1	1
Food Service										
Transportation										7
Nursing										2
Total	99	100	99	84	75	75	75	77	90	98

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures^a	Cost Per Pupil	Percentage Change	Teaching Staff^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE)^c	Average Daily Attendance (ADA)^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2018	530	\$ 14,955,345	\$ 28,218	3.5%	51	10.4 : 1	541.3	504.7	-2.63%	93.24%
2017	558	15,213,693	27,265	7.3%	49	11.4 : 1	555.9	519.0	-2.73%	93.36%
2016	572	14,016,142	24,504	1.9%	47	12.2 : 1	571.5	537.5	0.88%	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%

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District Building										
Elementary										
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	492	460	470	444	403	397	396	404	399	374
Middle School										
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	188	195	195	192	198	183	171	168	159	155
Other										
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, 2018

- Elementary = 1
- Middle = 1
- High School = 0
- Other = 1

Source: District records, ASSA

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

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

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Haleyville-Mauricetown	65,975	\$ 97,833	\$ 92,422	71,017	\$ 79,210	\$ 39,628	\$ 38,639	\$ 121,257	\$ 125,112	\$ 112,057	\$ 112,126
Port Norris Middle	49,875	98,578	83,522	63,163	60,909	27,078	39,248	92,015	100,901	98,390	74,606
Total School Facilities		196,411	175,944	134,180	140,119	66,706	77,887	213,272	226,013	210,447	186,732
Other Facilities	1,900	5,120	11,418	12,553	4,115	3,683	2,248	61,315	3,195	6,095	5,781
Grand Total		\$ 201,531	\$ 187,362	146,733	\$ 144,234	\$ 70,389	\$ 80,135	\$ 274,587	\$ 229,208	\$ 216,542	\$ 192,513

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
New Jersey Schools Insurance Group	Real and Personal Property	450,000,000	5,000
	Extra Expense	50,000,000	5,000
	Valuable Papers and Records	10,000,000	5,000
	Demolition and Increased Cost of Construction	25,000,000	
	Limited Builders Risk	5,000,000	
	Fire Department Service Charge	10,000	
	Arson Reward	10,000	
	Pollutant Cleanup and Removal	250,000	
	Sublimits: Spec Flood Haz. Area Flood Zones	25,000,000	500,000
	Accounts Receivable	250,000	
	All Flood Zones	75,000,000	10,000
	Earthquake	50,000,000	
	Terrorism	1,000,000	
	Hardware/Software	1,000,000	
	Combined Single Limit per Accident for Property Damage and Business Income	100,000,000	5,000 per accident
	Public Employee Dishonesty with Faithful Performance	500,000	1,000
	Theft, Disappearance and Destruction - Loss of Money & Securities On or Off Premises	50,000	500
	Theft, Disappearance and Destruction - Money Orders & Counterfeit Paper Currency	50,000	500
	Forgery or Alteration	50,000	500
	Computer Fraud	50,000	500
Bodily Injury and Property Damage	16,000,000		
Products and Completed Operations	16,000,000		
Sexual Abuse	16,000,000		
Personal Injury and Advertising Injury	16,000,000		
Employee Benefits Liability	16,000,000	1,000	
Premises Medical Payments	10,000	5,000	
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

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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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the of Education of the Chesilhurst School District's basic financial statements, and have issued our report thereon dated January 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commercial Township Board of Education's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. We considered the deficiency described in the accompanying schedule of findings and questioned costs to be material, labeled 2018-1.

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, additional 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 one instance of noncompliance, or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and are described in the accompanying schedule of findings and questioned costs as items labeled finding 2018-1.

Commercial Township Board of Education's Response to Findings

Commercial Township Board of Education's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Their response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

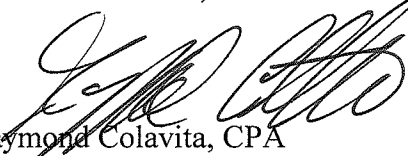
Purpose of this Report

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
January 22, 2019

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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, 2018. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its 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 programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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.

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 with the types of 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, 2018.

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 types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Commercial Township Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB Treasury 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 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.

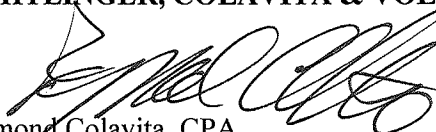
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We identified one deficiency in internal control over compliance that we consider to be a material weakness, 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 January 22, 2019, labeled finding 2018-1. 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
January 22, 2019

TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Schedule A
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2017	Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Returned/ Adjustments	Balance at June 30, 2018		
					From	To							Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Department of Education															
General Fund															
Medical Assistance Program (SEMI)	93.778	1705NJ5MAP	N/A	\$ 44,031	7/1/17	6/30/18	\$	\$ 44,031	\$ (44,031)	\$	(44,031)	\$	\$	\$	
Medical Assistance Program (SEMI)	93.778	1805NJ5MAP	N/A	33,310	7/1/16	6/30/17	(614)	614							
							(614)	44,645	(44,031)		(44,031)				
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Non-Cash Assistance:															
U.S.D.A. Food Distribution Program	10.565	Unknown	N/A	29,779	7/1/17	6/30/18		29,779	(25,416)		(25,416)			4,363	
U.S.D.A. Food Distribution Program	10.565	Unknown	N/A	28,366	7/1/16	6/30/17	4,043		(4,043)		(4,043)				
Cash Assistance:															
Fresh Fruits and Vegetable Program	10.582	181NJ304L1603	N/A	15,993	7/1/17	6/30/18		15,993	(15,993)		(15,993)				
Child Nutrition Cluster:															
School Breakfast Program	10.553	181NJ304N1099	N/A	109,712	7/1/17	6/30/18		100,635	(109,712)		(109,712)			(9,077)	
School Breakfast Program	10.553	171NJ304N1099	N/A	114,581	7/1/16	6/30/17	(6,681)	6,681							
School Snack Program	10.555	181NJ304N1099	N/A	8,957	7/1/17	6/30/18		8,690	(8,957)		(8,957)			(267)	
School Snack Program	10.555	171NJ304N1099	N/A	8,482	7/1/16	6/30/17	(109)	109							
National School Lunch Program	10.555	181NJ304N1099	N/A	261,165	7/1/17	6/30/18		239,839	(261,165)		(261,165)			(21,326)	
National School Lunch Program	10.555	171NJ304N1099	N/A	263,107	7/1/16	6/30/17	(16,728)	16,728							
Total U.S. Department of Agriculture							(19,475)	418,454	(425,286)		(425,286)			(30,670) 4,363	
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
IDEA Cluster:															
I.D.E.A. Part B Basic	84.027	H027A170100	IDEA0950-18	264,507	7/1/17	6/30/18		60,824	(212,726)		(212,726)			(151,902)	
I.D.E.A. Part B Basic	84.027	H027A160100	IDEA0950-17	190,146	7/1/16	6/30/17	(23,350)	23,350							
I.D.E.A. Part B, Pre-school	84.173	H173A170114	IDEA0950-18	\$ 5,919	7/1/17	6/30/18			(5,919)		(5,919)			(5,919)	
E.S.E.A.:															
Title I	84.010	S010A170030	NCLB0950-18	454,739	7/1/17	6/30/18		420,880	(452,150)		(452,150)			(31,270)	
Title I	84.010	S010A160030	NCLB0950-17	507,264	7/1/16	6/30/17	(147,370)	148,219				(849)			
Title I - SIA Part A	84.010	S010A170030	NCLB0950-18	51,129	7/1/17	6/30/18		36,823	(51,129)		(51,129)			(14,306)	
Title II A	84.367A	S367A170029	NCLB0950-18	62,490	7/1/17	6/30/18		53,578	(62,471)		(62,471)			(8,893)	
Title II A	84.367A	S367A160029	NCLB0950-17	59,240	7/1/16	6/30/17	(15,855)	15,855							
Title IV	84.424	S424A170031	NCLB0950-18	10,000	7/1/17	6/30/18		218	(218)		(218)				
21st Century Prog - PN	84.287C	S287C170030	NCLB0950-18	51,716	9/1/17	8/31/18		24,551	(32,493)		(32,493)			(7,942)	
21st Century Prog - PN	84.287C	S287C160030	NCLB0950-17	58,404	9/1/16	8/31/17	(10,916)	39,616	(28,700)		(28,700)				
21st Century Prog - PN United Way	84.287C	S287C170029	NCLB0950-18	2,400	7/1/17	6/30/18			(1,589)		(1,589)			(1,589)	
21st Century Prog - PN United Way	84.287C	S287C160030	NCLB0950-17	2,600	7/1/16	6/30/17	(2,223)	2,503						280	
21st Century Prog - PN IDEA	84.287C	S287C170030	NCLB0950-18	6,690	9/1/17	8/31/18			(1,249)		(1,249)			(1,249)	
21st Century Prog - PN IDEA	84.287C	S287C160030	NCLB0950-17	6,163	9/1/16	8/31/17		7,860	(7,377)		(7,377)			483	
21st Century Prog - HMS	84.287C	S287C170030	NCLB0950-18	67,121	9/1/17	8/31/18		26,151	(40,749)		(40,749)			(14,598)	
21st Century Prog - HMS	84.287C	S287C160030	NCLB0950-17	44,241	9/1/16	8/31/17	(15,918)	15,918	(5,251)		(5,251)			(5,251)	
Total U.S. Department of Education							(215,632)	876,346	(902,021)		(902,021)	(849)	(242,919)	763	
Total Federal Financial Awards							\$ (235,721)	\$ 1,339,445	\$ (1,371,338)	\$	\$ (1,371,338)	\$ (849)	\$ (273,589)	\$ 5,126	

(A) There were no awards passed through to subrecipients.

See accompanying notes to schedules of financial assistance
 These funds were audited in accordance with the Uniform Guidance since the total of all grant expenditures exceeded \$750,000.

**TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - Schedule B
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2017		Carry-over	Cash Received	Budgetary Expenditures	Balance at June 30, 2018		MEMO		
			From	To	(Accounts Receivable)	Unearned Revenue				(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:														
General Fund:														
Equalization Aid	18-495-034-5120-078	\$ 9,277,063	7/1/17	6/30/18	\$	\$	\$	\$ 8,360,716	\$ (9,277,063)	\$ (916,347)	\$	*\$ (916,347)	\$ 9,277,063	
Equalization Aid	17-495-034-5120-078	9,270,768	7/1/16	6/30/17	(910,472)			910,472						
Special Education Categorical Aid	18-495-034-5120-089	475,209	7/1/17	6/30/18				428,269	(475,209)	(46,940)	*	(46,940)	475,209	
Special Education Categorical Aid	17-495-034-5120-089	475,209	7/1/16	6/30/17	(46,670)			46,670						
Security Aid	18-495-034-5120-084	282,814	7/1/17	6/30/18				254,879	(282,814)	(27,935)	*	(27,935)	282,814	
Security Aid	17-495-034-5120-084	282,814	7/1/16	6/30/17	(27,775)			27,775						
Transportation Aid	18-495-034-5120-014	209,898	7/1/17	6/30/18				189,165	(209,898)	(20,733)	*	(20,733)	209,898	
Transportation Aid	17-495-034-5120-014	209,898	7/1/16	6/30/17	(20,614)			20,614						
Under Adequacy Aid	18-495-034-5120-096	944	7/1/17	6/30/18				851	(944)	(93)	*	(93)	944	
Under Adequacy Aid	17-495-034-5120-096	944	7/1/16	6/30/17	(93)			93						
PARCC Readiness Aid	18-495-034-5120-098	7,800	7/1/17	6/30/18				7,030	(7,800)	(770)	*	(770)	7,800	
PARCC Readiness Aid	17-495-034-5120-098	7,800	7/1/16	6/30/17	(766)			766						
Per Pupil Growth Aid	18-495-034-5120-097	7,800	7/1/17	6/30/18				7,030	(7,800)	(770)	*	(770)	7,800	
Per Pupil Growth Aid	17-495-034-5120-097	7,800	7/1/16	6/30/17	(766)			766						
Professional Learning Comm Aid	18-495-034-5120-101	7,590	7/1/17	6/30/18				6,840	(7,590)	(750)	*	(750)	7,590	
Professional Learning Comm Aid	17-495-034-5120-101	7,590	7/1/16	6/30/17	(745)			745						
Extraordinary Aid	18-495-034-5120-044	7,557	7/1/17	6/30/18					(7,557)	(7,557)	*		7,557	
Non-public Transportation Aid	18-495-034-5120-014	4,930	7/1/17	6/30/18					(4,930)	(4,930)	*		4,930	
Non-public Transportation Aid	17-495-034-5120-014	2,958	7/1/16	6/30/17	(2,958)			2,958						
Reimbursed TPAF Social Security Contrib	18-495-034-5094-003	311,599	7/1/17	6/30/18				295,939	(311,599)	(15,660)	*		311,599	
Reimbursed TPAF Social Security Contrib	17-495-034-5095-002	294,577	7/1/16	6/30/17	(14,001)			14,001						
Total General Fund					(1,024,860)			10,575,579	(10,593,204)	(1,042,485)		(1,014,338)	10,593,204	
Special Revenue Fund:														
Preschool Education Aid	18-495-034-5120-086	270,063	7/1/17	6/30/18			47,377	243,057	(212,594)	(27,006)	104,846	*	(27,006)	212,594
Preschool Education Aid	17-495-034-5120-086	350,352	7/1/16	6/30/17	(35,035)	47,377	(47,377)	35,035						
Total Special Revenue Fund					(35,035)	47,377		278,092	(212,594)	(27,006)	104,846		(27,006)	212,594
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	
					(39,554)					(39,554)			39,554	
Debt Service Fund:														
Debt Service Aid-Type II	18-495-034-5120-017	155,890	7/1/17	6/30/18				155,890	(155,890)		*		155,890	
State Department of Agriculture:														
Enterprise Fund:														
State School Lunch Prog.	18-100-010-3350-023	4,340	7/1/17	6/30/18				3,986	(4,340)	(354)	*		4,340	
State School Lunch Prog.	17-101-010-3350-023	4,684	7/1/16	6/30/17	(284)			284						
Total Enterprise Fund					(284)			4,270	(4,340)	(354)			4,340	
Total State Financial Assistance Subject to OMB 15-08					\$ (1,099,733)	\$ 47,377	\$	\$ 11,013,831	\$ (10,966,028)	\$ (1,109,399)	\$ 104,846	\$ (1,041,344)	\$ 11,005,582	
State Financial Assistance Not Subject to OMB 15-08														
On-Behalf TPAF Pension Contribution	18-495-034-5094-002	521,424	7/1/17	6/30/18				\$ 521,424	\$ (521,424)					
On-Behalf TPAF Post Retirement Medical	18-495-034-5094-001	336,776	7/1/17	6/30/18				336,776	(336,776)					
On-behalf TPAF Long-term Disability Cont	18-495-034-5094-004	823	7/1/17	6/30/18				823	(823)					
Total State Financial Assistance							\$ 11,872,854	\$ (11,825,051)						

See accompanying notes to schedules of financial assistance

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2018

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. The Charter School has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

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 (\$6,437) for the general fund and \$8,029 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, 2018

(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 44,031	\$ 11,445,790	\$ 11,489,821
Special Revenue Fund	902,021	220,623	1,122,644
Debt Service		155,890	155,890
Food Service Fund	<u>425,286</u>	<u>4,340</u>	<u>429,626</u>
Total Awards & Financial Assistance	<u>\$ 1,371,338</u>	<u>\$ 11,826,643</u>	<u>\$ 13,197,981</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, 2018.

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, 2018. 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, 2018.

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 totaling \$849 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, 2018

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? X yes no
none

2) Significant deficiencies identified? yes X reported

Noncompliance material to basic financial statements noted? X yes no

Federal Awards

Internal control over major programs:

1) Material weakness (es) identified? yes X no
none

2) Significant deficiencies identified? yes X reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)? yes X no

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
10.553, 10.555	181NJ304N1099	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? yes X no

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(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? _____ yes X no

Internal control over major programs:

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
18-495-034-5120-078	Equalization Aid
18-495-034-5120-089	Special Education Categorical Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-096	Under Adequacy Aid
18-495-034-5120-098	PARCC Readiness Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-101	Professional Learning Community Aid

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting 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 Treasury Circular 15-08 audit.

Finding: 2018-1

Criteria or specific requirement:

N.J.S.A. 18A:22-8 requires budget transfer resolutions to be reflected in the Board Minutes.

Condition:

One approved budget transfer resolution was not accurate, with respect to the correct amount required for the June 30, 2018 TPAF reimbursement.

Context:

The approved budget transfer resolution inadvertently omitted the proper amount necessary for the June 30, 2018 TPAF reimbursement.

Effect:

Internal control over budget transfers was not sufficient to detect the error in the transfer resolution.

Cause:

A necessary internal control procedure over the review and recording of budget transfers was not completed, due to a change in personnel.

Recommendation:

Procedures to record and approve budget transfers should be revised, in order to assure all budget transfers align with the transfer resolution.

Views of responsible officials and planned corrective actions:

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

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(continued)**

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS N/A

STATE AWARDS

Finding: 2018-1

Information on the state program: NJ Public Cluster - Equalization Aid (495-034-5120-078), Special Education Categorical Aid (495-034-5120-089), Security Aid (495-034-5120-084), Under Adequacy Aid (495-034-5120-096), PARCC Readiness Aid (495-034-5120-098), Per Pupil Growth Aid (495-034-5120-097), Professional Learning Community Aid (495-034-5120-101).

Criteria or specific requirement:
N.J.S.A. 18A:22-8 requires budget transfer resolutions to be reflected in the Board Minutes.

Condition:
One approved budget transfer resolution was not accurate, with respect to the correct amount required for the June 30, 2018 TPAF reimbursement.

Questioned Costs: None

Context:
The approved budget transfer resolution inadvertently omitted the proper amount necessary for the June 30, 2018 TPAF reimbursement.

Effect:
Internal control over budget transfers was not sufficient to detect the error in the transfer resolution.

Cause:
A necessary internal control procedure over the review and recording of budget transfers was not completed, due to a change in personnel.

Recommendation:
Procedures to record and approve budget transfers should be revised, in order to assure all budget transfers align with the transfer resolution.

Management's response:
Management is aware of the necessary procedures to be updated and followed.

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

STATUS OF PRIOR - YEAR FINDINGS

Finding: 2017-1 (AMR Finding 2017-1)

Condition: During the course of our audit, it was determined that the District budget did not contain adequate provisions for several purchases. As a result, ten line items in the budget were over-expended.

Current Status: Resolved.