

**SCHOOL DISTRICT
OF
TOWNSHIP OF COMMERCIAL**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Township of Commercial Board of Education

Port Norris, New Jersey

For the Fiscal Year Ended June 30, 2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

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For the Fiscal Year Ended June 30, 2019

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

November 12, 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) for the fiscal year ended June 30, 2019, 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 2018-19 fiscal year with a June enrollment of 541 students, which is 11 more than the previous year enrollment. The following details the changes in the student enrollment of the District over the last ten years.

June 30 Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2018-19	541	2.00%
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%

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. We are currently in Comprehensive Status and closely following our ASP plans in each building through:

- review curriculum and instruction to ensure we are following the NJ Learning Standards
- we applied for and were accepted into the CAR initiative through NJPSA/FEA
- the continuation of technology with the intent to establish high interest activities, engagement, and time on task through STEM
- and professional development pertaining to pedagogy and practice in instructional methods aimed at providing professional growth for staff and improving student progress:

- o Writers Workshop
- o Wilson-Fundations Training for Grade 2 and Special Education teachers
- o 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.
- o 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.
- o Supports are in place for teachers to use their math data (Freckle) to plan for their math instruction, particularly in implementing Guided Math.
- o Student Growth Objectives (SGOs) are aligned to district goals and school initiatives.
- o Lesson plans are aligned to the district goals as well as the Marzano evaluation model.
- o Implementation of the Marzano Focused Model which directly reinforces district goals and objectives
- o new technology for the students including 1:1 chromebooks for grades 3 through 8
- o The District has invested in Seeing Stars, OnCourse Benchmarking and PBSIS to help with closing the achievement gap as well as to use data to drive instruction.

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.
- Bus Leasing will continue 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.

Technology Initiatives 2019-20:

- 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, Freckles Reading A-Z-where students are able to log into account at school and at home.
- **Grades 3-8:** 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.
- **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 2019-2020 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.

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 18-19 school. It will be continued throughout 2019-2020 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.

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, 2019.

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, 2019 the District's outstanding debt issues were \$695,000 in general obligation bonds. The unvoted amount of allowable debt is \$6,285,622.

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.

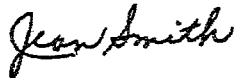
10. OTHER INFORMATION:

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.

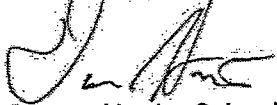
11. ACKNOWLEDGMENTS:

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, and P.A. and appreciate the courtesies extended to us.

Respectfully submitted,

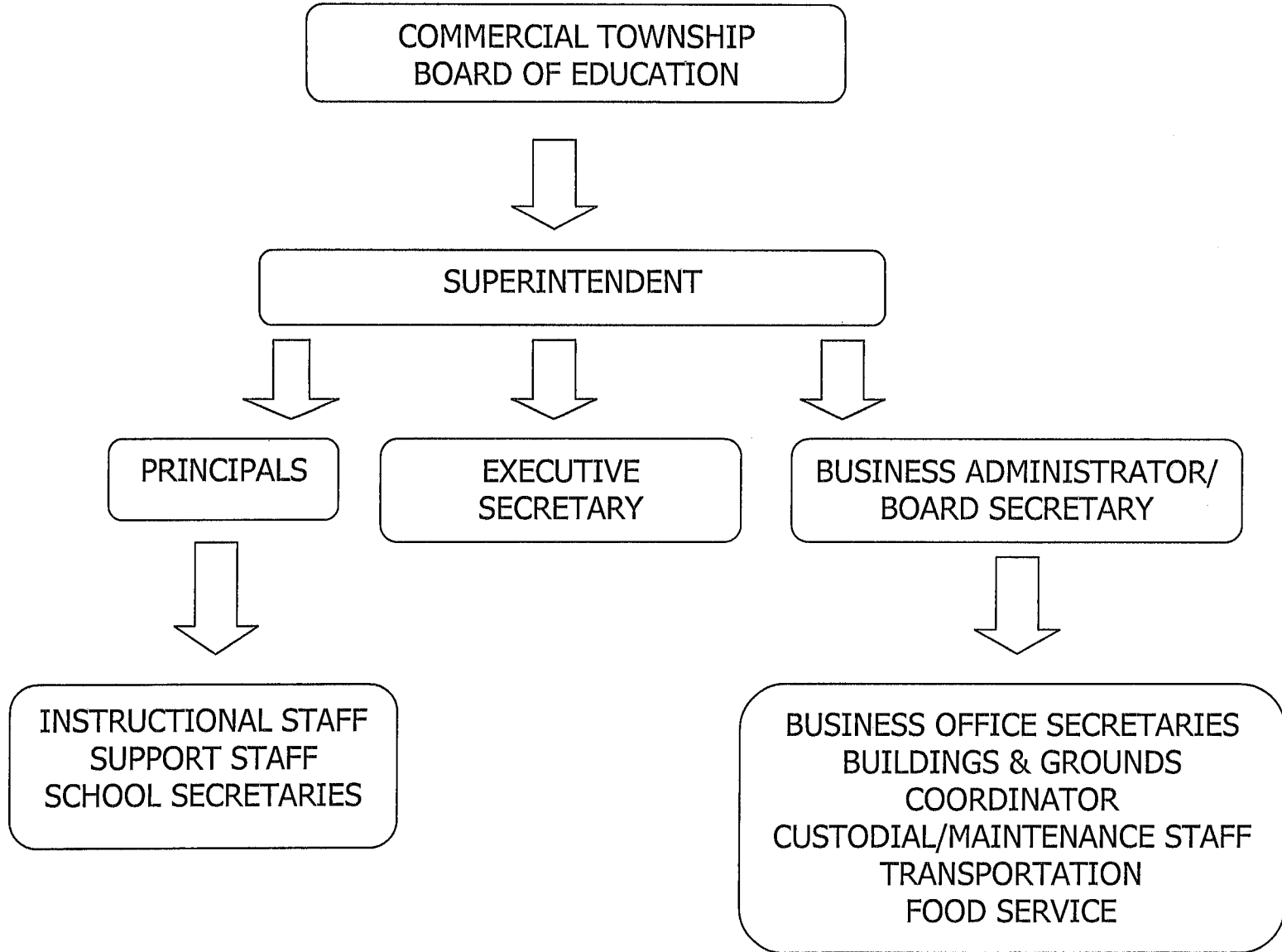


Jean Smith, Interim Superintendent/Principal



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, 2019

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Carol Perrelli, President	2021
Ronald Sutton, Jr.	2021
Julie Baum-Abbott	2019
Sharon Porter	2019
Beverly Dragotta	2019
Karen Stormes - Rivera	2020
Sheena Plummer	2021
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.
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Voorhees, NJ 08043

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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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, 2019, 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, 2019, 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.

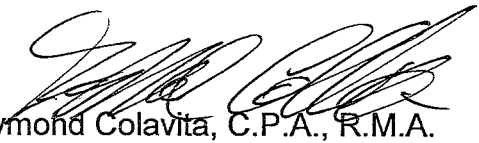
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Commercial Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

November 12, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
COMMERCIAL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019. 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 2019 are as follows:

- ❖ General revenues accounted for \$14,958,412 in revenue or 86% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,373,513 or 14% of total revenues of \$17,331,925.
- ❖ Total Net Position of governmental activities was \$663,591.
- ❖ The School District had \$16,704,844 in program expenses. These expenses were offset by program specific charges for services, grants or contributions of \$2,373,513 mentioned above in arriving at the net governmental activity expenses of the district. General revenues comprising federal and state aid of \$12,269,625, property taxes of \$2,071,327 and other miscellaneous revenues and adjustments of \$617,460 were adequate to provide for the programs maintained by the school.
- ❖ The General Fund had \$14,384,783 in revenues, \$13,746,910 in expenditures and other financing use reductions of \$77,483. The General Fund's balance increased \$560,390 over 2018. This increase 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 2019?" 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 2018 and 2019.

Table 1
Net Position

	2019	2018
Assets		
Current and Other Assets	\$ 1,750,155	\$ 1,083,951
Capital Assets, Net	3,685,956	3,914,400
Total Assets	5,436,111	4,998,351
Deferred Outflows of Resources		
Deferred Pension Outflows	878,134	931,225
Liabilities		
Long-term Liabilities	3,599,186	1,666,601
Other Liabilities	1,047,184	3,420,360
Total Liabilities	4,646,370	5,086,961
Deferred Inflows of Resources		
Deferred Pension Inflows	895,968	697,789
Net Position		
Invested in Capital Assets, Net of De	2,991,238	2,984,667
Restricted	1,260,603	857,006
Unrestricted (Deficit)	(3,479,934)	(3,696,847)
Total Net Position	\$ 771,907	\$ 144,826

Table 2 shows the changes in Net Position from fiscal year's 2019 and 2018.

Table 2
Changes in Net Position

	2019	2018
Revenues		
Programs Revenues		
Charges for Services	\$ 25,650	\$ 38,972
Operating Grants and Contributions	2,347,863	2,234,411
General Revenues		
Property Taxes	2,071,327	1,978,787
Grants and Entitlements	12,269,625	13,042,311
Other	617,460	695,970
Total Revenues	17,331,925	17,990,451
Program Expenses		
Instruction	3,916,062	4,034,937
Support Services		
Tuition	4,463,869	3,942,053
Pupils and Instructional Staff	1,101,070	1,216,846
General Administration, School		
Administration, Business	763,529	856,405
Operations and Maintenance of Facilities	824,073	743,947
Pupil Transportation	765,550	755,234
Employee Benefits	4,123,027	5,395,286
Interest on Debt	38,282	45,639
Enterprise Funds	443,391	490,028
Other	265,991	292,097
Total Expenses	16,704,844	17,772,472
Increase/(Decrease) in Net Position	\$ 627,081	\$ 217,979

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Of the District's \$14,958,335 in total governmental revenues for the fiscal year ended June 30, 2019, property taxes made up 13.8% of the revenues raised for governmental activities. Federal, state and local grants accounted for another 82.0% and other revenues made up 4.2%. The total cost of all program and services was \$16,704,844, of which the amount spent on governmental activities was \$16,261,453 and of this amount, Instruction comprised 24.1%.

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 2019</u>	<u>Net Cost of Services 2019</u>	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>
Instruction	\$ 3,916,062	\$ 3,023,503	\$ 4,034,937	\$ 3,266,356
Support Services				
Tuition	4,463,869	4,463,869	3,942,053	3,942,053
Pupils and Instructional Staff	1,101,070	904,688	1,216,846	967,054
General Administration, School				
Administration, Business	763,529	763,529	856,405	856,405
Operation and Maintenance of Facilities	824,073	824,073	743,947	743,947
Pupil Transportation	765,550	765,550	755,234	755,234
Employee Benefits	4,123,027	3,294,075	5,395,286	4,608,874
Interest and Fiscal Charges	38,282	38,282	45,639	45,639
Other	265,991	265,991	292,097	292,097
Total Expenses	<u>\$ 16,261,453</u>	<u>\$ 14,343,560</u>	<u>\$ 17,282,444</u>	<u>\$ 15,477,659</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 revenues exceeded expenses by \$11,042 and Extended Day revenue exceeded expenses by \$1,264, including \$77 in interest income.
- ❖ The General Fund did not subsidize the food service operation in 2018-19.
- ❖ Charges for services in the food service fund were \$24,463 of revenue. This represents amount paid by patrons for daily food services or 5.4% of the revenue in the food service fund. Service charges for the Extended Day program were \$1,187, which was \$17,571 less than in the prior year.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$429,970, which represents 94.6% of the revenue.

The School District's Funds

Information about the School District's major funds starts on page 25. 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 \$15,956,772 and expenditures of \$15,322,196. The net positive change in fund balance for the year was \$557,019. 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, 2019, 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 2018</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 2,766,267	17.4%	\$ 68,115	2.5%
State Sources	12,212,408	76.5%	390,105	3.3%
Federal Sources	978,097	6.1%	32,045	3.4%
Total	\$ 15,956,772	100.0%	\$ 490,265	3.2%

The School District's Funds (Continued)

The increase in Local Sources is attributed to increases in the local tax levy of \$92,540 and tuition of \$55,275, offset by decreases in child study team revenue of \$22,496 and interest earnings and miscellaneous revenue of \$57,204.

The increase in State Sources is attributed to increases in general fund state aid of \$289,388, debt service aid of \$1,074 state and federal grants for special projects of \$99,643.

The increase in Federal Sources is attributed to increases in various grant awards totaling \$32,045.

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, 2019.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2018</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 3,916,062	25.6%	\$ (118,875)	-3.2%
Undistributed Expenditures	11,089,050	72.4%	469,150	4.4%
Capital Outlay	50,012	0.3%	14,748	41.8%
Debt Service:				
Principal	235,000	1.5%	10,000	4.4%
Interest	32,072	0.2%	(8,172)	-20.3%
Total	<u>\$ 15,322,196</u>	<u>100.0%</u>	<u>\$ 366,851</u>	<u>2.5%</u>

The decrease in Current – Instruction is attributed to decreases in special education tuition of \$298,333 and other instruction of \$7,369, offset by increases in regular instruction of \$161,120 and other special education instruction of \$25,707.

The increase in Current – Undistributed Expenditures is attributed to increases in District Tuition of \$521,816, Plant Operations, Employee Benefits of \$65,544, Maintenance of \$80,126 and Pupil Transportation of \$10,316, offset by decreases in Student and Instruction Related Services of \$115,776 and School Administrative Services of \$92,876.

The increase in capital outlay is attributed to increases in capital projects and construction service costs of \$14,748.

The increase in debt service is attributed to increased outstanding debt obligations of \$10,000 in principal offset by a decrease of \$8,172 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 2019, 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 \$457,362.

- ❖ Actual revenues were \$35,689 more than expected, excluding On-Behalf pension and social security state aid of \$1,344,706, due primarily to miscellaneous revenue.
- ❖ The actual expenditures were \$496,472 less than expected, which excluded the effects of state On-Behalf pension and social security aid of \$1,344,706, partially offset by favorable variances in various budget appropriations.

Capital Assets

At the end of the fiscal year 2019, the School District had \$3,685,956 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2018 balances compared to 2019.

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

	<u>2019</u>	<u>2018</u>
Land	\$ 14,877	\$ 14,877
Land Improvements	395,091	434,194
Building and Improvements	3,022,356	3,178,272
Equipment	253,632	287,057
Totals	<u>\$ 3,685,956</u>	<u>\$ 3,914,400</u>

Overall capital assets decreased \$228,444 from fiscal year 2018 to fiscal year 2019. Increases in capital assets of \$40,742 were offset by depreciation expense of \$269,186.

Debt Administration

At June 30, 2019, the School District had \$3,599,186 as outstanding debt. Of this amount, \$643,512 is for compensated absences and the balance of \$695,000 is for refunding bonds dated 11/17/09. The District also reported a Net Pension Liability of \$2,260,674, in accordance with GASB #68.

At June 30, 2019, the School District's overall legal debt margin was \$6,980,622 and the unvoted debt margin was \$6,285,622, or 90% 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, 2019

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 653,123	\$ 12,921	\$ 666,044
Receivables, Net	965,166	79,324	1,044,490
Interfund Receivable	23,696		23,696
Inventory		15,925	15,925
Capital Assets, Net (Note 5):	3,657,009	28,947	3,685,956
Total Assets	<u>5,298,994</u>	<u>137,117</u>	<u>5,436,111</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	<u>878,134</u>		<u>878,134</u>
LIABILITIES			
Accounts Payable	417,956		417,956
Accrued Interest	11,833		11,833
Unearned Revenue	117,750	28,801	146,551
Short-term Loan Payable	470,844		470,844
Non-current Liabilities (Note 6):			
Due Within One Year	233,861		233,861
Due Beyond One Year	3,365,325		3,365,325
Total Liabilities	<u>4,617,569</u>	<u>28,801</u>	<u>4,646,370</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	<u>895,968</u>		<u>895,968</u>
NET POSITION			
Invested in Capital Assets, Net of Related De	2,962,291	28,947	2,991,238
Restricted for:			
Capital Projects	48,554		48,554
Other Purposes	1,212,049		1,212,049
Unrestricted (Deficit)	(3,559,303)	79,369	(3,479,934)
Total Net Position	<u>\$ 663,591</u>	<u>\$ 108,316</u>	<u>\$ 771,907</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, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 3,330,579	\$	\$ 892,559	\$ (2,438,020)	\$	\$ (2,438,020)
Special Education	486,594			(486,594)		(486,594)
Other Special Instruction	94,024			(94,024)		(94,024)
Other Instruction	4,865			(4,865)		(4,865)
Support Services:						
Tuition	4,463,869			(4,463,869)		(4,463,869)
Student & Instruction Related Services	1,101,070		196,382	(904,688)		(904,688)
General and Business Administrative Ser	280,206			(280,206)		(280,206)
School Administrative Services	271,668			(271,668)		(271,668)
Central Services	150,042			(150,042)		(150,042)
Admin Info Tech	61,613			(61,613)		(61,613)
Plant Operations and Maintenance	824,073			(824,073)		(824,073)
Pupil Transportation	765,550			(765,550)		(765,550)
Employee Benefits	4,123,027		828,952	(3,294,075)		(3,294,075)
Interest on Long-term Debt	38,282			(38,282)		(38,282)
Unallocated Depreciation	265,991			(265,991)		(265,991)
Total Governmental Activities	16,261,453		1,917,893	(14,343,560)		(14,343,560)
Business-type Activities:						
Food Service	443,391	24,463	429,970		11,042	11,042
Extended Day		1,187			1,187	1,187
Total Business-type Activities	443,391	25,650	429,970		12,229	12,229
Total Primary Government	\$16,704,844	\$ 25,650	\$ 2,347,863	\$ (14,343,560)	\$ 12,229	\$(14,331,331)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 1,961,219	\$	\$ 1,961,219
Taxes Levied for Debt Service				110,108		110,108
Federal, State and Local Aid not Restricted				12,269,625		12,269,625
Tuition from Other LEA'S Within the State and Individuals				323,539		323,539
Investment Earnings				817	77	894
Transfer to Charter Schools				(77,557)		(77,557)
Child Study Team				283,005		283,005
Miscellaneous Income				87,579		87,579
Total General Revenues, Special Items, Extraordinary Items and Transfers				14,958,335	77	14,958,412
Change in Net Position				614,775	12,306	627,081
Net Position—Beginning				48,816	96,010	144,826
Net Position—Ending				\$ 663,591	\$ 108,316	\$ 771,907

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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 541,107	\$ 2,897	\$ 56,908		\$ 600,912
Due from Other Funds	411,609				411,609
State Aid Receivable	134,740		39,554		174,294
Federal Aid Receivable	19,064	540,417			559,481
Other Accounts Receivable	231,391				231,391
Total Assets	\$ 1,337,911	\$ 543,314	\$ 96,462		\$ 1,977,687
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 249,809	\$ 168,147	\$		\$ 417,956
Short-term Loan Payable	470,844				470,844
Due to Other Funds		287,794	47,908		335,702
Unearned Revenue		117,750			117,750
Total Liabilities	720,653	573,691	47,908		1,342,252
Fund Balances:					
Restricted For:					
Excess Surplus	497,799				497,799
Excess Surplus - Designated for Subsequent Year's Expenditures	494,604				494,604
Capital Reserve	282				282
Maintenance Reserve	172,549				172,549
Emergency Reserve	41,349				41,349
Assigned:					
Year-end Encumbrances	5,748				5,748
Unassigned, Reported in:					
General Fund (Deficit)	(595,073)				(595,073)
Special Revenue Fund (Deficit)		(30,377)			(30,377)
Capital Projects Fund			48,554		48,554
Total Fund Balances (Deficit)	617,258	(30,377)	48,554		635,435
Total Liabilities and Fund Balances	\$ 1,337,911	\$ 543,314	\$ 96,462		

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 \$10,733,022 and the accumulated depreciation is \$7,076,013 (See Note 5)	3,657,009
Long Term Net Pension Liability	(2,260,674)
Deferred Pension Outflows	878,134
Deferred Pension Inflows	(895,968)
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.	(11,833)
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).	(1,338,512)
Net Position of Governmental Activities	\$ 663,591

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, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 1,961,219	\$	\$	\$ 110,108	\$ 2,071,327
Tuition from Other LEA'S Within the State	323,539				323,539
Child Study Team	283,005				283,005
Interest Earned on Investments	743		74		817
Miscellaneous	47,619	39,960			87,579
Total - Local Sources	2,616,125	39,960	74	110,108	2,766,267
State Sources	11,735,178	320,266		156,964	12,212,408
Federal Sources	33,480	944,617			978,097
Total Revenues	14,384,783	1,304,843	74	267,072	15,956,772
EXPENDITURES					
Current:					
Regular Instruction	2,438,020	892,559			3,330,579
Special Education Instruction	486,594				486,594
Other Special Instruction	94,024				94,024
Other Instruction	4,865				4,865
Support Services:					
Tuition	4,463,869				4,463,869
Student & Instruction Related Services	904,688	196,382			1,101,070
General Administrative Services	280,206				280,206
School Administrative Services	271,668				271,668
Central Services	150,042				150,042
Admin Info Tech	61,613				61,613
Plant Operations and Maintenance	824,073				824,073
Pupil Transportation	765,550				765,550
Employee Benefits	2,951,686	219,273			3,170,959
Debt Service:					
Interest and Other Charges				32,072	32,072
Principal				235,000	235,000
Capital Outlay	50,012				50,012
Total Expenditures	13,746,910	1,308,214		267,072	15,322,196
Excess (Deficiency) of Revenues over Expenditures	637,873	(3,371)	74		634,576
OTHER FINANCING SOURCES (USES)					
Transfers of Capital Project Interest	74		(74)		
Transfer to Charter Schools	(77,557)				(77,557)
Total Other Financing Sources and Uses	(77,483)		(74)		(77,557)
Net Change in Fund Balances	560,390	(3,371)			557,019
Fund Balance—July 1 (Deficit)	56,868	(27,006)	48,554		78,416
Fund Balance—June 30 (Deficit)	\$ 617,258	\$ (30,377)	\$ 48,554	\$ -	\$ 635,435

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, 2019

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 557,019

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	\$	(265,991)	
Capital outlays		40,742	
		40,742	(225,249)

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. 235,000

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. 3,060

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. (48,144)

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). 93,089

Change in Net Position of Governmental Activities (A-2) \$ 614,775

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, 2019

	Business-type Activities - Enterprise Funds		
	<u>Food Service</u>	<u>Extended Day</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash	\$	\$ 65,132	\$ 65,132
Accounts Receivable	79,324		79,324
Inventories	15,925		15,925
Total Current Assets	<u>95,249</u>	<u>65,132</u>	<u>160,381</u>
Fixed Assets:			
Equipment	193,795		193,795
Accumulated Depreciation	(164,848)		(164,848)
Total Fixed Assets	<u>28,947</u>		<u>28,947</u>
Total Assets	<u>124,196</u>	<u>65,132</u>	<u>189,328</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	25,246		25,246
Due to General	52,211		52,211
Unearned Revenue	3,555		3,555
Total Current Liabilities	<u>81,012</u>		<u>81,012</u>
NET POSITION			
Invested in Capital Assets Net of Related Debt	28,947		28,947
Unrestricted	14,237	65,132	79,369
Total Net Position	<u>\$ 43,184</u>	<u>\$ 65,132</u>	<u>\$ 108,316</u>

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, 2019

	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	24,463	1,187	25,650
Total Operating Revenue:	24,463	1,187	25,650
Operating Expenses:			
Salaries	145,480		145,480
Employee Benefits	38,376		38,376
Supplies and Materials	15,516		15,516
Depreciation	3,195		3,195
Cost of Sales - Reimbursable Programs	191,672		191,672
Cost of Sales - Non-Reimbursable Programs	10,224		10,224
Management Fee	22,155		22,155
Repairs and Other Expenses	16,773		16,773
Total Operating Expenses	443,391		443,391
Operating Income (Loss)	(418,928)	1,187	(417,741)
Non-operating Revenues (Expenses):			
State Sources:			
State School Lunch Program	4,310		4,310
Federal Sources:			
National School Breakfast Program	121,224		121,224
National School Lunch Program	265,661		265,661
National Snack Program	8,214		8,214
Food Distribution Program	30,561		30,561
Interest		77	77
Total Non-operating Revenues (Expenses)	429,970	77	430,047
Income (Loss) before Contributions & Transfers	11,042	1,264	12,306
Change in Net Position	11,042	1,264	12,306
Total Net Position—Beginning	32,142	63,868	96,010
Total Net Position—Ending	\$ 43,184	\$ 65,132	\$ 108,316

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, 2019

Business-type Activities
Enterprise Funds

	Food Service	Extended Day	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 24,463	\$ 1,316	\$ 25,779
Payments to Employees	(145,480)		(145,480)
Payments for Employee Benefits	(38,376)		(38,376)
Payments to Suppliers	(270,577)		(270,577)
Net Cash Provided by (used for) Operating Activities	(429,970)	1,316	(428,654)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	4,310		4,310
Federal Sources	425,660		425,660
Operating Subsidies and Transfers to Other Funds	0		0
Net Cash Provided by (used for) Non-capital Financing Activities	429,970		429,970
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		77	77
Net Cash Provided by (used for) Investing Activities		77	77
Net Increase (Decrease) in Cash and Cash Equivalents		1,393	1,393
Balances—Beginning of Year		63,739	63,739
Balances—End of Year	\$	\$ 65,132	\$ 65,132
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Operating Income (Loss)	\$ (418,928)	\$ 1,187	\$ (417,741)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities			
Depreciation and Net Amortization	3,195		3,195
(Increase) Decrease in Accounts Receivable, Net	(48,242)	129	(48,113)
(Increase) Decrease in Inventories	540		540
Increase (Decrease) in Accounts Payable	24,885		24,885
Increase (Decrease) in Due to General	10,280		10,280
Increase (Decrease) in Unearned Revenue	(1,700)		(1,700)
Total Adjustments	(11,042)	129	(10,913)
Net Cash Provided by (used for) Operating Activities	\$ (429,970)	\$ 1,316	\$ (428,654)

Noncash Noncapital Financing Activities:

During the year, the District received \$29,077 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, 2019

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 143,719	\$ 14,091	\$ 343,148
Certificates of Deposit		16,460	
Due from Payroll Agency Account	33,086		
Accounts Receivable			309
Total Assets	<u>176,805</u>	<u>30,551</u>	<u>343,457</u>
LIABILITIES			
Interfunds Payable			23,696
Summer Reserve			253,665
Accounts Payable		1,000	212
Payable to Student Groups			25,614
Due to Unemployment Trust Account			33,086
Payroll Deductions and Withholdings			7,184
Total Liabilities		<u>1,000</u>	<u>\$ 343,457</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 176,805</u>		
Restricted for Scholarships		<u>\$ 29,551</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, 2019

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 6,017	\$
Contributions	12,818	
Other	154	50
	<hr/>	<hr/>
Total Additions	18,989	50
	<hr/>	<hr/>
DEDUCTIONS		
Scholarships Awarded		1,025
Unemployment Claims	17,253	
	<hr/>	<hr/>
Total Deductions	17,253	1,025
	<hr/>	<hr/>
Change in Net Position	1,736	(975)
Net Position—Beginning of the Year	175,069	30,526
	<hr/>	<hr/>
Net Position—End of the Year	\$ 176,805	\$ 29,551
	<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, 2019

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, 2019 of 541 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. 83 - *Certain Asset Retirement Obligations*: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. The adoption of GASB 83 is not expected to impact the financial statements of the School District.
- 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The adoption of GASB 88 is not expected to impact the financial statements of the School District.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

New Accounting Standards (Continued):

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

- 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. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. The Board 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. The requirements of Statement will be effective for reporting periods beginning after December 15, 2019. The Board is evaluating the potential impact of the adoption of GASB 87 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. 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.
- 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. 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.
- GASB Statement - No. 91 - *Conduit Debt Obligations*: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management is evaluating the potential impact of the adoption of GASB 91 on the School District's financial statements.

A. Basis of Presentation:

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

A. Basis of Presentation (Continued):

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

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

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

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

B. Fund Accounting:

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

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:

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

B. Fund Accounting (Continued):

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

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

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

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

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

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

PROPRIETARY FUND TYPE

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

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

B. Fund Accounting (Continued):

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

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

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

FIDUCIARY FUND TYPE

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

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

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

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

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

C. Basis of Accounting and Measurement Focus:

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

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

Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual, as under the New Jersey State Statute a municipality is required to remit to its School District the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

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

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

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

D. Budgets/Budgetary Control:

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

D. Budgets/Budgetary Control (Continued):

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.

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

G. Tuition Payable:

Tuition charges for the fiscal years 2018-19, 2017-18 and 2016-17 were based on rates established by the receiving District. These rates are subject to change when the actual costs have been determined.

H. Basis of Accounting and Measurement Focus:

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

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, 2019.

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 expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2019.

K. Assets, Liabilities and Equity:

Transactions

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

Inventories

On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expensed when used. This includes \$2,879 in federal commodities on hand at June 30, 2019. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2019.

Inventory in the Food Service Fund at June 30, 2019 consisted of the following:

Food	\$	13,236
Supplies		2,689
		<hr/>
Total	\$	15,925
		<hr/> <hr/>

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

K. Assets, Liabilities and Equity (Continued):

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

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

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

L. Compensated Absences:

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

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

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

M. Unearned Revenue:

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

N. Operating Revenues and Expenses:

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

O. Allocation of Indirect Expenses:

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

Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

P. Extraordinary and Special Items:

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

Q. Fund Equity:

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

R. Comparative Data/Reclassifications:

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

S. Management Estimates:

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

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

U. Fund Balance Reserves:

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

V. Net Position:

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

W. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

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

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

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits:

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

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

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

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, 2019

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

As of June 30, 2019, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	Cash and Cash Equivalents
Checking Accounts	\$ 1,167,002
Certificates of Deposit	<u>16,460</u>
Total	<u>\$ 1,183,462</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, 2019, the School District's bank balance of \$1,406,220 custodial credit risk as follows:

Insured	\$ 250,000
Uninsured and collateralized with securities held by pledging financial institutions	<u>1,156,220</u>
	<u>\$ 1,406,220</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, 2019, investments are limited to Certificate of Deposit, in the amount of \$16,460.

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, 2019

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, 2018, 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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2018	\$ 267
Interest Earnings	15
Deposits	
Withdrawals	<u> </u>
Ending Balance, June 30, 2019	<u>\$ 282</u>

Of this amount, \$0 has been appropriated as revenue to fund the 2019-20 operating budget.

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2019 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, 2019

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance 7/1/2018	Additions	Adjustments/ Retirements	Ending Balance 6/30/2019
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	36,022		8,606,820
Machinery and equipment	1,232,491	4,720		1,237,211
Totals at historical cost	10,677,403	40,742	-	10,718,145
Less accumulated depreciation for :				
Land Improvements	(439,920)	(39,103)		(479,023)
Building and improvements	(5,392,526)	(191,938)		(5,584,464)
Equipment	(977,576)	(34,950)		(1,012,526)
Total accumulated depreciation	(6,810,022)	(265,991)	-	(7,076,013)
Total capital assets being depreciated, net of accumulated depreciation	3,867,381	(225,249)		3,642,132
Government activities capital assets, net	\$ 3,882,258	\$ (225,249)	\$ -	\$ 3,657,009
				To A-1
Business-type activities - Equipment	\$ 193,795			\$ 193,795
Less accumulated depreciation	(161,653)	(3,195)		(164,848)
Business-type activities capital assets, net	\$ 32,142	\$ (3,195)	\$ -	\$ 28,947
Depreciation expense was charged to governmental functions as follows:				
				\$ 265,991

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 6. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2019, the following changes occurred in long-term obligations:

	Beginning Balance 7/1/2018	Additions	Reductions	Ending Balance 6/30/2019	Amounts Due within One Year	Long-term Portion
Governmental Activities:						
Bonds payable:						
General obligation debt	\$ 930,000	\$	\$ 235,000	\$ 695,000	\$ 230,000	\$ 465,000
Total bonds payable	930,000		235,000	695,000	230,000	465,000
Other Liabilities:						
Compensated absences payable	736,601		93,089	643,512	3,861	639,651
Net Pension Liability	4,011,458		1,750,784	2,260,674		2,260,674
Total Long-term Obligations	<u>\$ 5,678,059</u>	<u>\$ -</u>	<u>\$ 2,078,873</u>	<u>\$ 3,599,186</u>	<u>\$ 233,861</u>	<u>\$ 3,365,325</u>

To A-1

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, 2019 are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 230,000	24,662	254,662
2021	235,000	15,638	250,638
2022	230,000	5,175	235,175
	<u>\$ 695,000</u>	<u>\$ 45,475</u>	<u>\$ 740,475</u>

B. Bonds Authorized But Not Issued - As of June 30, 2019 None.

C. Capital Leases

The District had no capital leases as of June 30, 2019.

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>
2020	26,244
2021	24,204
2022	23,556
2023	23,232
Total	<u>\$ 97,236</u>

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 8. PENSION PLANS

Description of Plans - Eligible employees of the School District can be covered by Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), or Defined Contribution Retirement Program (DCRP). PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (NJDPB) and the DCRP is jointly administered by Prudential and NJDPB. The NJDPB issues publicly available financial reports that include financial statements and required supplementary information for the systems. These reports may be obtained online at <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

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.

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.

The following represents the membership tiers for PERS:

Tier	Definition
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.

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. The PERS member total contribution rate as of July 1, 2018 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2019 were 71,666. Employers in PERS are required to contribute at an actuarially determined rate which includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The PERS employer rate due in 2019 is 13.37% of covered payroll. The District is billed annually for its normal contribution plus any accrued liability. These contributions were paid by the District and equal to the required contributions for each year. The District's contributions to PERS for the years ended June 30, 2019, and 2018, were \$115,521 and \$100,051 respectively.

The total payroll for the year ended June 30, 2019 was \$5,417,020. Payroll covered by PERS was \$963,278 for fiscal year 2019.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 8. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

Components of Net Pension Liability - At June 30, 2019, the District's proportionate share of the PERS net pension liability was \$2,260,673. The net pension liability was measured as of June 30, 2018. 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, 2018. The District's proportion measured as of June 30, 2018 was 0.011482% which was an increase of 0.00090% from its proportion measured as of June 30, 2017.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2019 PERS pension expense, with respect to GASB 68, was \$177,818. The District's 2019 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	\$ 43,111	\$ 11,657
Changes of assumptions	372,522	722,843
Net difference between projected and actual earnings on pension plan investments		21,205
Changes in proportion	346,980	140,263
Contributions subsequent to the measurement date	115,521	
Total	\$ 878,134	\$ 895,968

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
2020	\$ 43,511
2021	9,371
2022	(136,258)
2023	(76,109)
2024	26,130
Thereafter	
Total	\$ (133,355)

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 8. PENSION PLANS (CONT'D)

Public Employees' Retirement System (Continued)

Additional Information - Collective Balances at June 30, 2019 and 2018 are as follows:

Year		2019		2018
Collective deferred outflows of resources	\$	878,134	\$	931,225
Collective deferred inflows of resources	\$	895,968	\$	697,789
Collective Net Pension Liability	\$	2,260,673	\$	2,463,800
District's Proportion		0.011482%		0.010584%

Actuarial Assumptions - The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	PERS
Measurement Date	June 30, 2018
Actuarial Valuation Date	July 1, 2017
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, 2017 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, 2019

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, 2018 are summarized in the following table:

	PERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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, 2018, used to measure the total pension liability was 5.66% 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 3.87% as of June 30, 2018 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 50% 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 2046 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2018, 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 (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount (5.66%)	1% Increase (6.66%)
District's Proportionate Share of the Net Pension Liability	\$ <u>2,842,537</u>	\$ <u>2,260,673</u>	\$ <u>1,772,528</u>

Teachers' Pension and Annuity Fund

The State of New Jersey Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special funding situation that was established in 1955. 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.

The following represents the membership tiers for TPAF:

Tier	Definition
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.

Special Funding Situation - The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 8. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (Continued)

Contributions - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The member contribution rate was 7.5% in as of July 1, 2018. 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 2018, 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. The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2019 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2019, the State of New Jersey contributed \$734,232 to the TPAF for pension contributions, \$333,046 for post-retirement benefits on behalf of the School, and \$795 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$276,633 during the year ended June 30, 2019 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, 2019, 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.

Pension Expense - For the year ended June 30, 2019, the District recognized pension expense of \$1,282,035 and revenue of \$1,282,035 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Measurement Date	June 30, 2018
Actuarial Valuation Date	July 1, 2017
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.55% - 4.55%
Thereafter	2.00% - 5.45%
Inflation	2.25%

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2018 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, 2018. 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, 2018 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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 8. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (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, 2019, 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 (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

	1% Decrease (3.86%)	Current Discount (4.86%)	1% Increase (5.86%)
State's Share of the Net Pension Liability associated with the District	\$ 26,070,715	\$ 21,991,636	\$ 18,729,356
State's Share of the Net Pension Liability	<u>\$ 75,417,894,537</u>	<u>\$ 63,806,350,446</u>	<u>\$ 54,180,663,328</u>

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.

As of June 30, 2017, the Local Education Retired Plan had 99,686 Inactive employees or beneficiaries currently receiving benefit payments and 224,418 Active employees.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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.

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2018, was \$46,110,832,982. Of this amount, the total OPEB liability attributable to the School District was \$16,947,972. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.03675%. The total OPEB liability for the School District measured as of June 30, 2018 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, 2018 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, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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:

	TPAF/ABP	PERS	PFRS
Inflation Rate	2.50%	2.50%	2.50%
	Based on	Based on	Based on
Salary Increases:	Years of Service	Age	Age
Through 2026	1.55% - 4.55%	2.15% - 4.15%	2.10% - 8.98%
Thereafter	2.00% - 5.45%	3.15% - 5.15%	3.10% - 9.98%

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.

The actuarial assumptions used in the June 30, 2017 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.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of all active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven 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, 2018 was 3.87%. 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>
State of New Jersey	
Balance as of June 30, 2017 Measurement Date	\$ <u>53,639,841,858</u>
Changes for the year:	
Service Cost	1,984,642,729
Interest	1,970,236,232
Changes of Benefit Terms	
Differences between Expected and Actual	(5,002,065,740)
Changes of Assumptions	(5,291,448,855)
Benefit Payments	(1,232,987,247)
Contributions from Members	42,614,005
Net Changes	<u>(7,529,008,876)</u>
Balance as of June 30, 2018 Measurement Date	\$ <u>46,110,832,982</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, 2018, 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, 2018</u>		
	<u>At 1.00% Decrease</u>	<u>At Discount Rate</u>	<u>At 1.00% Increase</u>
	2.87%	3.87%	4.87%
\$	54,512,391,175	46,110,832,982	39,432,461,816

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2018, 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, 2018	
	Healthcare Cost	Trend Rate
1.00% Decrease	Healthcare Cost	1.00% Increase
\$ 38,113,289,045	46,110,832,982	56,687,891,003

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

For the year ended June 30, 2019, the School District recognized OPEB expense of \$782,256. 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	\$	\$ 1,645,179
Changes of Assumptions		3,798,975
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion		77,998
Contributions Subsequent to the Measurement Date		
Total	\$ 0	\$ 5,522,152

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
2019	\$ (679,169)
2020	(679,169)
2021	(679,169)
2022	(679,169)
2023	(679,169)
Thereafter	(2,126,307)
Total	\$ (5,522,152)

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019, a liability existed for compensated absences in the governmental activities in the amount of \$643,512.

NOTE 11. DEFERRED COMPENSATION

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

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

NOTE 12. RISK MANAGEMENT

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

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

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

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

NOTE 12. RISK MANAGEMENT (CONT'D)

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>
2018-2019	\$ 12,972	\$ 6,017	\$ 17,253	\$ 176,805
2017-2018	13,141	4,472	27,985	175,069
2016-2017	13,133	4,284	5,913	185,441

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

<u>Fiscal Year</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 411,609	\$
Special Revenue fund		287,794
Capital Projects		47,908
Food Service Fund		52,211
Unemployment Trust	33,086	
Payroll		56,782
Total	\$ 444,695	\$ 444,695

NOTE 14. FUND BALANCE APPROPRIATED

General Fund - Of the \$1,525,085 General Fund balance at June 30, 2019, \$282 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, 2020; \$172,549 has been restricted in a Maintenance Account, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2020; \$41,349 has been restricted in an Emergency Reserve; \$988,920 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$494,604 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2020; \$5,748 has been assigned for encumbrances; \$0 has been assigned and appropriated and included as anticipated revenue for the year ending June 30, 2020; and there is an unassigned fund balance of \$316,237.

Debt Service Fund –The fund balance in the Debt Service Fund at June 30, 2019 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, 2019 is \$497,799, which must be budgeted in the 2020-21 budget and \$494,604 which was budgeted in the 2019-20 budget.

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

NOTE 16. LITIGATION

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

NOTE 17. MAINTENANCE RESERVE

The District has a maintenance reserve with a balance of \$172,549 at June 30, 2019, none of which was anticipated as revenue in the 2019-20 budget. There were interest earnings of \$25 offset by a withdraw in the amount of \$100,000, which was reduced from the beginning balance of \$272,524.

NOTE 18. EMERGENCY RESERVE

The District also has an emergency reserve in the amount of \$41,349 at June 30, 2019, of which none was anticipated as revenue in the 2019-20 budget.

NOTE 19. CAPITAL PROJECT

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

As of June 30, 2019, 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, 2019.

NOTE 20. DEFICIT FUND BALANCES

The District has a deficit in Unassigned Fund Balance of (\$595,073) in the General Fund and (\$30,377) in the Special Revenue Fund. 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.

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

NOTE 20. DEFICIT FUND BALANCES (CONT'D)

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 \$911,310. The special revenue fund deficit of \$30,377 is equal to the last state aid payments.

NOTE 21. RECEIVABLES

Receivables at June 30, 2019 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>	<u>Total</u>
Intergovernmental	\$ 153,804	\$ 540,417	\$ 39,554	\$ 79,300	\$ 813,075
Other	231,391			24	231,415
Totals	\$ 385,195	\$ 540,417	\$ 39,554	\$ 79,324	\$ 1,044,490

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, 2019

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,961,219	\$	\$ 1,961,219	\$ 1,961,219	
Tuition from Individuals					
Tuition from Other LEA's Within the State	354,465		354,465	323,539	\$ (30,926)
Interest on Investments				678	678
Interest on Investments - Emergency Reserve	25		25	25	
Interest on Investments - Maintenance Reserve	25		25	25	
Interest on Investments - Capital Reserve	15		15	15	
Miscellaneous - Child Study Team Agreement			283,005	283,005	
Miscellaneous	295,505		12,500	47,619	35,119
Total - Local Sources	2,611,254		2,611,254	2,616,125	4,871
State Sources:					
Equalization Aid	9,277,063		9,277,063	9,277,063	
Categorical Special Education	475,209		475,209	33,842	(441,367)
Categorical Security Aid	282,814		282,814		(282,814)
Transportation	214,447		214,447		(214,447)
Adjustment Aid	19,585		19,585		(19,585)
Extraordinary Aid				61,307	61,307
Non-Public Transportation Aid				4,930	4,930
Emergency Aid				910,302	910,302
On-behalf TPAF Pension Contribution				734,232	734,232
On-behalf TPAF Post Retirement Medical Contribution				333,046	333,046
On-behalf TPAF Long-term Disability Contribution				795	795
Reimbursement TPAF Social Security				276,633	276,633
Total - State Sources	10,269,118		10,269,118	11,632,150	1,363,032
Federal Sources:					
Medicaid Assistance (SEMI)	20,988		20,988	33,480	12,492
Total - Federal Sources	20,988		20,988	33,480	12,492
TOTAL REVENUES	\$ 12,901,360	\$	\$ 12,901,360	\$ 14,281,755	\$ 1,380,395
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool	\$ 23,632	\$ (2,500)	\$ 21,132	\$ 20,372	\$ 760
Kindergarten	237,025	(94,994)	142,031	138,713	3,318
Grades 1-5	1,109,219	43,307	1,152,526	1,151,888	638
Grades 6-8	697,749	(134,137)	563,612	563,612	
Home Instruction:					
Salaries of Teachers	3,000	(3,000)			
Purchased Professional Educational Services	2,000	(2,000)			
Regular Programs - Undistributed					
Instruction:					
Other Salaries for Instruction	360,743	112,207	472,950	471,890	1,060
Purchased Technical Services	12,000	4,759	16,759	16,759	
Other Purchased Services	55,095	(14,288)	40,807	38,368	2,439
General Supplies	55,000	(19,898)	35,102	32,698	2,404
Textbooks	5,000	(2,669)	2,331	2,331	
Other Objects	5,000		4,166	1,389	2,777
Total Regular Programs	\$ 2,565,463	\$ (114,047)	\$ 2,451,416	\$ 2,438,020	\$ 13,396

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
CURRENT EXPENSES: (Continued)					
Special Education					
Learning/Language Disabled:					
Instruction					
Salaries of Teachers	\$ 187,575	\$ 20,114	\$ 207,689	\$ 206,042	\$ 1,647
Other Salaries for Instructions	50,372	(20,531)	29,841	27,418	2,423
Total Learning/Language Disabled:	237,947	(417)	237,530	233,460	4,070
Multiple Disabilities:					
Salaries of Teachers	202,520	(5,160)	197,360	191,530	5,830
Other Salaries for Instruction	65,720	(2,855)	62,865	61,604	1,261
Total Multiple Disabilities	268,240	(8,015)	260,225	253,134	7,091
Resource Room:					
Salaries of Teachers					
Other Salaries for Instruction					
Total Resource Room					
TOTAL SPECIAL EDUCATION	506,187	(8,432)	497,755	486,594	11,161
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	54,310	(21,540)	32,770	32,670	100
Total Basic Skills/Remedial Instruction:	54,310	(21,540)	32,770	32,670	100
Bilingual Education - Instruction:					
Salaries of Teachers	69,136	(1,906)	67,230	61,354	5,876
Total Bilingual Instruction:	69,136	(1,906)	67,230	61,354	5,876
School Sponsored Co-curricular Activities:					
Salaries	500		500	108	392
Total School Sponsored Co-curricular Activities	500		500	108	392
School Sponsored Athletics:					
Salaries	5,000		5,000	4,232	768
Purchased Services	500	155	655	525	130
Supplies and Materials	500	(155)	345		345
Total School Sponsored Athletics	6,000		6,000	4,757	1,243
Total Instruction	3,201,596		3,055,671	3,023,503	32,168
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	3,171,810	220,493	3,392,303	3,249,015	143,288
Tuition - Other LEAs Within the State - Special	446,442	(63,554)	382,888	382,888	
Tuition - County Voc Sch Dist Regular	169,031	15,636	184,667	184,667	
Tuition - County Voc Sch Dist Special	79,220	1,213	80,433	79,279	1,154
Tuition - Co Spec Serv and Regional Day Schools	579,300	(20,229)	559,071	547,263	11,808
Tuition to Private Schools for the Disabled Within State	58,485	(34,627)	23,858	20,757	3,101
Total Undistributed Expenditures - Instruction	\$ 4,504,288	\$ 118,932	\$ 4,623,220	\$ 4,463,869	\$ 159,351

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
CURRENT EXPENDITURES: (Continued)					
Attendance and Social Work Services:					
Salaries	\$ 21,511	\$ (15,000)	\$ 6,511	\$ 6,011	\$ 500
Supplies and Materials					
Total Attendance and Social Work Services	21,511	(15,000)	6,511	6,011	500
Health Services:					
Salaries	157,805	(43)	157,762	151,693	6,069
Purch Prof/ Tech Services	50,000	43,154	93,154	92,418	736
Other Purchased Services	200	129	329	329	
Supplies and Materials	5,000	(650)	4,350	4,187	163
Total Health Services	213,005	42,590	255,595	248,627	6,968
Speech, OT, PT & Related Services					
Salaries	112,400	(500)	111,900	111,900	
Purchased Prof - Education Services	10,000	(3,772)	6,228	3,904	2,324
Supplies and Materials	10,000	(9,800)	200	143	57
Total Speech, OT, PT & Related Services	132,400	(14,072)	118,328	115,947	2,381
Other Support Services - Extraordinary Services					
Purchased Prof - Education Services	56,160	1,337	57,497	23,718	33,779
Total Other Support Services - Extraordinary Services	56,160	1,337	57,497	23,718	33,779
Other Support Services - Students-Regular Guidance					
Salaries Other Professionals	172,635	(22,480)	150,155	150,155	
Salaries of Secretarial and Clerical Assistants	24,474	(8,622)	15,852	8,640	7,212
Supplies and Materials					
Total Other Support Services - Students-Regular Guidance	197,109	(31,102)	166,007	158,795	7,212
Other Support Services - Students- Child Study Teams					
Salaries of Other Professional Staff	395,059		395,059	316,279	78,780
Salaries of Secretarial and Clerical Assistants	39,793	(20,991)	18,802	7,563	11,239
Purchased Professional - Educational Services	10,375		10,375	7,850	2,525
Supplies and Materials	5,000	(765)	4,235	125	4,110
Total Other Support Services - Students- Child Study Teams	450,227	(21,756)	428,471	331,817	96,654
Improvement of Instructional Services					
Salaries of Other Professional Staff		3,000	3,000	3,000	
Other Salaries		12,000	12,000	10,000	2,000
Other Purchased Services	10,000	(9,700)	300	292	8
Supplies and Materials	1,000		1,000		1,000
Total Improvement of Instructional Services	11,000	5,300	16,300	13,292	3,008
Educational Media Services/School Library:					
Salaries	54,950	(53,904)	1,046		1,046
Total Educational Media Services/School Library:	\$ 54,950	\$ (53,904)	\$ 1,046	\$ -	\$ 1,046

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures:					
Instructional Staff Training Services					
Purchased Professional and Educational Services	\$ 3,500	\$ (2,300)	\$ 1,200		\$ 1,200
Other Purchased Services	6,200	859	7,059	\$ 6,481	578
Supplies and Materials	500	(421)	79		79
Other Objects	500	(290)	210		210
Total Inst. Staff Training Services	10,700	(2,152)	8,548	6,481	2,067
Support Services General Administration:					
Salaries	139,992	-	139,992	132,421	7,571
Legal Services	30,000	12,209	42,209	42,209	
Audit Fees	21,220		21,220	21,153	67
Other Purchased Professional Services	8,000	(4,100)	3,900	3,813	87
Purchased Technical Services	1,400	9,704	11,104	11,104	
Communication/Telephone	70,000	(21,156)	48,844	46,607	2,237
BOE Other Purchased Services	7,500	(85)	7,415	7,208	207
Miscellaneous Purchased Services	10,487	2,766	13,253	8,453	4,800
General Supplies	2,000	(32)	1,968	901	1,067
Miscellaneous Expenditures	200	107	307	307	
BOE Membership Dues and Fees	6,000	588	6,588	6,030	558
Total Support Services General Administration	296,799	1	296,800	280,206	16,594
Support Services School Administration:					
Salaries of Principals/Assistant Principals	194,366	1,007	195,373	195,373	
Salaries of Secretarial and Clerical Assistants	71,952	(1,007)	70,945	69,383	1,562
Other Salaries	4,000		4,000	39	3,961
Purchased Professional and Technical Services	2,500	(138)	2,362		2,362
Other Purchased Services	5,500		5,500	3,686	1,814
Supplies and Materials	2,000	(50)	1,950	1,397	553
Other Objects	3,500	(1,710)	1,790	1,790	
Total Support Services School Administration	283,818	(1,898)	281,920	271,668	10,252
Central Services					
Salaries	114,793	(50,833)	63,960	63,960	
Purchased Professional Services	6,100	54,537	60,637	59,179	1,458
Purchased Technical Services	10,000	12,555	22,555	22,197	358
Miscellaneous Purchased Services	1,250	1,199	2,449	2,449	
Supplies and Materials	2,500	(935)	1,565	1,433	132
Other Objects	1,250	(264)	986	824	162
Total Central Services	135,893	16,259	152,152	150,042	2,110
Admin. Info. Technology					
Purchased Technical Services	60,000	1,613	61,613	61,613	
Total Admin. Info. Technology	60,000	1,613	61,613	61,613	
Required Maintenance for School Facilities:					
Salaries	75,868	10,055	85,923	85,923	
Cleaning, Repair and Maintenance Services	135,271	42,264	177,535	153,564	23,971
General Supplies	6,500	48,538	55,038	46,473	8,565
Required Maintenance for School Facilities:	\$ 217,639	\$ 100,857	\$ 318,496	\$ 285,960	\$ 32,536

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Custodial Services:					
Purchased Professional and Technical Services	\$ 340,671	\$ (39,237)	\$ 301,434	\$ 297,463	\$ 3,971
Cleaning, Repair, and Maintenance Services	23,136	(2,966)	20,170	19,845	325
Insurance	4,000	1,170	5,170	5,170	
Miscellaneous Purchased Services	22,500	(827)	21,673	7,472	14,201
General Supplies	14,000	6,950	20,950	16,553	4,397
Energy (Natural Gas)	195,000	(10,950)	184,050	174,589	9,461
Energy (Electricity)					
Total Custodial Services	599,307	(45,860)	553,447	521,092	32,355
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services		19,100	19,100	17,021	2,079
Total Care and Upkeep of Grounds		19,100	19,100	17,021	2,079
Total Operation and Maintenance of Plant Services	816,946	74,097	891,043	824,073	66,970
Interest Earned on Maintenance Reserve	25		25		25
Interest Earned on Current Expense Emergency Reserve	25		25		25
Undistributed Expenditures - Student Transportation Services:					
Salaries - Between Home & School - Regular	261,958	(18,158)	243,800	243,800	
Cleaning, Repair and Maintenance Services	10,000	(5,970)	4,030	2,624	1,406
Lease Purchase Payments	135,000	5,040	140,040	140,040	
Contracted Services - Aid in Lieu of Payments - Nonpublic	60,000	(9,240)	50,760	48,590	2,170
Contracted Services (Home/School) - Vendor		55,000	55,000	38,931	16,069
Contracted Services (Special Ed. Students) - ECS	251,441	4,195	255,636	244,508	11,128
General Supplies	2,500		2,500	334	2,166
Fuel Costs Funded by Advertising Revenue		57,024	57,024	46,523	10,501
Other Objects	70,000	(60,520)	9,480	200	9,280
Total Student Transportation Services	790,899	27,371	818,270	765,550	52,720
Allocated Benefits:					
Student Transportation Services					
Social Security Contributions	20,040		20,040	19,247	793
Unallocated Benefits:					
Social Security Contributions	70,000	(27,364)	42,636	42,444	192
Other Retirement Contributions - PERS	110,000	5,521	115,521	115,521	
Unemployment Compensation	60,000	(37,532)	22,468	22,380	88
Workers Compensation	111,900	29,669	141,569	141,253	316
Health Benefits	1,159,784	(96,430)	1,063,354	1,062,116	1,238
Tuition Reimbursement	5,000	(5,000)			
Other Employee Benefits	40,000	147,672	187,672	187,672	
Unused Vacation Pay - Mass Severance		5,716	5,716	5,716	
Unused Sick Pay - Terminated/Retired Staff		10,631	10,631	10,631	
Total Unallocated Benefits	1,556,684	32,883	1,589,567	1,587,733	1,834
On-behalf TPAF Pension Contributions				734,232	(734,232)
On-behalf TPAF Post Retirement Medical Contribution				333,046	(333,046)
On-behalf TPAF Long-term Disability Contribution				795	(795)
Reimbursement TPAF Social Security				276,633	(276,633)
Total Personal Services - Employee Benefits	1,576,724	32,883	1,609,607	2,951,686	(1,342,079)
Total Undistributed Expenditures	9,612,479	180,499	9,792,978	10,673,395	(880,417)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 12,814,075	\$ 34,574	\$ 12,848,649	\$ 13,696,898	\$ (848,249)

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES: (Continued)					
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	\$ 15	\$ -	\$ 15	\$ -	\$ 15
Equipment:					
Required Maintenance for Schools		40,742	40,742	40,742	
Total Equipment		40,742	40,742	40,742	
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	9,285	40,742	50,027	50,012	15
TOTAL EXPENDITURES	\$ 12,823,360	\$ 75,316	\$ 12,898,676	\$ 13,746,910	\$ (848,234)
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	\$ 78,000	\$ (75,316)	\$ 2,684	\$ 534,845	\$ 532,161
Other financing sources (uses):					
Operating Transfer out - Charter Schools	(78,000)	(24,684)	(102,684)	(77,557)	25,127
Operating Transfer - Interest on Capital Projects				74	74
Total Other Financing Sources	(78,000)	(24,684)	(102,684)	(77,483)	25,201
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		(100,000)	(100,000)	457,362	557,362
Fund Balances, July 1	1,071,206		1,071,206	1,071,206	
Fund Balances, June 30	\$ 1,071,206	\$ (100,000)	\$ 971,206	\$ 1,528,568	\$ 557,362
RECAPITULATION :					
Reserved:					
Restricted Fund Balance:					
Excess Surplus				\$ 497,799	
Excess Surplus - Designated for Subsequent Year's Expenditures				494,604	
Capital Reserve				282	
Maintenance Reserve				172,549	
Emergency Reserve				41,349	
Assigned:					
Encumbrances				5,748	
Designated for Subsequent Year's Expenditures					
Unassigned Fund Balance				316,237	
				1,528,568	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(911,310)	
Fund Balance per Governmental Funds (GAAP)				\$ 617,258	

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 617,019	\$ 552,378	\$ 1,169,397	\$ 944,617	\$ 224,780
State Sources	327,401	(2,500)	324,901	323,637	1,264
Local Sources		43,164	43,164	39,960	3,204
Total Revenues	<u>944,420</u>	<u>593,042</u>	<u>1,537,462</u>	<u>1,308,214</u>	<u>229,248</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	524,704	128,846	653,550	605,078	48,472
Other Salaries for Instruction	75,558	13,965	89,523	81,199	8,324
Other Purchased Services		2,558	2,558		2,558
Tuition	69,605	51,781	121,386	121,386	
Supplies and Materials	10,000	92,479	102,479	84,896	17,583
Other Objects		2	2		2
Total Instruction	<u>679,867</u>	<u>289,631</u>	<u>969,498</u>	<u>892,559</u>	<u>76,939</u>
Support Services					
Other Salaries		96,474	96,474	38,435	58,039
Other Salaries for Instruction		2,334	2,334	1,393	941
Employee Benefits	178,066	69,727	247,793	219,273	28,520
Purchased Professional & Technical Services - Other	76,399	29,794	106,193	100,794	5,399
Other Purchased Services	10,000	64,409	74,409	36,146	38,263
Supplies and Materials	88	33,411	33,499	15,124	18,375
Other Objects		7,262	7,262	4,490	2,772
Total Support Services	<u>264,553</u>	<u>303,411</u>	<u>567,964</u>	<u>415,655</u>	<u>152,309</u>
Facilities Acquisition and Construction Services:					
Construction Services					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>944,420</u>	<u>593,042</u>	<u>1,537,462</u>	<u>1,308,214</u>	<u>229,248</u>
Other Financing Sources (Uses)					
Total Outflows	<u>944,420</u>	<u>593,042</u>	<u>1,537,462</u>	<u>1,308,214</u>	<u>229,248</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 14,281,755	[C-2] \$ 1,308,214
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.	1,014,338	27,006
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(911,310)	(30,377)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 14,384,783	[B-2] \$ 1,304,843
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 13,746,910	[C-2] \$ 1,308,214
Differences - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes. Net transfers (outflows) to general fund		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 13,746,910	[B-2] \$ 1,308,214

REQUIRED SUPPLEMENTARY INFORMATION - PART III

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years*

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>		<u>2013</u>
District's Proportion of the Net Pension Liability	0.011482%		0.010584%		0.011195%		0.009752%		0.008918%		0.010221%
District's Proportionate Share of the Net Pension Liability	\$ 2,260,673	\$	2,463,800	\$	3,315,645	\$	2,189,127	\$	1,669,768	\$	1,953,483
District's Covered-Employee Payroll	\$ 963,278	\$	898,346	\$	688,588	\$	726,259	\$	730,038	\$	585,437
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	234.69%		274.26%		481.51%		301.43%		228.72%		333.68%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	53.60%		48.10%		40.14%		47.93%		52.08%		48.72%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
Schedule of District Contributions
Public Employees' Retirement System (PERS)
Last Ten Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 115,521	\$ 100,051	\$ 99,993	\$ 83,841	\$ 73,522	\$ 77,015
Contributions in relation to the Contractually Required Contribution	(115,521)	(100,051)	(99,993)	(83,841)	(73,522)	(77,015)
Contribution Deficiency (Excess)	\$	\$	\$	\$	\$	\$
District's Covered-Employee Payroll	\$ 963,278	\$ 898,346	\$ 688,588	\$ 726,259	\$ 730,038	\$ 585,437
Contributions as a Percentage of Covered-Employee Payroll	11.99%	11.14%	14.52%	11.54%	10.07%	13.16%

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund (TPAF)
Last Ten Fiscal Years*

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>		<u>2013</u>
District's Proportion of the Net Pension Liability	0.034568%		0.036384%		0.033106%		0.033840%		0.038948%		0.041561%
District's Proportionate Share of the Net Pension Liability	\$ 21,991,636	\$	24,531,414	\$	26,043,054	\$	21,388,041	\$	20,816,478	\$	21,004,378
District's Covered-Employee Payroll	\$ 3,618,513	\$	4,153,556	\$	3,751,844	\$	3,436,632	\$	3,392,779	\$	3,147,850
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	607.75%		590.61%		694.14%		622.35%		613.55%		667.26%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	26.49%		25.41%		22.33%		28.71%		33.64%		33.76%

Note: The amounts presented for each fiscal year were determined as of the prior fiscal year end measurement date.

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

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>2018</u>	<u>2017</u>
Total OPEB Liability		
Service Cost	\$ 739,005	\$ 893,343
Interest Cost	725,198	628,014
Changes of Benefit Terms		
Differences Between Expected and Actual Experiences	(1,868,613)	
Changes of Assumptions	(1,944,865)	(2,707,163)
Member Contributions	15,663	16,832
Gross Benefit Payments	(453,183)	(457,099)
Net Change in Total OPEB Liability	<u>(2,786,795)</u>	<u>(1,626,073)</u>
Total OPEB Liability - Beginning	<u>19,734,767</u>	<u>21,360,840</u>
Total OPEB Liability - Ending	<u>\$ 16,947,972</u>	<u>\$ 19,734,767</u>
Covered-Employee Payroll	\$ 4,581,791	\$ 5,051,902
Total OPEB Liability as a Percentage of Covered-Employee Payroll	369.90%	390.64%

Notes to Schedule:

Changes of Benefit Terms: None

Differences Between Expected and Actual Experiences: There is no change in the Total OPEB Liability from June 30, 2016 to June 30, 2017 due to differences in expected and actual experiences. The decrease in liability from June 30, 2017 to June 30, 2018 is due to changes in the census, claims and premiums experience.

Changes in 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. The decrease in the liability from June 30, 2017 to June 30, 2018 is due to the increase in the assumed discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018; and a decrease in the assumed health care cost trend and excise tax assumptions.

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, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	NJSIG Safety Grant	NCLB					I.D.E.A. - Part B		Sub-Total Per E-1 (2)	Totals		
		Title I Part A		Title IV	Title V	Basic	Pre- School	2019		2018		
		2018-19	SIA 2018-19 Reallocation									
REVENUES:												
Federal Sources		\$ 488,867	\$ 19,922	\$ 17,876	\$ 35,356	\$ 2,558	\$ 15,751	\$ 225,371	\$ 1,820	\$137,096	\$ 944,617	\$ 748,887
State Sources										323,637	323,637	303,532
Other	\$ 621									39,339	39,960	52,007
Total Revenues	621	488,867	19,922	17,876	35,356	2,558	15,751	225,371	1,820	500,072	1,308,214	1,104,426
EXPENDITURES:												
Instruction:												
Salaries of Teachers		328,633			32,844		14,632			228,969	605,078	517,246
Salaries - Other Instructional										81,199	81,199	100,086
Purchased Professional Ed Services												720
Tuition								121,386			121,386	
Supplies and Materials		5,038	16,796	12,942						50,120	84,896	57,662
General Supplies												83,377
Total Instruction		333,671	16,796	12,942	32,844		14,632	121,386		360,288	892,559	759,091
Support Services:												
Salaries			3,126							35,309	38,435	29,990
Other Salaries										1,393	1,393	35,941
Personal Services-Employee Benefits		153,196			2,512		1,119			62,446	219,273	126,206
Purchased Prof/Tech Services						2,558		96,416	1,820		100,794	124,717
Other Purchased Services										36,146	36,146	12,351
Supplies and Materials	621	2,000		4,934				7,569			15,124	16,130
Other Objects										4,490	4,490	
Total Support Services	621	155,196	3,126	4,934	2,512	2,558	1,119	103,985	1,820	139,784	415,655	345,335
Facilities Acquisition/Construction:												
Instructional Equipment												
Total Facilities Acquisition/Construction												
Total Expenditures	\$ 621	\$ 488,867	\$ 19,922	\$ 17,876	\$ 35,356	\$ 2,558	\$ 15,751	\$ 225,371	\$ 1,820	\$500,072	\$ 1,308,214	\$ 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, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	21ST CENTURY											
	2018-2019		HMS PY	PNS PY	PNS United Way 18-19	PNS United Way 17-18	PN IDEA 18-19	PN IDEA 17-18	Chrome- book Donation	Good Sports Grant	Preschool Education 2018-19	Totals 2019
	PN	HMS										
REVENUES:												
Federal Sources	\$ 47,427	\$43,503	\$10,089	\$19,580	\$ 8,762	\$ 90	\$ 1,897	\$ 5,748				\$ 137,096
State Sources											\$ 323,637	323,637
Other Sources								\$ 38,339	\$1,000			39,339
Total Revenues	47,427	43,503	10,089	19,580	8,762	90	1,897	5,748	38,339	1,000	323,637	500,072
EXPENDITURES:												
Instruction:												
Salaries of Teachers	14,131	8,560	4,082	7,514	1,690			1,430			191,562	228,969
Salaries - Other Instructional		4,683	958								75,558	81,199
Supplies & Materials	2,867	1,140	1,957	1,625	622		600	1,970	38,339	1,000		50,120
Total Instruction	16,998	14,383	6,997	9,139	2,312		600	3,400	38,339	1,000	267,120	360,288
Support Services:												
Salaries	11,344	12,071		3,496	5,122		1,196	2,080				35,309
Other Salaries	1,393											1,393
Personal Services-Employee Benefits	2,034	1,839	402	867	328	90	101	268			56,517	62,446
Other Purchased Services	11,168	15,210	2,690	6,078	1,000							36,146
Other Objects	4,490											4,490
Total Support Services	30,429	29,120	3,092	10,441	6,450	90	1,297	2,348			56,517	139,784
Facilities Acquisition/Construction:												
Instructional Equipment												
Total Facilities Acquisition/Construction												
Total Expenditures	\$ 47,427	\$43,503	\$10,089	\$19,580	\$ 8,762	\$ 90	\$ 1,897	\$ 5,748	\$ 38,339	\$1,000	\$ 323,637	\$ 500,072

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 192,322	\$ 191,562	\$ 760
Other Salaries of Instruction	75,558	75,558	
Purchased Professional Educational Services			
Supplies and Materials			
Total Instruction	<u>267,880</u>	<u>267,120</u>	<u>760</u>
Support Services:			
Personal Services - Employee Benefits	57,021	56,517	504
Total Support Services	<u>57,021</u>	<u>56,517</u>	<u>504</u>
Facilities Acquisition and Const. Services:			
Instructional Equipment			
Non Instructional Equipment			
Total Facilities Acquisition and Const. Services			
Contribution to Charter Schools			
Total Expenditures	<u>\$ 324,901</u>	<u>\$ 323,637</u>	<u>\$ 1,264</u>

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2018-19 Preschool Education Aid Allocation	\$ 303,769	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2018)	104,846	(2)
Add: Budgeted Transfer from the General Fund 2018-19	<u>20,372</u>	(3)
Total Preschool Education Aid Funds Available for 2018-19 Budget	428,987	(4)
Less: 2018-19 Budgeted Preschool Education Aid (including prior year budget carryover)	<u>(324,901)</u>	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2019	104,086	(6)
Add: June 30, 2019 Unexpended Preschool Education Aid	1,264	(7)
Less: 2018-19 Commissioner-approved Transfer to the General Fund	<u>(1,064)</u>	(8)
2018-19 Carryover - Preschool Education Aid Programs	<u>\$ 105,350</u>	(9)
2018-19 Preschool Education Aid Carryover Budgeted for Preschool Programs 2019-20	<u>\$ 104,846</u>	(10)

The Board should consider appropriating this additional carry-over into the 2019-20 budgets \$ 504

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, 2019

<u>Project Title/Issue</u>	<u>DOE Project No.</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balances</u>	
				<u>Prior Years</u>	<u>Current Year</u>	<u>June 30, 2019</u>	<u>June 30, 2018</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 \$ 48,554	

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, 2019

Revenues and Other Financing

Sources

State Sources - SDA Grant	\$	
Interest		74
Total Revenues		<u>74</u>

Expenditures and Other Financing

Uses

Construction Services		
Total Expenditures		<u> </u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		74
Transfer of Interest Earned to General Fund		(74)
Fund Balance - Beginning		<u>48,554</u>
Fund Balance - Ending	\$	<u><u>48,554</u></u>

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, 2019

	<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, 2019

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

Additional Project Information:

Project Number	0950-050-14-GINP
Grant Date/ Letter of Notification	March 7, 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, 2019 AND 2018

	Food Service Enterprise Fund	Extended Day Enterprise Fund	Totals	
			2019	2018
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$	\$ 65,132	\$ 65,132	\$ 63,739
Accounts Receivable:				
State	844		844	354
Federal	78,456		78,456	30,670
Other	24		24	187
Inventories	15,925		15,925	16,465
Total Current Assets	<u>95,249</u>	<u>65,132</u>	<u>160,381</u>	<u>111,415</u>
Fixed Assets:				
Equipment	193,795		193,795	193,795
Accumulated Depreciation	(164,848)		(164,848)	(161,653)
Total Fixed Assets	<u>28,947</u>		<u>28,947</u>	<u>32,142</u>
Total Assets	<u>124,196</u>	<u>65,132</u>	<u>189,328</u>	<u>143,557</u>
LIABILITIES:				
Current Liabilities:				
Due to General Fund	52,211		52,211	41,931
Unearned Revenue	3,555		3,555	5,255
Accounts Payable	25,246		25,246	361
Total Current Liabilities	<u>81,012</u>		<u>81,012</u>	<u>47,547</u>
NET POSITION:				
Invested in Capital Assets Net of Related Debt	28,947		28,947	32,142
Unrestricted	14,237	65,132	79,369	63,868
Total Net Position	<u>\$ 43,184</u>	<u>\$ 65,132</u>	<u>\$ 108,316</u>	<u>\$ 96,010</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, 2019 AND 2018

	Food Service Enterprise Fund	Extended Day Enterprise Fund	Totals	
			2019	2018
OPERATING REVENUES:				
Local Sources:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$	\$	\$	\$
Total Daily Sales - Reimbursable Programs				
Daily Sales Non-Reimbursable Programs	24,463	1,187	25,650	38,972
Total Operating Revenue	24,463	1,187	25,650	38,972
OPERATING EXPENSES:				
Salaries	145,480		145,480	175,518
Employee Benefits	38,376		38,376	56,054
Supplies and Materials	15,516		15,516	28,952
Depreciation	3,195		3,195	3,005
Cost of Sales - Reimbursable Programs	191,672		191,672	177,491
Cost of Sales - Non-Reimbursable Programs	10,224		10,224	6,441
Management Fee	22,155		22,155	21,525
Repairs and Other Expenses	16,773		16,773	21,042
Total Operating Expenses	443,391		443,391	490,028
Operating Income (Loss)	(418,928)	1,187	(417,741)	(451,056)
Non-Operating Revenues:				
State Sources:				
State School Lunch Program	4,310		4,310	4,340
Federal Sources:				
School Breakfast Program	121,224		121,224	109,712
National School Lunch Program	265,661		265,661	261,165
Snack Program	8,214		8,214	8,957
Food Distribution Program	30,561		30,561	29,459
Fruit and Vegetable Grant				15,993
Interest		77	77	31
Total Non-Operating Revenues	429,970	77	430,047	429,657
Net Income before Operating Transfers	11,042	1,264	12,306	(21,399)
Operating Transfer In				10,561
Fixed Asset Adjustment				30,305
Net Income	11,042	1,264	12,306	19,467
Net Position - July 1	32,142	63,868	96,010	76,543
Net Position - June 30	\$ 43,184	\$ 65,132	\$ 108,316	\$ 96,010

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	Food Service	Extended Day	Totals	
	Enterprise Fund	Enterprise Fund	2019	2018
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 24,463	\$ 1,316	\$ 25,779	\$ 38,972
Payments to Employees and Employee Benefits	(183,856)		(183,856)	(231,572)
Payments to Suppliers	(270,577)		(270,577)	(251,056)
Net Cash Provided by Noncapital Financing Activities	(429,970)	1,316	(428,654)	(443,656)
Cash Flows from Noncapital Financing Activities:				
Cash Received from State and Federal Reimbursements	429,970		429,970	429,626
Operating Transfer from General Fund				10,561
Net Cash Provided by Noncapital Financing Activities	429,970		429,970	440,187
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		77	77	31
Net Cash Provided by Investing Activities		77	77	31
Net Decrease in Cash and Cash Equivalents		1,393	1,393	(3,438)
Cash and Cash Equivalents, July 1 (Overdraft)		63,739	63,739	67,177
Cash and Cash Equivalents, June 30 (Overdraft)	\$	\$ 65,132	\$ 65,132	\$ 63,739
Operating Income (Loss)	\$ (418,928)	\$ 1,187	\$ (417,741)	\$ (451,056)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation	3,195		3,195	3,005
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	(48,242)	129	(48,113)	(6,592)
(Increase)/Decrease in Inventory	540		540	(1,298)
Increase/(Decrease) in Accounts Payable	24,885		24,885	361
Increase/(Decrease) in Due to General	10,280		10,280	12,999
Increase/(Decrease) in Unearned Revenue	(1,700)		(1,700)	(1,075)
Net Cash Used by Operating Activities	\$ (429,970)	\$ 1,316	\$ (428,654)	\$ (443,656)

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, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)**

	Unemployment Trust Funds	Private Purpose Scholarship Fund	Agency		Total	
			Student Activity	Payroll	2019	2018
ASSETS:						
Cash and Cash Equivalents	\$ 143,719	\$ 14,091	\$ 25,517	\$ 317,631	\$ 500,958	\$ 496,516
Certificate of Deposit		16,460			16,460	14,550
Due from Payroll Agency Account	33,086				33,086	33,086
Accounts Receivable			309		309	1,000
Total Assets	\$ 176,805	\$ 30,551	\$ 25,826	\$ 317,631	\$ 550,813	\$ 545,152
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Interfund Payable - General Fund	\$	\$	\$	\$ 23,696	\$ 23,696	\$ 20,213
Due to Unemployment Trust Account				33,086	33,086	33,086
Accounts Payable		1,000	212		1,212	2,582
Summer Reserve				253,665	253,665	273,405
Due to Student Groups			25,614		25,614	10,271
Payroll Deductions & Withholdings				7,184	7,184	
Total Liabilities	-	1,000	25,826	317,631	344,457	339,557
Net Position						
Reserved for Scholarships		29,551			29,551	30,526
Held in Trust for Unemployment Claims and Other Purposes	176,805				176,805	175,069
Total Net Position	176,805	29,551			206,356	205,595
Total Liabilities and Net Position	\$ 176,805	\$ 30,551	\$ 25,826	\$ 317,631	\$ 550,813	\$ 545,152

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>2019</u>	<u>2018</u>
ADDITIONS:				
Contributions	\$ 12,818	\$	\$ 12,818	\$ 13,141
Employee Deductions	6,017		6,017	4,342
Investment Earnings	154	50	204	160
Total Additions	<u>18,989</u>	<u>50</u>	<u>19,039</u>	<u>17,643</u>
DEDUCTIONS:				
Total Deductions	<u>17,253</u>	<u>1,025</u>	<u>18,278</u>	<u>29,020</u>
Change in Net Position	1,736	(975)	761	(11,377)
Net Position - Beginning of the Year	<u>175,069</u>	<u>30,526</u>	<u>205,595</u>	<u>216,972</u>
Net Position - End of the Year	<u>\$ 176,805</u>	<u>\$ 29,551</u>	<u>\$ 206,356</u>	<u>\$ 205,595</u>

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1,</u> <u>2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Receivable</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30,</u> <u>2019</u>
ELEMENTARY SCHOOLS						
Haleyville-Mauricetown	\$ 2,269	\$ 1,292	\$ 2,156	\$	\$	\$ 1,405
Port Norris	2,100	8,771	8,919		115	1,837
Breakfast Fund	2,015	1,947	1,496		97	2,369
General Fund	1,425	33	12			1,446
Performing Arts	2,027	32,350	17,124	309		17,562
Due to Student Groups	1	108	108			1
Bookfair, HMS	23	3,527	3,344			206
NJHS PNS	411	1,025	648			788
Total Elementary Schools	<u>10,271</u>	<u>49,053</u>	<u>33,807</u>	<u>309</u>	<u>212</u>	<u>25,614</u>
TOTAL ALL SCHOOLS	<u>\$ 10,271</u>	<u>\$ 49,053</u>	<u>\$ 33,807</u>	<u>\$ 309</u>	<u>\$ 212</u>	<u>\$ 25,614</u>

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>7/1/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/19</u>
ASSETS:				
Cash and Cash Equivalents	\$ 326,704	\$ 6,471,937	\$ 6,481,010	\$ 317,631
Total Assets	<u>\$ 326,704</u>	<u>\$ 6,471,937</u>	<u>\$ 6,481,010</u>	<u>\$ 317,631</u>
LIABILITIES:				
Interfund Payable - General Fund	\$ 20,213	\$ 3,483	\$	\$ 23,696
Due to Unemployment Trust Account	33,086			33,086
Summer Reserve Account	273,405	264,918	284,658	253,665
Payroll Deductions and Withholdings		2,701,646	2,694,462	7,184
Net Payroll		3,501,890	3,501,890	
Total Liabilities	<u>\$ 326,704</u>	<u>\$ 6,471,937</u>	<u>\$ 6,481,010</u>	<u>\$ 317,631</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, 2019

<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, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2019</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds of	11/17/09	\$ 2,370,000	8/1/19	\$ 230,000	3.250%	\$	\$	\$	\$
2009 to Refund Series			8/1/20	235,000	4.500%				
2001 Above			8/1/21	230,000	4.500%	930,000		235,000	695,000
Totals						<u>\$ 930,000</u>	<u>\$</u>	<u>\$ 235,000</u>	<u>\$ 695,000</u>

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2019

	<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	\$ 110,108	\$	\$ 110,108	\$ 110,108	\$
State Sources:					
Debt Service Aid Type II	156,964		156,964	156,964	
TOTAL REVENUES	<u>267,072</u>		<u>267,072</u>	<u>267,072</u>	
EXPENDITURES:					
Regular Debt Service					
Interest	32,072		32,072	32,072	
Redemption of Principal	235,000		235,000	235,000	
Total Regular Debt Service	<u>267,072</u>		<u>267,072</u>	<u>267,072</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Other Financing Sources (Uses) Operating Transfers In					
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Sources					
Fund Balance, July 1					
Fund Balance, June 30	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

STATISTICAL SECTION

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 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	\$ 2,962,291
Restricted	1,526,428	1,466,286	1,021,338	981,597	823,240	458,314	684,041	426,409	857,006	1,260,603
Unrestricted (Deficit)	(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)	(3,559,303)
Total Governmental Activities Net Position	\$ 4,514,369	\$ 4,645,889	\$ 5,017,672	\$ 4,032,117	\$ 2,551,996	\$ 229,533	\$ 453,000	\$ (149,696)	\$ 48,816	\$ 663,591
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 23,902	\$ 21,832	\$ 19,762	\$ 17,692	\$ 3,140	\$ 6,316	\$ 5,579	\$ 4,842	\$ 32,142	\$ 28,947
Restricted										
Unrestricted	124,630	82,489	45,896	57,781	35,396	34,198	54,931	71,701	63,868	79,369
Total Business-Type Activities Net Position	\$ 148,532	\$ 104,321	\$ 65,658	\$ 75,473	\$ 38,536	\$ 40,514	\$ 60,510	\$ 76,543	\$ 96,010	\$ 108,316
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 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	\$ 2,991,238
Restricted	1,526,428	1,466,286	1,021,338	981,597	823,240	458,314	684,041	426,409	857,006	1,260,603
Unrestricted (Deficit)	(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)	(3,479,934)
Total District-Wide Net Position	\$ 4,662,901	\$ 4,750,210	\$ 5,083,330	\$ 4,107,590	\$ 2,590,532	\$ 270,047	\$ 513,510	\$ (73,153)	\$ 144,826	\$ 771,907

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities										
Instruction										
Regular	\$ 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	3,330,579
Special Education	495,980	695,354	400,945	695,940	729,384	783,996	748,881	753,564	784,927	486,594
Other Special Education	418,126	343,378	7,447	62,530	63,849	47,560	38,498	62,650	68,317	94,024
Other Instruction	19,833	6,286	9,731	9,430	5,711	4,629	3,659	4,110	12,234	4,865
Support Services										
Tuition	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	4,463,869
Student and Instruction Related Services	1,022,953	963,836	942,783	860,192	975,156	935,886	914,259	1,134,241	1,216,846	1,101,070
General and Business Administrative Services	354,808	273,396	225,672	287,624	280,692	242,672	284,983	330,818	338,703	280,206
School Administrative Services	314,291	344,906	365,004	309,154	305,762	367,393	207,643	319,895	300,793	271,668
Central Services	219,829	217,143	248,170	117,424	130,654	122,355	142,631	152,448	141,143	150,042
Administrative Information Technology	3,783	13,526	31,615	57,358	66,484	64,856	68,157	52,373	75,766	61,613
Plant Operations and Maintenance	817,433	899,009	835,641	769,215	738,506	729,946	722,482	749,379	743,947	824,073
Pupil Transportation	993,527	808,002	802,161	851,737	671,346	992,679	955,269	869,962	755,234	765,550
Business and Other Support Services	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	4,123,027
Summer School	55,884	10,732								
Amortization of Debt Issue Costs	35,614	9,516	9,516							
Interest on Long-Term Debt	72,761	85,405	78,086	76,918	63,895	68,680	60,983	54,664	45,639	38,282
Unallocated Depreciation	415,865	509,902	538,034	538,750	330,253	323,103	307,727	293,333	292,097	265,991
Total Governmental Activities Expenses	14,215,731	14,013,288	14,366,547	15,307,209	14,107,496	15,745,080	15,301,914	17,053,766	17,282,444	16,261,453
Business-Type Activities										
Food Service	495,927	507,598	446,127	428,049	409,116	424,230	453,151	427,617	472,920	443,391
Extended Day	19,712	18,822	23,578	24,581	32,136	17,975	14,824	15,177	17,108	-
Safe Schools										
Total Business-Type Activities Expense	515,639	526,420	469,705	452,630	441,252	442,205	467,975	442,794	490,028	443,391
Total District Expenses	\$ 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	16,704,844
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	\$ 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	1,917,893
Total Governmental Activities Program Revenues	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	1,917,893
Business-Type Activities										
Charges for Services										
Food Service	64,339	77,806	57,650	51,247	43,603	45,351	18,089	14,660	20,214	24,463
Extended Day	25,636	23,654	18,438	36,327	9,721	16,641	31,769	26,293	18,758	1,187
Operating Grants and Contributions	357,007	330,188	350,089	342,616	363,163	346,831	438,093	417,848	429,626	429,970
Total Business-Type Activities Program Revenues	446,982	431,648	426,177	430,190	416,487	408,823	487,951	458,801	468,598	455,620
Total District Program Revenues	\$ 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	2,373,513
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	(14,343,560)
Business-Type Activities	(68,657)	(94,772)	(43,528)	(22,440)	(24,765)	(33,382)	19,976	16,007	(21,430)	12,229
Total District-Wide Net Expense	\$ (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)	(14,331,331)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, \$	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	1,961,219
Taxes Levied for Debt Service	115,148	174,378	143,805	146,908	105,778	104,954	111,343	106,324	103,163	110,108
Unrestricted Grants and Contributions	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	12,269,625
Investment Earnings	20,573	11,982	7,557	3,948	1,195	843	750	848	972	817
Miscellaneous Income	104,569	44,264	20,750	131,520	119,269	131,628	220,318	467,860	718,393	694,123
Other Adjustments					(1,521,219)				22,090	
Transfers	(35,000)	(50,000)	(4,349)	(32,116)	(1,310)	(119,417)			(86,382)	(77,557)
Total Governmental Activities	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	14,958,335
Business-Type Activities										
Investment Earnings	489	561	516	139	30	18	20	26	31	77
Other Adjustments	5,607				(13,512)				30,305	
Transfers	35,000	50,000	4,349	32,116	1,310	35,342			10,561	
Total Business-Type Activities	41,096	50,561	4,865	32,255	(12,172)	35,360	20	26	40,897	77
Total District-Wide	\$ 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	14,958,412
Change in Net Position										
Governmental Activities	\$ 104,355	131,520	371,783	(901,548)	(1,480,121)	(445,995)	223,467	(602,696)	198,512	614,775
Business-Type Activities	(27,561)	(44,211)	(38,663)	9,815	(36,937)	1,978	19,996	16,033	19,467	12,306
Total District-Wide	\$ 76,794	87,309	333,120	(891,733)	(1,517,058)	(444,017)	243,463	(586,663)	217,979	627,081

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Restricted	\$ 1,622,136	\$ 641,437	\$ 88,309	\$ 584,774	\$ 14,587	\$ 231,373	\$ 635,742	\$ 406,954	\$ 808,719	\$ 1,212,331
Unassigned (Deficit)	(732,463)	179,066	763,619	(344,252)	106,259	(478,360)	(694,608)	(773,028)	(751,851)	(595,073)
Total General Fund	\$ 889,673	\$ 820,503	\$ 851,928	\$ 240,522	\$ 120,846	\$ (246,987)	\$ (58,866)	\$ (366,074)	\$ 56,868	\$ 617,258
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Committed to Capital Projects Fund	24,668	65,122	72,899	59,392	59,392	48,554	48,554	48,554	48,554	48,554
Unassigned, Reported in:										
Special Revenue Fund (Deficit)	(32,806)	(36,296)	(32,806)	(27,009)	(27,009)	(36,495)	(32,116)	(35,035)	(27,006)	(30,377)
Debt Service Fund	42,861	42,862	38,423	687	687		6,191	6,191		
Total All Other Governmental Funds	\$ 34,723	\$ 71,688	\$ 78,516	\$ 33,070	\$ 33,070	\$ 12,059	\$ 22,629	\$ 19,710	\$ 21,548	\$ 18,177

Source: CAFR Schedule B-1

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	\$ 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	\$ 2,071,327
Tuition								58,151	268,264	323,539
Child Study Team								249,410	305,501	283,005
Interest Earnings	20,573	11,982	7,557	3,948	1,195	843	750	848	972	139
Miscellaneous	104,569	44,264	20,750	116,302	88,031	131,628	220,318	160,299	144,628	88,257
State Sources	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	12,212,408
Federal Sources	2,879,611	1,219,292	1,179,675	888,985	770,383	916,748	812,964	782,197	946,052	978,097
Other Sources				15,218	9,471					
Total Revenues	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	15,956,772
Expenditures										
Instruction										
Regular Instruction	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	3,330,579
Special Education Instruction	495,980	695,354	400,945	695,940	729,384	783,996	748,881	753,564	784,927	486,594
Other Special Instruction	418,126	343,378	7,447	62,530	63,849	47,560	38,498	62,650	68,317	94,024
Other Instruction	19,833	6,286	9,731	9,430	5,711	4,629	3,659	4,110	12,234	4,865
Support Services										
Tuition	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	4,463,869
Student and Instruction Related Services	1,022,953	963,836	942,783	860,192	975,156	935,886	914,259	1,134,241	1,216,846	1,101,070
School Administrative Services	354,808	344,906	365,004	309,154	305,762	367,393	207,643	319,895	300,793	271,668
General Administrative Services	314,291	273,396	225,672	287,624	280,692	242,672	284,983	330,818	338,703	280,206
Central Services & Info. Techn.	223,612	228,303	278,409	174,782	197,138	187,211	210,788	204,821	216,909	211,655
Plant Operations and Maintenance	817,433	899,009	835,641	769,215	738,506	729,946	722,482	749,379	743,947	824,073
Pupil Transportation	993,527	808,002	802,161	851,737	892,170	992,679	955,269	869,962	755,234	765,550
Business and Other Support Services										
Employee Benefits	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	3,170,959
Summer School	55,884	10,732								
Capital Outlay	982,230	199,491	442,247	15,020	43,680	93,408	14,626	30,622	35,264	50,012
Debt Service										
Principal	239,693	271,536	278,473	280,560	282,748	195,000	200,000	210,000	225,000	235,000
Interest and Other Charges	90,625	90,326	81,101	74,113	67,014	61,238	55,047	47,894	40,244	32,072
Total Expenditures	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	15,322,196
Excess (Deficiency) of Revenues Over (Under) Expenditures	(387,824)	17,795	42,602	(574,662)	(190,207)	(269,427)	198,691	(310,127)	511,162	634,576
Other Financing Sources (Uses)										
Other Adjustments										
Transfers, Net	(35,000)	(50,000)	(4,349)	(32,116)	20,457	(119,417)			(86,382)	(77,557)
Total Other Financing Sources (Uses)	(35,000)	(50,000)	(4,349)	(32,116)	20,457	(119,417)			(86,382)	(77,557)
Net Change in Fund Balances	\$ (422,824)	\$ (32,205)	\$ 38,253	\$ (606,778)	\$ (169,750)	\$ (388,844)	\$ 198,691	\$ (310,127)	\$ 424,780	\$ 557,019
Debt Service as a Percentage of Noncapital Expenditures	2.4%	2.6%	2.5%	2.4%	2.5%	1.7%	1.8%	1.7%	1.8%	1.7%

Source: CAFR Schedule B-2

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

<u>Fiscal Year</u> <u>ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>CST</u> <u>Agreement</u>	<u>Transportation</u> <u>and Tuition</u> <u>Revenue</u>	<u>Prior Years</u> <u>Tuition</u>	<u>Prior Year</u> <u>Order</u> <u>Adjustments</u>	<u>E-Rate</u>	<u>Misc.</u>	<u>Total</u>
2019	\$ 743	\$ 283,005	323,539	\$ 365	\$	\$ 41,508	\$ 5,746	\$ 654,906
2018	946	305,501	268,264	2,006	22,469	43,292	35,066	677,544
2017	822		58,151	23,919	6,124	57,448	20,801	167,265
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		3,974		34,586	11,972	42,899	113,451

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
2019	\$ 17,908,000	\$ 234,565,500	\$ 2,385,300	\$ 464,300	\$ 11,758,000	\$ 12,417,400		\$ 279,498,500		\$ 279,498,500	0.759	\$ 222,530,653
2018	17,764,100	237,641,200	2,090,000	401,000	11,897,500	12,628,700		282,422,500		283,114,700	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	0.63	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	0.614	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	0.572	266,639,661

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

* Estimate

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

Year Ended June 30,	Commercial Township Board of Education			Overlapping Rates		
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Commercial Township	Cumberland County	Total
2019	\$ 0.719	\$ 0.040	\$ 0.759	\$ 0.568	\$ 0.953	\$ 2.280
2018	0.692	0.040	0.732	0.567	1.003	2.302
2017	0.656	0.041	0.697	0.567	0.951	2.215
2016	0.630	0.068	0.683	0.568	0.882	2.133
2015	0.660	0.040	0.700	0.567	0.897	2.164
2014	0.561	0.049	0.610	0.567	0.899	2.076
2013	0.580	0.051	0.631	0.587	0.852	2.070
2012	0.569	0.061	0.630	0.587	0.848	2.065
2011	0.570	0.042	0.612	0.587	0.921	2.120
2010	* 0.534	0.038	0.614	0.587	0.835	2.036

* First Year of Revaluation.

Source: District Records and Municipal Tax Collector

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

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

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

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

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Whibco Inc.	\$ 8,090,100	2.86%	\$ 6,450,800	2.22%
U.S. Silica Co.	4,069,500	1.44%	3,368,500	1.16%
Exelon Generation Co. LLC	2,682,900	0.95%	2,682,900	0.92%
Tax Payer #1	1,661,200	0.59%	1,534,700	0.53%
Doris Levari LLC	1,625,400	0.58%		
Ricci Bros Sand Co.	1,516,400	0.54%	1,815,500	0.62%
Levari Family LLC	1,389,100	0.49%	2,150,500	0.74%
Tax Payer #2	1,351,700	0.48%	1,489,300	0.51%
Core Element Group	1,263,400	0.45%		
Bivalve Packing Co. Inc.	1,185,100	0.42%		
Bell Atlantic Property Tax Dept			2,622,236	0.90%
Liverpool Estates			1,169,000	0.40%
Total	\$ 24,834,800	8.79%	\$ 23,283,436	8.00%

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	
2019	\$ 2,071,327	\$ 2,071,327	100.00%	\$
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%	

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

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 school year.

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2019	\$ 695,000	\$	\$	\$	\$ 695,000	0.36%	\$ 140
2018	930,000				930,000	0.48%	187
2017	1,155,000				1,155,000	0.60%	232
2016	1,365,000				1,365,000	0.73%	272
2015	1,565,000				1,565,000	0.84%	309
2014	1,760,000				1,760,000	0.98%	346
2013	2,042,748				2,042,748	1.16%	399
2012	2,323,308				2,323,308	1.32%	451
2011	2,601,781				2,601,781	1.47%	504
2010	2,873,317				2,873,317	1.66%	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		Percentage of Actual Taxable Value ^a of Property	Per Capita ^b	
	General Obligation Bonds	Deductions			Net General Bonded Debt Outstanding
2019	\$ 695,000		\$ 695,000	0.41%	140
2018	930,000		930,000	0.41%	187
2017	1,155,000		1,155,000	0.41%	232
2016	1,365,000		1,365,000	0.48%	272
2015	1,565,000		1,565,000	0.54%	309
2014	1,760,000		1,760,000	0.61%	346
2013	2,042,748		2,042,748	0.70%	399
2012	2,323,308		2,323,308	0.80%	451
2011	2,601,781		2,601,781	0.99%	504
2010	2,873,317		2,873,317	1.04%	556

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, 2019
(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	\$ 1,097,700	100%	\$ 1,097,700
Other Debt			
County of Cumberland - Township share	98,195,796	2.752%	2,701,952
Subtotal, Overlapping Debt			3,799,652
Commercial Township School District Direct Debt			695,000
Total Direct and Overlapping Debt			\$ 4,494,652

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 2018

	Equalized Valuation Basis	
	2018	\$ 224,858,678
	2017	241,153,918
	2016	232,049,645
	[A]	\$ 698,062,241
Average Equalized Valuation of Taxable Property	[A/3]	\$ 232,687,414
Debt Limit (3% of Average Equalization Value)	[B]	\$ 6,980,622 a
Net Bonded School Debt	[C]	695,000
Legal Debt Margin	[B-C]	\$ 6,285,622

Fiscal Year,

	<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>	<u>2019</u>
Debt Limit	\$ 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	\$ 6,980,622
Total Net Debt Applicable to Limit	2,873,317	-	2,601,781	2,042,748	2,042,748	1,565,000	1,365,000	1,155,000	930,000	695,000
Legal Debt Margin	\$ 4,962,073	\$ 7,835,390	\$ 5,233,609	\$ 5,793,022	\$ 5,515,550	\$ 5,736,999	\$ 5,684,170	\$ 5,730,642	\$ 6,047,432	\$ 6,285,622
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	39%	0%	33%	26%	27%	21%	19%	17%	13%	10%

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	
2019	*	4,965	\$ 195,039,610	\$ 39,283	8.80%
2018		4,967	194,147,439	39,087	9.10%
2017		4,986	193,920,498	38,893	10.60%
2016		5,017	187,675,936	37,408	12.40%
2015		5,059	186,242,026	36,814	13.80%
2014		5,092	180,083,672	35,366	15.20%
2013		5,117	175,763,833	34,349	18.80%
2012		5,149	175,627,241	34,109	16.90%
2011		5,161	177,048,105	34,305	13.60%
2010		5,169	173,089,134	33,486	12.70%

* Estimate

(1) Information for Cumberland County

Source:

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

^b Personal income

^c Per Capita

^d Unemployment data provided by the NJ Dept of Labor and Workforce Developme

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>2019</u>		<u>2010</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Inspira Health Network	3,715	6.18%		
Durand Glass Manufacturing Co	1,100	1.83%		
Shop-Rite	858	1.43%		
Wal-Mart	794	1.32%		
F&S Produce/Pipco Transportat	731	1.22%	NOT AVAILABLE	
Agro Merchants Group	700	1.16%		
Sheppard Bus Service	650	1.08%		
Elwyn New Jersey	615	1.02%		
Omni Baking	532	0.89%		
Seabrook Brothers & Sons	525	0.87%		
	<u>10,220</u>	<u>17.00%</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>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>	<u>2019</u>
Instruction										
Regular	48	47	49	46	47	46	49	49	51	55
Special Education	14	19	11	14	14	16	15	18	16	9
Support Services:										
Tuition										
Student & Instruction Related Services	17	15	13	7	7	6	6	13	12	10
General Administrative Services	2	2	1	1	1	1	1	4	4	2
School Administrative Services	7	7	6	4	4	3	3	3	3	3
Business Administrative Services	3		2	1	2	2	2	2	2	1
Plant Operations and Maintenance	9	9	2	2	1	1	1	1	1	1
Food Service										
Transportation									7	9
Nursing									2	2
Total	100	99	84	75	74.5	75	77	90	98	92

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u> ^a	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u> ^b	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)</u> ^c	<u>Average Daily Attendance (ADA)</u> ^c	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2019	541	\$ 15,322,196	\$ 28,322	0.4%	55	9.8 : 1	540.7	532.9	-0.11%	98.56%
2018	530	14,955,345	28,218	15.2%	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	5.6%	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	-0.4%	61	10.7 : 1	664.6	619.3	0.77%	93.18%

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>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>	<u>2019</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	460	470	444	403	397	396	404	399	374	373
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	195	195	192	198	183	171	168	159	155	168
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, 2019										
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
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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Williamstown, NJ 08094

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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 Board 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, 2019, and the related notes to the financial statements, which collectively comprise the Board of Education of the Commercial Township School District's basic financial statements, and have issued our report thereon dated November 12, 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, 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 did not disclose any instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
November 12, 2019

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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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, 2019. 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, 2019.

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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected, on a timely basis. 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 material weaknesses or significant deficiencies. We did not identify any 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 November 12, 2019. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey OMB 15-08.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA


Raymond Colavita, CPA

Licensed Public School Accountant No. 915

November 12, 2019

TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Schedule A
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2018	Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Returned Adjustments	Balance at June 30, 2019				
					From	To							Accounts Receivable	Unearned Revenue	Due to Grantor		
U.S. Department of Education																	
General Fund																	
Medical Assistance Program (SEMI)	93.778	1905NJ5MAP	N/A	\$ 33,480	7/1/18	6/30/19	\$	\$ 14,416	\$ (33,480)	\$	(33,480)	\$	(19,064)	\$	\$		
								14,416	(33,480)		(33,480)		(19,064)				
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	29,077	7/1/18	6/30/19		29,077	(26,198)		(26,198)				2,879		
U.S.D.A. Food Distribution Program	10.565	Unknown	N/A	29,779	7/1/17	6/30/18	4,363		(4,363)		(4,363)						
Child Nutrition Cluster:																	
School Breakfast Program	10.553	191NJ304N1099	N/A	121,224	7/1/18	6/30/19		95,761	(121,224)		(121,224)		(25,463)				
School Breakfast Program	10.553	181NJ304N1099	N/A	109,712	7/1/17	6/30/18	(9,077)	9,077									
School Snack Program	10.555	191NJ304N1099	N/A	8,214	7/1/18	6/30/19		7,248	(8,214)		(8,214)		(966)				
School Snack Program	10.555	181NJ304N1099	N/A	8,957	7/1/17	6/30/18	(267)	267									
National School Lunch Program	10.555	191NJ304N1099	N/A	265,661	7/1/18	6/30/19		213,634	(265,661)		(265,661)		(52,027)				
National School Lunch Program	10.555	181NJ304N1099	N/A	261,165	7/1/17	6/30/18	(21,326)	21,326									
Total U.S. Department of Agriculture							(26,307)	376,390	(425,660)		(425,660)		(78,456)		2,879		
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	H027A180100	IDEA0950-19	232,486	7/1/18	6/30/19		70,572	(225,371)		(225,371)		(154,799)				
I.D.E.A. Part B Basic	84.027	H027A170100	IDEA0950-18	264,507	7/1/17	6/30/18	(151,902)	151,902									
I.D.E.A. Part B, Pre-school	84.173	H173A180114	IDEA0950-19	5,891	7/1/18	6/30/19			(1,820)		(1,820)		(1,820)				
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									
E.S.E.A.:																	
Title I	84.010	S010A180030	ESEA0950-19	521,104	7/1/18	6/30/19		235,702	(488,867)		(488,867)		(253,165)				
Title I	84.010	S010A170030	ESEA0950-18	454,739	7/1/17	6/30/18	(31,270)	28,278				2,992					
Title I - SIA Part A	84.010	S010A180030	ESEA0950-19	90,816	7/1/18	6/30/19		16,795	(19,922)		(19,922)		(3,127)				
Title I - SIA Part A	84.010	S010A170030	ESEA0950-18	51,129	7/1/17	6/30/18	(14,306)	5,387				8,919					
Title I - Reallocation	84.010	S010A170030	ESEA0950-19	17,952	2/1/19	9/30/19			(17,876)		(17,876)		(17,876)				
Title II A	84.367A	S367A180029	ESEA0950-19	65,832	7/1/18	6/30/19		21,213	(35,356)		(35,356)		(14,143)				
Title II A	84.367A	S367A170029	ESEA0950-18	62,490	7/1/17	6/30/18	(8,893)	7,976				917					
Title IV	84.424	S424A180031	ESEA0950-19	2,558	7/1/18	6/30/19			(2,558)		(2,558)		(2,558)				
Title V RLIS	84.358B	S358B180030	ESEA0950-19	15,751	7/1/18	6/30/19			(15,751)		(15,751)		(15,751)				
21st Century Prog - PN	84.287C	S287C180030	CENT0950-19	68,716	9/1/18	8/31/19		14,070	(47,427)		(47,427)		(33,357)				
21st Century Prog - PN	84.287C	S287C170030	CENT0950-18	51,716	9/1/17	8/31/18	(7,942)	36,365	(19,580)		(19,580)	(8,843)					
21st Century Prog - PN United Way	84.287C	S287C180030	CENT0950-19	14,582	7/1/18	6/30/19		3,209	(8,762)		(8,762)		(5,553)				
21st Century Prog - PN United Way	84.287C	S287C170030	CENT0950-18	2,400	7/1/17	6/30/18	(1,589)	1,679	(90)		(90)						
21st Century Prog - PN United Way	84.287C	S287C160030	CENT0950-17	2,600	7/1/16	6/30/17		280				(280)					
21st Century Prog - PN IDEA	84.287C	S287C180030	CENT0950-19	5,530	9/1/18	8/31/19			(1,897)		(1,897)		(1,897)				
21st Century Prog - PN IDEA	84.287C	S287C170030	CENT0950-18	6,690	9/1/17	8/31/18	(1,249)	1,947	(5,748)		(5,748)		(5,050)				
21st Century Prog - PN IDEA	84.287C	S287C160030	CENT0950-17	6,163	9/1/16	8/31/17		483				(483)					
21st Century Prog - HMS	84.287C	S287C180030	CENT0950-19	67,121	9/1/18	8/31/19		12,182	(43,503)		(43,503)		(31,321)				
21st Century Prog - HMS	84.287C	S287C170030	CENT0950-18	67,121	9/1/17	8/31/18	(14,598)	24,687	(10,089)		(10,089)						
21st Century Prog - HMS	84.287C	S287C160030	CENT0950-17	44,241	9/1/16	8/31/17	(5,251)	5,251									
Total U.S. Department of Education							(242,156)	643,134	(944,617)		(944,617)	3,222	(540,417)				
Total Federal Financial Awards							\$ (268,463)	\$ 1,033,940	\$ (1,403,757)	\$	(1,403,757)	\$ 3,222	\$ (637,937)	\$ 2,879	\$		

(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, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2018			Cash Received	Budgetary Expenditures	Balance at June 30, 2019		MEMO		
					(Accounts Receivable)	Unearned Revenue	Carry-over			(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education:														
General Fund:														
Equalization Aid	19-495-034-5120-078	\$ 9,277,063	7/1/18	6/30/19	\$	\$	\$ 8,369,065	\$ (9,277,063)	\$ (907,998)	\$	* \$ (907,998)	\$	9,277,063	
Equalization Aid	18-495-034-5120-078	9,277,063	7/1/17	6/30/18	(916,347)		916,347							
Special Education Categorical Aid	19-495-034-5120-089	33,842	7/1/18	6/30/19			30,530	(33,842)	(3,312)		*	(3,312)	33,842	
Special Education Categorical Aid	18-495-034-5120-089	475,209	7/1/17	6/30/18	(46,940)		46,940							
Security Aid	18-495-034-5120-084	282,814	7/1/17	6/30/18	(27,935)		27,935							
Transportation Aid	18-495-034-5120-014	209,898	7/1/17	6/30/18	(20,733)		20,733							
Under Adequacy Aid	18-495-034-5120-096	944	7/1/17	6/30/18	(93)		93							
PARCC Readiness Aid	18-495-034-5120-098	7,800	7/1/17	6/30/18	(770)		770							
Per Pupil Growth Aid	18-495-034-5120-097	7,800	7/1/17	6/30/18	(770)		770							
Professional Learning Comm Aid	18-495-034-5120-101	7,590	7/1/17	6/30/18	(750)		750							
Extraordinary Aid	18-495-034-5120-044	7,557	7/1/17	6/30/18	(7,557)		7,557							
Extraordinary Aid	19-495-034-5120-044	61,307	7/1/18	6/30/19				(61,307)	(61,307)		*		61,307	
Non-public Transportation Aid	19-495-034-5120-014	4,930	7/1/18	6/30/19				(4,930)	(4,930)		*		4,930	
Non-public Transportation Aid	18-495-034-5120-014	4,930	7/1/17	6/30/18	(4,930)		4,930							
Emergency Aid	19-495-034-5120-	910,302	7/1/18	6/30/19			910,302	(910,302)					910,302	
Reimbursed TPAF Social Security Contrib	19-495-034-5094-003	276,633	7/1/18	6/30/19			208,130	(276,633)	(68,503)		*		276,633	
Reimbursed TPAF Social Security Contrib	18-495-034-5094-003	311,599	7/1/17	6/30/18	(15,660)		15,660							
On-Behalf TPAF Pension Contribution	19-495-034-5094-002	734,232	7/1/18	6/30/19			734,232	(734,232)			*		734,232	
On-Behalf TPAF Post Retirement Medical	19-495-034-5094-001	333,046	7/1/18	6/30/19			333,046	(333,046)			*		333,046	
On-behalf TPAF Long-term Disability Contrib.	19-495-034-5094-004	795	7/1/18	6/30/19			795	(795)			*		795	
Total General Fund					(1,042,485)		11,628,585	(11,632,150)	(1,046,050)			(911,310)	11,632,150	
Special Revenue Fund:														
Preschool Education Aid	19-495-034-5120-086	324,141	7/1/18	6/30/19			104,846	293,764	(323,637)	(30,377)	105,350	*	(30,377)	323,637
Preschool Education Aid	18-495-034-5120-086	270,063	7/1/17	6/30/18	(27,006)	104,846	(104,846)	27,006						
Total Special Revenue Fund					(27,006)	104,846	320,770	(323,637)	(30,377)	105,350		(30,377)	323,637	
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	19-495-034-5120-017	156,964	7/1/18	6/30/19			156,964	(156,964)			*		156,964	
State Department of Agriculture:														
Enterprise Fund:														
State School Lunch Prog.	19-100-010-3350-023	4,310	7/1/18	6/30/19			3,466	(4,310)	(844)		*		4,310	
State School Lunch Prog.	18-101-010-3350-023	4,340	7/1/17	6/30/18	(354)		354							
Total Enterprise Fund					(354)		3,820	(4,310)	(844)				4,310	
Total State Financial Assistance					\$ (1,109,399)	\$ 104,846	\$ 12,110,139	\$ (12,117,061)	\$ (1,116,825)	\$ 105,350	\$ (941,687)	\$ 12,156,615		
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution	19-495-034-5094-002	734,232	7/1/18	6/30/19			\$ 734,232	\$ (734,232)						
On-Behalf TPAF Post Retirement Medical	19-495-034-5094-001	333,046	7/1/18	6/30/19			333,046	(333,046)						
On-behalf TPAF Long-term Disability Contrib.	19-495-034-5094-004	795	7/1/18	6/30/19			795	(795)						
Total State Financial Assistance - Major Program Determination							\$ 11,042,066	\$ (11,048,988)						

See accompanying notes to schedules of financial assistance

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2019

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 District 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 \$103,028 for the general fund and (\$3,371) 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, 2019
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 33,480	\$ 11,735,178	\$ 11,768,658
Special Revenue Fund	944,617	320,266	1,264,883
Debt Service		156,964	156,964
Food Service Fund	425,660	4,310	429,970
Total Awards & Financial Assistance	<u>\$ 1,403,757</u>	<u>\$ 12,216,718</u>	<u>\$ 13,620,475</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, 2019.

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, 2019. 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, 2019.

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 were six adjustments totaling \$3,222 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, 2019
(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? _____ yes X no

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

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 as applicable? _____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
19-495-034-5120-078	Equalization Aid
19-495-034-5120-089	Special Education Categorical Aid
19-495-034-5120-000	Emergency Aid

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.027, 84.173	H027A180100	IDEA Cluster
	H173A180114	
84.010	S010A180030	Title I

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, 2019
(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: N/A

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Views of responsible officials and planned corrective actions:

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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:

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs: None

Context:

Effect:

Cause:

Recommendation:

Management's response:

**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 15-08, as applicable.

Finding: 2018-1

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

Current Status: Resolved