

**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, 2020**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**of the**

**Township of Commercial Board of Education**

**Port Norris, New Jersey**

**For the Fiscal Year Ended June 30, 2020**

**Prepared by**

**Commercial Township Board of Education**

**Finance Department**

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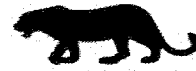
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## **INTRODUCTORY SECTION**



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



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

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**Kristin Schell**  
*Superintendent/Principal*  
**Darren Harris**  
*School Business Administrator*

---

**Alysia R. Thomson, M.Ed**  
*District Assistant Principal*  
**John Lavell**  
*Director of Special Services*

December 21, 2020

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Commercial Township Public School District (District) or the fiscal year ended June 30, 2020, 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 2019-20 fiscal year with a June enrollment of 507 students, which is 34 less than the previous year enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>June 30 Enrollment</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019-20	507	(6.28)%
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%

**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 aims to raise the achievement level of all its students particularly in the critical areas of language arts literacy, mathematics, and social/emotional learning. The District is in Comprehensive Status and has developed an Annual School Plan to ameliorate its programs, curriculum, and instruction accordingly. In response to the 2020 pandemic, the District has had to adjust to incorporate new models of instruction - hybrid and virtual. Both models result in additional technology and professional development initiatives.

**Curriculum** - The District enters year two of the Connected Action Roadmap grant work. CAR is facilitated through NJPSA/FEA. As a grant recipient, the District has access to an exemplar framework for curricular development, a coach, various workshops, and a network of educators. The Professional Learning Community (PLC) group is the vehicle for this work.

- unpack the New Jersey Student Learning Standards (NJSLS) through CAR grant
- create curricular units aligned to the NJSLS
- create consistent grade-level curricular documents that include gold standard resources, specific student strategies, high quality assessments, and meaningful learning tasks

### **Instruction**

- facilitate instruction that promotes student engagement and involves meaningful learning tasks
- provide student-centered, differentiated instruction around grade-level standards
- adapt instruction for virtual and hybrid models
- provide instruction in the least restrictive environment
- leverage technology for instruction and for preparing students for life, career, and college
- design instruction according to the tenets of balanced literacy including provided tailored instruction through small guided reading groups
- implement Fountas & Pinnell (F&P) Leveled Literacy Intervention as a tier two intervention for supplemental instruction
- design instruction according to the tenets of balanced math
- view and utilize various data (Freckle, F&P, OnCourse, pre-assessments) to drive instruction
- align Student Growth Objectives (SGO) to the NJSLS and require all teachers to incorporate a literacy-based SGO
- incorporate components of the Marzano Focused Model for effective instruction

### **Programs/Resources/Other Related Initiatives**

- attend to wellness needs (i.e. focused attention practices, brain intervals, calming techniques, belonging)
- leverage positive behavior support, relationships, and traits of a resilient school to establish a supportive environment
- utilize programs purchased (Seeing Stars, OnCourse Benchmarking and PBSIS) to help close the achievement gap
- leverage collaboration among counselors and Child Study Team members to create a positive, supportive school environment and to decrease bullying, violence, and general behavioral noncompliance
- utilize OnCourse Benchmark Assessments and other district data to measure individual student growth as well as efficacy of programs
- continue to utilize all the components in Tools of the Mind curriculum for Preschool
- use the Early Childhood Environment Rating Scale (ECERS) to guide the Preschool program
- utilize Wilson-Fundations materials and strategies in grades PK-2

**Child Study Team and Related Services** - The District is expanding its inclusion programs in order to achieve serving students in the least restrictive environment. Two support teachers provide tier two instruction in language arts and math. The District continues to accept tuition students into its programs.

**Technology** - Schoology has replaced Google Classroom as a virtual learning environment. It is an all-in-one platform for students, parents, and staff to interact in a virtual environment. Through Schoology, teachers deliver class materials, assessments, feedback, grades, and other supports in one location.

Students access learning materials/resources, submit assignments digitally, review feedback, monitor grades, participate in synchronous discussions, and receive other information and announcements. Parents view student activity, monitor grades, and communicate with teachers.

- deliver asynchronous instruction through Schoology, a learning management system
- utilize district technology for flipped classroom instruction and virtual face-to-face instruction
- utilize LANSchool classroom management software
- hone students' skills in digital literacy classes for grades K-8
- standards-aligned online educational programs (i.e. Reflex, Freckle, iXL) for practice at individual level of readiness

**Technology Device Upgrades** - All students, whether hybrid or virtual, have access to their own dedicated Chromebook device.

- provide a dedicated Chromebook device for every student PK-8
- provide touch screen Chromebooks for PK - grade 2 students

**Marzano Focused Teacher Evaluation** - Commercial Township School District uses 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. District goals and professional development are linked to the evaluation model. Goals for the 2019-20 school year include closing the achievement gaps in language arts and math, infusing social and emotional learning that result in a resilient school community, and integrating technology meaningfully.

The Marzano Focused Teacher Evaluation Model is used to guide observers to identify areas of effective teaching as they observe individual staff in the classroom setting. Each teacher's practice is evaluated in the same manner and the teacher is provided feedback to enhance further teaching and learning.

Staff not subject to mSGP receive a summative score weighted as follows:

- 15% - Student Growth Objectives
- 85% - Teacher Practice

Staff subject to mSGP receive a summative score weighed as follows:

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

## **Transportation**

Commercial Township ceased contracting out its own transportation department in the 18-19 school year. The district continues to provide its own transportation through its transportation department and leased buses in the 2019-20 school year.

- lease buses to save cost for contracted routes and transportation for both field trips and all after school activities

## **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, 2020.



## **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, 2020 the District's outstanding debt issues were \$465,000 in general obligation bonds. The unvoted amount of allowable debt is \$6,766,324.

## **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,

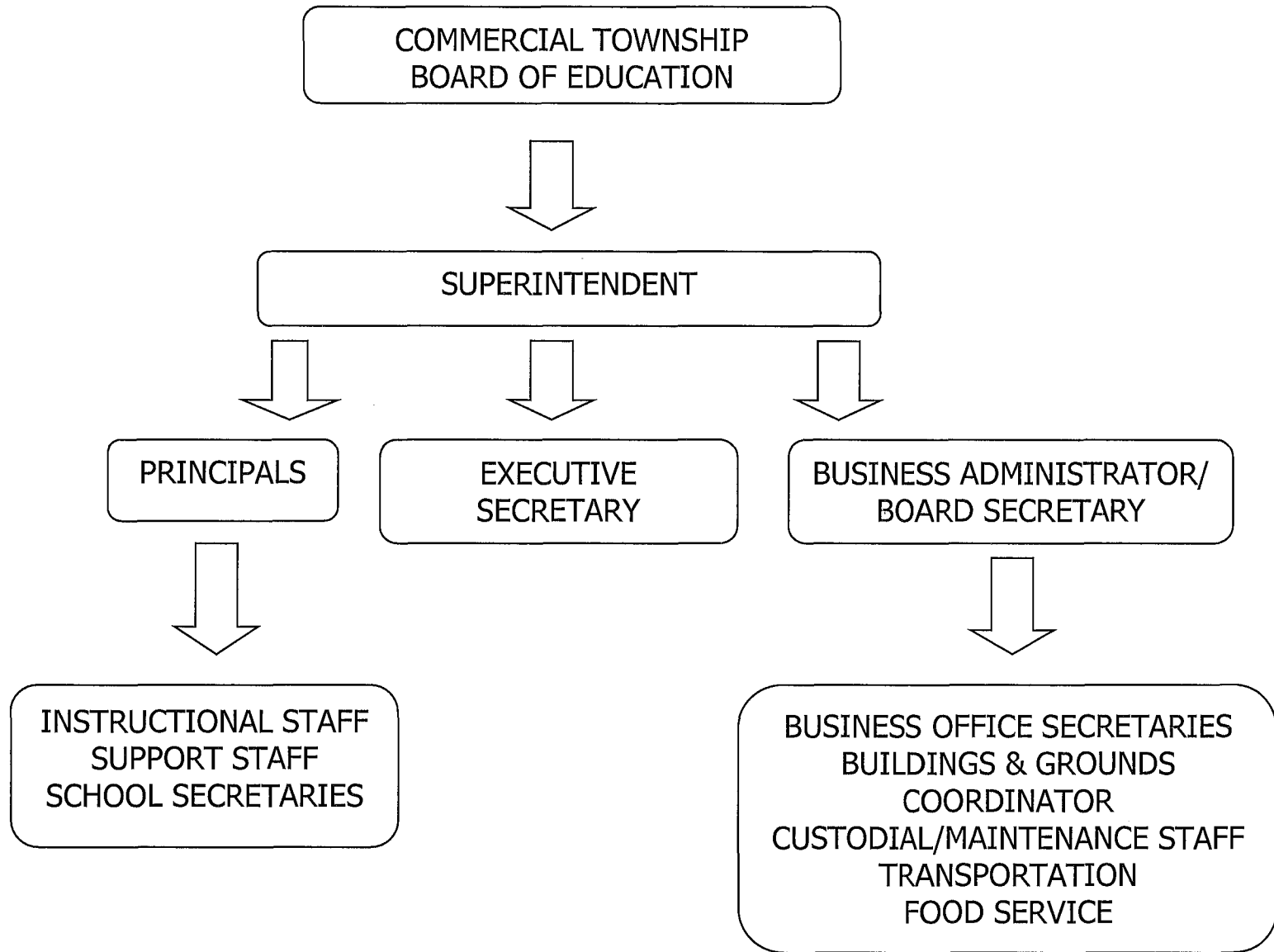
*Kristin Schell*

Kristin Schell, Superintendent/Principal

*Darren Harris*

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, 2020**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Carol Perrelli, President	2021
Ronald Sutton, Jr.	2021
Tracy Richardson	2022
Sharon Porter	2022
Beverly Dragotta	2022
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 (To 12/22/19)	
Kristin Schell, Superintndent (From 12/23/19)	
Darren Harris, Board Secretary	\$ 100,000
Jonathan M. Busch, Solicitor	

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

**ARCHITECT**

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

**AUDIT FIRM**

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

**ATTORNEY**

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

**OFFICIAL DEPOSITORY**

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

**INSURANCE AGENCY**

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

## **FINANCIAL SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

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

(856) 629-3111  
Fax (856) 728-2245  
[www.colavita.net](http://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 08349

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Commercial Township School District in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows 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 December 21, 2020 on our consideration of the Commercial Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commercial Township Board of Education's of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Commercial Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

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



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915  
December 21, 2020

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
COMMERCIAL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020. 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 2020 are as follows:

- ❖ General revenues accounted for \$14,279,990 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 \$2,233,581 or 14% of total revenues of \$16,513,571.
- ❖ Total Net Position of governmental activities was \$1,499,333.
- ❖ The School District had \$15,667,202 in program expenses. These expenses were offset by program specific charges for services, grants or contributions of \$2,233,581 mentioned above in arriving at the net governmental activity expenses of the district. General revenues comprising federal and state aid of \$11,826,648, property taxes of \$2,125,970 and other miscellaneous revenues and adjustments of \$367,002, excluding transfers to charter schools, were adequate to provide for the programs maintained by the school.
- ❖ The General Fund had \$14,048,241 in revenues, \$13,115,061 in expenditures and other financing use reductions of \$39,711. The General Fund's balance increased \$893,469 over 2019. 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 2020?" 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 2019 and 2020.

Table 1  
Net Position

	2020	2019
<b>Assets</b>		
Current and Other Assets	\$ 2,178,340	\$ 1,750,155
Capital Assets, Net	3,583,420	3,685,956
Total Assets	<u>5,761,760</u>	<u>5,436,111</u>
<b>Deferred Outflows of Resources</b>		
Deferred Pension Outflows	<u>1,206,315</u>	<u>878,134</u>
<b>Liabilities</b>		
Long-term Liabilities	3,755,809	3,599,186
Other Liabilities	565,712	1,047,184
Total Liabilities	<u>4,321,521</u>	<u>4,646,370</u>
<b>Deferred Inflows of Resources</b>		
Deferred Pension Inflows	<u>1,028,278</u>	<u>895,968</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	3,368,717	2,991,238
Restricted	1,908,376	1,260,603
Unrestricted (Deficit)	(3,658,817)	(3,479,934)
Total Net Position	<u>\$ 1,618,276</u>	<u>\$ 771,907</u>

Table 2 shows the changes in Net Position from fiscal year's 2020 and 2019.

Table 2  
Changes in Net Position

	2020	2019
<b>Revenues</b>		
Programs Revenues		
Charges for Services	\$ 65,665	\$ 25,650
Operating Grants and Contributions	2,167,916	2,347,863
General Revenues		
Property Taxes	2,125,970	2,071,327
Grants and Entitlements	11,826,648	12,269,625
Other	327,372	617,460
<b>Total Revenues</b>	<b>16,513,571</b>	<b>17,331,925</b>
<b>Program Expenses</b>		
Instruction	3,785,166	3,916,062
Support Services		
Tuition	3,616,766	4,463,869
Pupils and Instructional Staff	1,293,201	1,101,070
General Administration, School		
Administration, Business	769,734	763,529
Operations and Maintenance of Facilities	993,991	824,073
Pupil Transportation	644,136	765,550
Employee Benefits	3,850,292	4,123,027
Interest on Debt	30,818	38,282
Enterprise Funds	410,077	443,391
Other	273,021	265,991
<b>Total Expenses</b>	<b>15,667,202</b>	<b>16,704,844</b>
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 846,369</b>	<b>\$ 627,081</b>

### Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Of the District's \$14,279,990 in total governmental revenues for the fiscal year ended June 30, 2020, property taxes made up 14.9% of the revenues raised for governmental activities. Federal, state and local grants accounted for another 82.8% and other revenues made up 2.3%. The total cost of all program and services was \$15,667,202, of which the amount spent on governmental activities was \$13,443,609 and of this amount, Instruction comprised 22.8%.

**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 2020</u>	<u>Net Cost of Services 2020</u>	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>
Instruction	\$ 3,785,166	\$ 3,066,350	\$ 3,916,062	\$ 3,023,503
Support Services				
Tuition	3,616,766	3,616,766	4,463,869	4,463,869
Pupils and Instructional Staff	1,293,201	964,704	1,101,070	904,688
General Administration, School				
Administration, Business	769,734	769,734	763,529	763,529
Operation and Maintenance of Facilities	993,991	993,991	824,073	824,073
Pupil Transportation	644,136	644,136	765,550	765,550
Employee Benefits	3,850,292	3,084,089	4,123,027	3,294,075
Interest and Fiscal Charges	30,818	30,818	38,282	38,282
Other	273,021	273,021	265,991	265,991
Total Expenses	<u>\$ 15,257,125</u>	<u>\$ 13,443,609</u>	<u>\$ 16,261,453</u>	<u>\$ 14,343,560</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 \$9,988 and Extended Day revenue exceeded expenses by \$639.
- ❖ The General Fund did not subsidize the food service operation in 2019-20.
- ❖ Charges for services in the food service fund were \$16,873 of revenue. This represents amount paid by patrons for daily food services or 4.0% of the revenue in the food service fund. There were no service charges in the Extended Day program for the year.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$403,192, which represents 96.0% 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 \$15,452,496 and expenditures of \$14,519,197. The net positive change in fund balance for the year was \$893,030. 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, 2020, 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 2019</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 2,492,972	16.2%	\$ (273,295)	-9.9%
State Sources	12,122,038	78.4%	(90,370)	-0.7%
Federal Sources	837,486	5.4%	(140,611)	-14.4%
<b>Total</b>	<b>\$ 15,452,496</b>	<b>100.0%</b>	<b>\$ (504,276)</b>	<b>-3.2%</b>



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

The decrease in Local Sources is attributed to decreases in tuition of \$160,008 and child study team revenue of \$254,705, offset by increases in interest earnings and miscellaneous revenue of \$86,775 and local tax levy of \$54,643.

The decrease in State Sources is attributed to decreases in general fund state aid of \$38,612, debt service aid of \$7,293 state and federal grants for special projects of \$44,465.

The decrease in Federal Sources is attributed to increases in various grant awards totaling \$140,611.

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, 2020.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2019</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 3,785,166	26.0%	\$ (130,896)	-3.3%
Undistributed Expenditures	10,296,728	70.9%	(792,322)	-7.1%
Capital Outlay	182,640	1.3%	132,628	265.2%
Debt Service:				
Principal	230,000	1.6%	(5,000)	-2.1%
Interest	24,663	0.2%	(7,409)	-23.1%
Total	<u>\$ 14,519,197</u>	<u>100.0%</u>	<u>\$ (802,999)</u>	<u>-5.2%</u>

The decrease in Current – Instruction is attributed to decreases in regular instruction of \$442,564 and other special education instruction of \$580, offset by increases in special education tuition of \$311,028 and other instruction of \$1,220.

The decrease in Current – Undistributed Expenditures is attributed to decreases in District Tuition of \$847,103, Employee Benefits of \$143,267 and Pupil Transportation of \$121,414, offset by increases in Student and Instruction Related Services of \$143,339, School Administrative Services of \$6,205 and Plant Operations and Maintenance of \$169,918.

The increase in capital outlay is attributed to increases in capital projects and construction service costs of \$132,628.

The decrease in debt service is attributed to decreased outstanding debt obligations of \$5,000 and \$7,409 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 2020, 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 \$916,258.

- ❖ Actual revenues were \$202,843 more than expected, excluding On-Behalf pension and social security state aid of \$1,498,730, due primarily to miscellaneous revenue.
- ❖ The actual expenditures were \$1,196,702 less than expected, which excluded the effects of state On-Behalf pension and social security aid of \$1,498,730, partially offset by favorable variances in various budget appropriations.

## Capital Assets

At the end of the fiscal year 2020, the School District had \$3,583,420 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2019 balances compared to 2020.

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

	<u>2020</u>	<u>2019</u>
Land	\$ 14,877	\$ 14,877
Land Improvements	392,723	395,091
Building and Improvements	2,923,593	3,022,356
Equipment	252,227	253,632
Totals	<u>\$ 3,583,420</u>	<u>\$ 3,685,956</u>

Overall capital assets decreased \$102,536 from fiscal year 2019 to fiscal year 2020. Increases in capital assets of \$173,370 were offset by depreciation expense of \$275,906.

## **Debt Administration**

At June 30, 2020, the School District had \$3,755,809 as outstanding debt. Of this amount, \$701,678 is for compensated absences and the balance of \$465,000 is for refunding bonds dated 11/17/09. The District also reported a Net Pension Liability of \$2,589,131, in accordance with GASB #68.

At June 30, 2020, the School District's overall legal debt margin was \$7,231,324 and the unvoted debt margin was \$6,766,324, or 94% 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 \$677,867 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 Kristin Schell, Superintendent at Commercial Township Board of Education, Port Norris, N.J. or email at [kristin.schell@commercialschools.org](mailto:kristin.schell@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, 2020**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 388,289	\$ 49,064	\$ 437,353
Receivables, Net	671,639	26,730	698,369
Interfund Receivable	49,931		49,931
Inventory		26,742	26,742
Restricted Cash and Cash Equivalents	965,945		965,945
Capital Assets, Net (Note 5):	3,557,358	26,062	3,583,420
Total Assets	<u>5,633,162</u>	<u>128,598</u>	<u>5,761,760</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Outflows	<u>1,206,315</u>		<u>1,206,315</u>
<b>LIABILITIES</b>			
Accounts Payable	380,285		380,285
Accrued Interest	8,718		8,718
Unearned Revenue	167,054	9,655	176,709
Non-current Liabilities (Note 6):			
Due Within One Year	2,800		2,800
Due Beyond One Year	3,753,009		3,753,009
Total Liabilities	<u>4,311,866</u>	<u>9,655</u>	<u>4,321,521</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Inflows	<u>1,028,278</u>		<u>1,028,278</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	3,342,655	26,062	3,368,717
Restricted for:			
Capital Projects	48,554		48,554
Other Purposes	1,859,822		1,859,822
Unrestricted (Deficit)	(3,751,698)	92,881	(3,658,817)
Total Net Position	<u>\$ 1,499,333</u>	<u>\$ 118,943</u>	<u>\$ 1,618,276</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, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 2,888,015	\$	\$ 718,816	\$ (2,169,199)	\$	\$ (2,169,199)
Special Education	797,622			(797,622)		(797,622)
Other Special Instruction	93,444			(93,444)		(93,444)
Other Instruction	6,085			(6,085)		(6,085)
Support Services:						
Tuition	3,616,766			(3,616,766)		(3,616,766)
Student & Instruction Related Services	1,293,201	48,792	279,705	(964,704)		(964,704)
General and Business Administrative Ser	301,126			(301,126)		(301,126)
School Administrative Services	284,213			(284,213)		(284,213)
Central Services	139,147			(139,147)		(139,147)
Admin Info Tech	45,248			(45,248)		(45,248)
Plant Operations and Maintenance	993,991			(993,991)		(993,991)
Pupil Transportation	644,136			(644,136)		(644,136)
Employee Benefits	3,850,292		766,203	(3,084,089)		(3,084,089)
Interest on Long-term Debt	30,818			(30,818)		(30,818)
Unallocated Depreciation	273,021			(273,021)		(273,021)
Total Governmental Activities	15,257,125	48,792	1,764,724	(13,443,609)		(13,443,609)
Business-type Activities:						
Food Service	410,077	16,873	403,192		9,988	9,988
Extended Day						
Total Business-type Activities	410,077	16,873	403,192		9,988	9,988
Total Primary Government	\$15,667,202	\$ 65,665	\$ 2,167,916	\$ (13,443,609)	\$ 9,988	\$ (13,433,621)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 2,020,978	\$	\$ 2,020,978
Taxes Levied for Debt Service				104,992		104,992
Federal, State and Local Aid not Restricted				11,826,648		11,826,648
Tuition from Other LEA'S Within the State and Individuals				163,531		163,531
Investment Earnings				16,482	639	17,121
Transfer to Charter Schools				(40,269)		(40,269)
Child Study Team				28,300		28,300
Miscellaneous Income				158,689		158,689
Total General Revenues, Special Items, Extraordinary Items and Transfers				14,279,351	639	14,279,990
Change in Net Position				835,742	10,627	846,369
Net Position—Beginning				663,591	108,316	771,907
Net Position—Ending				\$ 1,499,333	\$ 118,943	\$ 1,618,276

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, 2020**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 26,491	\$ 239,503	\$ 57,466		\$ 323,460
Due from Other Funds	442,502				442,502
State Aid Receivable	103,405	12,440	39,554		155,399
Federal Aid Receivable	810	254,592			255,402
Other Accounts Receivable	260,838				260,838
Restricted Cash and Cash Equivalents	965,945				965,945
Total Assets	<u>\$ 1,799,991</u>	<u>\$ 506,535</u>	<u>\$ 97,020</u>		<u>\$ 2,403,546</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 289,264	\$ 91,021			\$ 380,285
Due to Other Funds		291,894	48,466		340,360
Unearned Revenue		154,436			154,436
Total Liabilities	<u>289,264</u>	<u>537,351</u>	<u>48,466</u>		<u>875,081</u>
Fund Balances:					
Restricted For:					
Excess Surplus	646,375				646,375
Excess Surplus - Designated for Subsequent Year's Expenditures	497,799				497,799
Capital Reserve	250,297				250,297
Maintenance Reserve	674,274				674,274
Emergency Reserve	41,374				41,374
Assigned:					
Year-end Encumbrances	8,632				8,632
Unassigned, Reported in:					
General Fund (Deficit)	(608,024)				(608,024)
Special Revenue Fund (Deficit)		(30,816)			(30,816)
Capital Projects Fund			48,554		48,554
Total Fund Balances (Deficit)	<u>1,510,727</u>	<u>(30,816)</u>	<u>48,554</u>		<u>1,528,465</u>
Total Liabilities and Fund Balances	<u>\$ 1,799,991</u>	<u>\$ 506,535</u>	<u>\$ 97,020</u>		

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$10,906,392 and the accumulated depreciation is \$7,349,034 (See Note 5) 3,557,358

Long Term Net Pension Liability (2,589,131)  
 Deferred Pension Outflows 1,206,315  
 Deferred Pension Inflows (1,028,278)

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. (8,718)

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). (1,166,678)

Net Position of Governmental Activities \$ 1,499,333

**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, 2020**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources:					
Local Tax Levy	\$ 2,020,978	\$	\$	\$ 104,992	\$ 2,125,970
Tuition from Other LEA'S Within the State	163,531				163,531
Child Study Team	28,300				28,300
Interest Earned on Investments	15,924		558		16,482
Miscellaneous	117,252	41,437			158,689
<b>Total - Local Sources</b>	<b>2,345,985</b>	<b>41,437</b>	<b>558</b>	<b>104,992</b>	<b>2,492,972</b>
State Sources	11,696,566	275,801		149,671	12,122,038
Federal Sources	5,690	831,796			837,486
<b>Total Revenues</b>	<b>14,048,241</b>	<b>1,149,034</b>	<b>558</b>	<b>254,663</b>	<b>15,452,496</b>
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	2,169,199	718,816			2,888,015
Special Education Instruction	797,622				797,622
Other Special Instruction	93,444				93,444
Other Instruction	6,085				6,085
Support Services:					
Tuition	3,616,766				3,616,766
Student & Instruction Related Services	964,704	279,705			1,244,409
General Administrative Services	301,126				301,126
School Administrative Services	284,213				284,213
Central Services	139,147				139,147
Admin Info Tech	45,248				45,248
Plant Operations and Maintenance	993,991				993,991
Pupil Transportation	644,136				644,136
Employee Benefits	2,876,740	150,952			3,027,692
Debt Service:					
Interest and Other Charges				24,663	24,663
Principal				230,000	230,000
Capital Outlay	182,640				182,640
<b>Total Expenditures</b>	<b>13,115,061</b>	<b>1,149,473</b>		<b>254,663</b>	<b>14,519,197</b>
Excess (Deficiency) of Revenues over Expenditures	933,180	(439)	558		933,299
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers of Capital Project Interest	558		(558)		
Transfer to Charter Schools	(40,269)				(40,269)
<b>Total Other Financing Sources and Uses</b>	<b>(39,711)</b>		<b>(558)</b>		<b>(40,269)</b>
Net Change in Fund Balances	893,469	(439)			893,030
Funs Balance - July 1 (Deficit)	617,258	(30,377)	48,554		635,435
Fund Balance - June 30 (Deficit)	\$ 1,510,727	\$ (30,816)	\$ 48,554	\$ -	\$ 1,528,465

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, 2020**

<b>Total Net Change in Fund Balances - Governmental Funds (from B-2)</b>	<b>\$ 893,030</b>
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation expense	\$ (273,021)
Capital outlays	173,370
	<hr/>
	(99,651)
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.	230,000
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.	3,115
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.	(132,586)
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).	(58,166)
	<hr/>
<b>Change in Net Position of Governmental Activities (A-2)</b>	<b>\$ 835,742</b>
	<hr/> <hr/>

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, 2020**

	Business-type Activities - Enterprise Funds			Shared Services Fund
	Food Service	Extended Day	Totals	
<b>ASSETS</b>				
Current Assets:				
Cash	\$ 35,504	\$ 65,771	\$ 101,275	\$ 12,618
Accounts Receivable	26,730		26,730	
Inventories	26,742		26,742	
Total Current Assets	<u>88,976</u>	<u>65,771</u>	<u>154,747</u>	<u>12,618</u>
Fixed Assets:				
Equipment	193,795		193,795	
Accumulated Depreciation	(167,733)		(167,733)	
Total Fixed Assets	<u>26,062</u>		<u>26,062</u>	
Total Assets	<u>115,038</u>	<u>65,771</u>	<u>180,809</u>	<u>12,618</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable				
Due to General	52,211		52,211	
Unearned Revenue	9,655		9,655	12,618
Total Current Liabilities	<u>61,866</u>		<u>61,866</u>	<u>12,618</u>
<b>NET POSITION</b>				
Invested in Capital Assets Net of Related Debt	26,062		26,062	
Unrestricted	27,110	65,771	92,881	
Total Net Position	<u>\$ 53,172</u>	<u>\$ 65,771</u>	<u>\$ 118,943</u>	<u>\$</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, 2020**

	<b>Business-type Activities - Enterprise Fund</b>			<b>Shared Services Fund</b>
	<b>Food Service</b>	<b>Extended Day</b>	<b>Total Enterprise</b>	
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$	\$	\$	\$
Daily Sales - Non-reimbursable Programs	16,873		16,873	
Child Study Fees				61,410
Total Operating Revenue:	16,873		16,873	61,410
Operating Expenses:				
Salaries	133,531		133,531	45,163
Employee Benefits	36,579		36,579	3,283
Supplies and Materials	16,297		16,297	346
Depreciation	2,885		2,885	
Cost of Sales - Reimbursable Programs	179,531		179,531	
Cost of Sales - Non-Reimbursable Programs	7,306		7,306	
Management Fee	22,930		22,930	
Repairs and Other Expenses	11,018		11,018	
Total Operating Expenses	410,077		410,077	48,792
Operating Income (Loss)	(393,204)		(393,204)	12,618
Non-operating Revenues (Expenses):				
State Sources:				
State School Lunch Program	5,019		5,019	
Federal Sources:				
National School Breakfast Program	120,842		120,842	
National School Lunch Program	233,757		233,757	
National Snack Program	5,549		5,549	
Food Distribution Program	27,157		27,157	
Fruit and Vegetable Grant	10,868		10,868	
Interest		639	639	
Total Non-operating Revenues (Expenses)	403,192	639	403,831	
Income (Loss) before Contributions & Transfe	9,988	639	10,627	12,618
Transfer to Unearned Revenue				(12,618)
Change in Net Position	9,988	639	10,627	-
Total Net Position—Beginning	43,184	65,132	108,316	
Total Net Position—Ending	\$ 53,172	\$ 65,771	\$ 118,943	\$ -

**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, 2020**

	Business-type Activities			Shared Services Fund
	Enterprise Funds			
	Food Service	Extended Day	Total Enterprise	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 16,873	\$	\$ 16,873	\$ 74,028
Payments to Employees	(133,531)		(133,531)	(45,163)
Payments for Employee Benefits	(36,579)		(36,579)	(3,283)
Payments to Suppliers	(214,451)		(214,451)	(346)
Net Cash Provided by (used for) Operating Activities	(367,688)	-	(367,688)	25,236
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State Sources	5,019		5,019	
Federal Sources	398,173		398,173	
Operating Subsidies and Transfers to Other Funds				(12,618)
Net Cash Provided by (used for) Non-capital Financing Activities	403,192		403,192	(12,618)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of Capital Assets				
Net Cash Provided by (used for) Capital and Related Financing Activities				
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and Dividends		639	639	
Net Cash Provided by (used for) Investing Activities		639	639	
Net Increase (Decrease) in Cash and Cash Equivalents	35,504	639	36,143	12,618
Balances—Beginning of Year		65,132	65,132	
Balances—End of Year	\$ 35,504	\$ 65,771	\$ 101,275	\$ 12,618
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:</b>				
Operating Income (Loss)	\$ (393,204)	\$	\$ (393,204)	\$ 12,618
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities				
Depreciation and Net Amortization	2,885		2,885	
(Increase) Decrease in Accounts Receivable, Net	52,594		52,594	
(Increase) Decrease in Inventories	(10,817)		(10,817)	
Increase (Decrease) in Accounts Payable	(25,246)		(25,246)	
Increase (Decrease) in Due to General				
Increase (Decrease) in Unearned Revenue	6,100		6,100	12,618
Total Adjustments	25,516		25,516	12,618
Net Cash Provided by (used for) Operating Activities	\$ (367,688)	\$	\$ (367,688)	\$ 25,236

Noncash Noncapital Financing Activities:

During the year, the District received \$33,289 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, 2020**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 145,129	\$ 13,741	\$ 392,060
Certificates of Deposit		14,960	
Due from Payroll Agency Account	33,806		
Accounts Receivable			
Total Assets	<u>178,935</u>	<u>28,701</u>	<u>392,060</u>
<b>LIABILITIES</b>			
Interfunds Payable			49,931
Summer Reserve			261,935
Accounts Payable	18,991		
Payable to Student Groups			46,388
Due to Unemployment Trust Account			33,806
Total Liabilities	<u>18,991</u>	<u></u>	<u>\$ 392,060</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 159,944</u>		
Restricted for Scholarships		<u>\$ 28,701</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, 2020**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 29,110	\$
Other	1,410	150
	<hr/>	<hr/>
Total Additions	30,520	150
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Scholarships Awarded		1,000
Unemployment Claims	47,381	
	<hr/>	<hr/>
Total Deductions	47,381	1,000
	<hr/>	<hr/>
Change in Net Position	(16,861)	(850)
Net Position—Beginning of the Year	176,805	29,551
	<hr/>	<hr/>
Net Position—End of the Year	\$ 159,944	\$ 28,701
	<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, 2020**

**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, 2020 of 507 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 Statement - No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*: The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this Statement are effective immediately. Management is evaluating the potential impact of the adoption of GASB 95 on the School District's financial statements.

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, 2019. The Board is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**New Accounting Standards: (CONT'D)**

- 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 June 15, 2021. 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, 2020. 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, 2019. 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, 2021. Management is evaluating the potential impact of the adoption of GASB 91 on the School District's financial statements.
- GASB Statement - No. 92 – *Omnibus 2020*: The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 92 on the School District's financial statements.
- GASB Statement - No. 93 – *Replacement of Interbank Offered Rates*: The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 93 on the School District's financial statements.
- GASB Statement - No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*: The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is evaluating the potential impact of the adoption of GASB 94 on the School District's financial statements.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**New Accounting Standards: (CONT'D)**

- GASB Statement - No. 96 – *Subscription-Based Information Technology Arrangements*: This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is evaluating the potential impact of the adoption of GASB 96 on the School District's financial statements.
- GASB Statement - No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*: The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans); and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans). The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is evaluating the potential impact of the adoption of GASB 97 on the School District's financial statements.

**A. Basis of Presentation:**

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

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

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

- 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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

**B. Fund Accounting:**

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

**GOVERNMENTAL FUND TYPE**

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

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

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

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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

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

**PROPRIETARY FUND TYPE**

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

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

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

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

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

Food Service Fund Equipment	7 – 20 Years
-----------------------------	--------------

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

**FIDUCIARY FUND TYPE**

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



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

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

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

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

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

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

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

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

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

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

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

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

**D. Budgets/Budgetary Control:**

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

Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2 (f) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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

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

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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**E. Encumbrance Accounting:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal yearend as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

**F. Tuition Receivable:**

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

**G. Tuition Payable:**

Tuition charges for the fiscal years 2019-20, 2018-19 and 2017-18 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, 2020.

**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, 2020.

**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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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 \$9,011 in federal commodities on hand at June 30, 2020. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

Inventory in the Food Service Fund at June 30, 2020 consisted of the following:

Food	\$	22,619
Supplies		4,123
		<hr/>
Total	\$	26,742
		<hr/>

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

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

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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**L. Compensated Absences (Continued):**

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

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

**M. Unearned Revenue:**

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

**N. Operating Revenues and Expenses:**

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

**O. Allocation of Indirect Expenses:**

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

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

**P. Extraordinary and Special Items:**

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

**Q. Fund Equity:**

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

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

**R. Comparative Data/Reclassifications:**

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

**S. Management Estimates:**

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

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

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

**U. Fund Balance Reserves:**

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

**V. Net Position:**

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

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

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

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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

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

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

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

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

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

**Deposits:**

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

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

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

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

Investments:

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

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

As of June 30, 2020, cash and cash equivalents in the fund financial statements of the District consisted of the following:

		<b><u>Cash and Cash Equivalents</u></b>
Checking Accounts	\$	1,954,228
Certificates of Deposit		14,960
Total	\$	1,969,188

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, 2020, 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		2,109,378
	\$	2,359,378



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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, 2020, investments are limited to Certificate of Deposit, in the amount of \$14,960.

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

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2020, 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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 282
Interest Earnings	15
Deposits	250,000
Withdrawals	<u>          </u>
Ending Balance, June 30, 2020	<u>\$ 250,297</u>

Of this amount, \$0 has been appropriated as revenue to fund the 2020-21 operating budget.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

The LRFPP balance of local support costs of uncompleted capital projects at June 30, 2020 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.

**NOTE 5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020 was as follows:

	<b>Beginning Balance 7/1/2019</b>	<b>Additions</b>	<b>Adjustments/ Retirements</b>	<b>Ending Balance 6/30/2020</b>
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	35,319		909,433
Building and building improvements	8,606,820	102,567		8,709,387
Machinery and equipment	1,237,211	35,484		1,272,695
Totals at historical cost	10,718,145	173,370	-	10,891,515
Less accumulated depreciation for :				
Land Improvements	(479,023)	(37,687)		(516,710)
Building and improvements	(5,584,464)	(201,330)		(5,785,794)
Equipment	(1,012,526)	(34,004)		(1,046,530)
Total accumulated depreciation	(7,076,013)	(273,021)	-	(7,349,034)
Total capital assets being depreciated, net of accumulated depreciation	3,642,132	(99,651)		3,542,481
<b>Government activities capital assets, net</b>	<b>\$ 3,657,009</b>	<b>\$ (99,651)</b>	<b>\$ -</b>	<b>\$ 3,557,358</b>
				<b>To A-1</b>
Business-type activities - Equipment	\$ 193,795			\$ 193,795
Less accumulated depreciation	(164,848)	(2,885)		(167,733)
<b>Business-type activities capital assets, net</b>	<b>\$ 28,947</b>	<b>\$ (2,885)</b>	<b>\$ -</b>	<b>\$ 26,062</b>

Depreciation expense was charged to governmental functions as follows:

Unallocated \$ 273,021

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 6. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations:

	Beginning Balance 7/1/2019	Additions	Reductions	Ending Balance 6/30/2020	Amounts Due within One Year	Long-term Portion
<b>Governmental Activities:</b>						
Bonds payable:						
General obligation debt	\$ 695,000	\$	\$ 230,000	\$ 465,000	\$ 235,000	\$ 230,000
Total bonds payable	695,000		230,000	465,000	235,000	230,000
Other Liabilities:						
Compensated absences payable	643,512	58,166		701,678	2,800	698,878
Net Pension Liability	2,260,674	328,457		2,589,131		2,589,131
Total Long-term Obligations	<u>\$ 3,599,186</u>	<u>\$ 386,623</u>	<u>\$ 230,000</u>	<u>\$ 3,755,809</u>	<u>\$ 237,800</u>	<u>\$ 3,518,009</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, 2020 are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 235,000	15,638	250,638
2022	230,000	5,175	235,175
	<u>\$ 465,000</u>	<u>\$ 20,813</u>	<u>\$ 485,813</u>

**B. Bonds Authorized But Not Issued - As of June 30, 2020**      None.

**C. Capital Leases**

The District had no capital leases as of June 30, 2020.

**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>
2021	24,204
2022	23,556
2023	23,232
Total	<u>\$ 70,992</u>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2019 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2020 were 69,637. 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 2020 is 13.69% 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, 2020, and 2019, were \$141,244 and \$115,521 respectively.

The total payroll for the year ended June 30, 2020 was \$5,276,075. Payroll covered by PERS was \$928,493 for fiscal year 2020.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 8. PENSION PLANS (CONTINUED)**

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

**Components of Net Pension Liability** - At June 30, 2020, the District's proportionate share of the PERS net pension liability was \$2,589,131. The net pension liability was measured as of June 30, 2019. 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, 2019. The District's proportion measured as of June 30, 2019 was 0.014369% which was an increase of 0.00289% from its proportion measured as of June 30, 2018.

**Pension Expense and Deferred Outflows/Inflows of Resources** - The District's 2020 PERS pension expense, with respect to GASB 68, was \$298,081. The District's 2020 deferred outflows of resources and deferred inflows of resources were from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 46,472	\$ 11,438
Changes of assumptions	258,534	898,679
Net difference between projected and actual earnings on pension plan investments		40,870
Changes in proportion	760,065	77,291
Contributions subsequent to the measurement date	141,244	
Total	\$ 1,206,315	\$ 1,028,278

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
2021	\$	59,989
2022		(85,640)
2023		(25,488)
2024		76,747
2025		11,188
Thereafter		
Total	\$	36,796

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8. PENSION PLANS (CONTINUED)**

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

**Additional Information** - Collective Balances at June 30, 2020 and 2019 are as follows:

Year	2020		2019	
Collective deferred outflows of resources	\$	1,206,315	\$	878,134
Collective deferred inflows of resources	\$	1,028,278	\$	895,968
Collective Net Pension Liability	\$	2,589,131	\$	2,260,673
District's Proportion		0.014369%		0.011482%

**Actuarial Assumptions** - The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<b><u>PERS</u></b>
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
Inflation Rate – Price	2.75%
Inflation Rate – Wage	3.25%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 8. PENSION PLANS (CONTINUED)**

**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 (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	PERS Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
Total	100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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, 2020**

**NOTE 8. PENSION PLANS (CONTINUED)**

**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, 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 or 1-percentage-point higher than the current rate:

	1% Decrease (5.28%)	Current Discount (6.28%)	1% Increase (7.28%)
District's Proportionate Share of the Net Pension Liability	\$ <u>3,293,244</u>	\$ <u>2,589,131</u>	\$ <u>2,029,004</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. 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. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8. PENSION PLANS (CONTINUED)**

**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, 2019. 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 2019, 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, 2020 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$882,693 to the TPAF for pension contributions, \$327,463 for post-retirement benefits on behalf of the School, and \$786 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$287,788 during the year ended June 30, 2020 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, 2020, 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, 2020, the District recognized pension expense of \$1,323,648 and revenue of \$1,323,648 for support provided by the State.

**Actuarial Assumptions** - The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<b><u>TPAF</u></b>
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.55% - 4.45%
Thereafter	2.75% - 5.65%
Inflation Rate – Price	2.75%
Inflation Rate – Wage	3.25%

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8. PENSION PLANS (CONTINUED)**

**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, 2019 are summarized in the following table:

Asset Class	TPAF Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
Total	100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8. PENSION PLANS (CONTINUED)**

**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, 2020, 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 or 1-percentage-point higher than the current rate:

	<u>1% Decrease (4.60%)</u>	<u>Current Discount (5.60%)</u>	<u>1% Increase (6.60%)</u>
State's Share of the Net Pension Liability associated with the District	\$ 26,527,155	\$ 22,441,304	\$ 19,150,470
State's Share of the Net Pension Liability	<u>\$ 72,544,649,801</u>	<u>\$ 61,519,112,443</u>	<u>\$ 52,371,397,951</u>

**Defined Contribution Retirement Program (DCRP)**

**The Defined Contribution Retirement Program (DCRP)** is a multiple-employer defined contribution pension fund that was established in 2007 under the provisions of N.J.S.A 43:15C-1. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and long-term disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et seq.

The following represents the individuals eligible for membership in the DCRP:

Eligibility

1. State or Local Officials who are elected or appointed on or after July 1, 2007
2. Employees enrolled in the PERS or TPAF on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits
3. Employees enrolled in the PFRS or SPRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits
4. Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually
5. Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually

**Contributions** – The contribution policy is set by N.J.S.A 43:15C-3 and requires contributions by active members and contributing employers. Plan members are required to contribute 5.5% of their base salary and the District's employer match is an additional 3% contribution. For the year ended June 30, 2020, employee contributions totaled \$3,547 and the District's employer contribution, recognized in pension expense, was \$1,966. There were no forfeitures during the fiscal year.

**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.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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.

**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.

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

**Total OPEB Liability**

The State of New Jersey’s total OPEB liability, as of the measurement date of June 30, 2019, was \$41,729,081,045. Of this amount, the total OPEB liability attributable to the School District was \$15,355,965. The State of New Jersey’s proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.03680%. The total OPEB liability for the School District measured as of June 30, 2019 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, 2019 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, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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:

	<b>TPAF/ABP</b>	<b>PERS</b>	<b>PFRS</b>
Inflation Rate	2.50%	2.50%	2.50%
	Based on	Based on	Based on
Salary Increases:	Service Years	Age	Age
Through 2026	1.55% - 3.05%	2.00% - 6.00%	3.25% - 15.25%
Thereafter	1.55% - 3.05%	3.00% - 7.00%	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**Discount rate**

The discount rate for June 30, 2019 was 3.50%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Changes in the Total OPEB Liability**

State of New Jersey	<b>Total OPEB Liability</b>
<b>Balance as of June 30, 2018 Measurement Date</b>	\$ <u>46,110,832,982</u>
Changes for the year:	
Service Cost	1,734,404,850
Interest	1,827,787,206
Changes of Benefit Terms	
Differences between Expected and Actual	(7,323,140,818)
Changes of Assumptions	622,184,027
Benefit Payments	(1,280,958,373)
Contributions from Members	<u>37,971,171</u>
<b>Net Changes</b>	<u>(4,381,751,937)</u>
<b>Balance as of June 30, 2019 Measurement Date</b>	\$ <u>41,729,081,045</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, 2019, 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:

<b>June 30, 2019</b>		
At 1.00% Decrease	At Discount Rate	At 1.00% Increase
2.50%	3.50%	4.50%
\$ 49,298,534,898	41,729,081,045	35,716,321,820

**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, 2019, 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:

<b>June 30, 2019</b>		
1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$ 34,832,902,820	41,729,081,045	51,453,912,586

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

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

For the year ended June 30, 2020, the School District recognized OPEB expense of \$518,356. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$	\$ 3,858,383
Changes of Assumptions		3,121,134
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion	24,102	67,949
Contributions Subsequent to the Measurement Date		
Total	\$ 24,102	\$ 7,047,466

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
2020	\$	(944,225)
2021		(944,225)
2022		(944,225)
2023		(944,225)
2024		(944,225)
Thereafter		(2,302,239)
Total	\$	(7,023,364)

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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, 2020, a liability existed for compensated absences in the governmental activities in the amount of \$701,678.

**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, 2020**

**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>
2019-2020	\$ 0	\$ 30,520	\$ 47,381	\$ 159,944
2018-2019	12,972	6,017	17,253	176,805
2017-2018	13,141	4,472	5,913	175,069

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

<u>Fiscal Year</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 442,502	\$
Special Revenue fund		291,894
Capital Projects		48,466
Food Service Fund		52,211
Unemployment Trust	33,806	
Payroll		83,737
Total	\$ 476,308	\$ 476,308

**NOTE 14. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$1,510,727 General Fund balance at June 30, 2020, \$250,297 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, 2021; \$674,274 has been restricted in a Maintenance Account, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2021; \$41,374 has been restricted in an Emergency Reserve; \$1,144,174 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$497,799 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2021; \$8,632 has been assigned for encumbrances; \$0 of unassigned fund balance has been assigned and appropriated and included as anticipated revenue for the year ending June 30, 2021; and there is a deficit in unassigned fund balance of \$(608,024).

**Debt Service Fund** –The fund balance in the Debt Service Fund at June 30, 2020 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, 2020 is \$1,144,174, of which \$497,799 was budgeted in the 2020-21 budget and \$646,375 which must be budgeted in the 2021-22 budget.

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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 \$674,274 at June 30, 2020, none of which was anticipated as revenue in the 2020-21 budget. There were interest earnings of \$1,725.

**NOTE 18. EMERGENCY RESERVE**

The District also has an emergency reserve in the amount of \$41,374 at June 30, 2020, of which none was anticipated as revenue in the 2020-21 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, 2020, 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, 2020.

**NOTE 20. DEFICIT FUND BALANCES**

The District has a deficit in Unassigned Fund Balance of (\$608,024) in the General Fund and (\$30,816) 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, 2020**

**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 \$934,099. The special revenue fund deficit of \$30,816 is equal to the last state aid payments.

**NOTE 21. RECEIVABLES**

Receivables at June 30, 2020 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	\$ 365,053	\$ 267,032	\$ 39,554	\$ 25,995	\$ 697,634
Other				735	735
Totals	<u>\$ 365,053</u>	<u>\$ 267,032</u>	<u>\$ 39,554</u>	<u>\$ 26,730</u>	<u>\$ 698,369</u>

**NOTE 22. TAX ABATEMENT**

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

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

**NOTE 23. SUBSEQUENT EVENTS**

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

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 2,020,978		\$ 2,020,978	\$ 2,020,978	
Tuition from Individuals					
Tuition from Other LEA's Within the State	148,438		148,438	163,531	\$ 15,093
Interest on Investments				14,159	14,159
Interest on Investments - Emergency Reserve	25		25	25	
Interest on Investments - Maintenance Reserve	25		25	1,725	1,700
Interest on Investments - Capital Reserve	15		15	15	
Miscellaneous - Child Study Team Agreement				28,300	28,300
Miscellaneous	12,500		12,500	117,252	104,752
<b>Total - Local Sources</b>	<b>2,181,981</b>		<b>2,181,981</b>	<b>2,345,985</b>	<b>164,004</b>
State Sources:					
Equalization Aid	9,277,063		9,277,063	9,277,063	
Categorical Special Education	189,620		189,620	189,620	
Extraordinary Aid				76,075	76,075
Non-Public Transportation Aid					
Emergency Aid		677,867	677,867	677,867	
On-behalf TPAF Pension Contribution				882,693	882,693
On-behalf TPAF Post Retirement Medical Contribution				327,463	327,463
On-behalf TPAF Long-term Disability Contribution				786	786
Reimbursement TPAF Social Security				287,788	287,788
<b>Total - State Sources</b>	<b>9,466,683</b>	<b>677,867</b>	<b>10,144,550</b>	<b>11,719,355</b>	<b>1,574,805</b>
Federal Sources:					
Medicaid Assistance (SEMI)	42,926		42,926	5,690	(37,236)
<b>Total - Federal Sources</b>	<b>42,926</b>		<b>42,926</b>	<b>5,690</b>	<b>(37,236)</b>
<b>TOTAL REVENUES</b>	<b>\$ 11,691,590</b>	<b>\$ 677,867</b>	<b>\$ 12,369,457</b>	<b>\$ 14,071,030</b>	<b>\$ 1,701,573</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool	\$ 20,475		\$ 20,475	\$ 20,215	\$ 260
Kindergarten	171,430	51,232	222,662	222,662	
Grades 1-5	904,051	214,998	1,119,049	1,021,783	97,266
Grades 6-8	536,363	23,210	559,573	532,282	27,291
Home Instruction:					
Salaries of Teachers	3,000		3,000		3,000
Purchased Professional Educational Services	2,000		2,000		2,000
Regular Programs - Undistributed					
Instruction:					
Other Salaries for Instruction	332,190	(178,235)	153,955	113,253	40,702
Purchased Technical Services	12,000	(237)	11,763	11,484	279
Other Purchased Services	61,187	(29,118)	32,069	32,069	
General Supplies	55,000	131,808	186,808	185,860	948
Textbooks	30,141		30,141	29,332	809
Other Objects	5,000		5,000	259	4,741
<b>Total Regular Programs</b>	<b>\$ 2,132,837</b>	<b>\$ 213,658</b>	<b>\$ 2,346,495</b>	<b>\$ 2,169,199</b>	<b>\$ 177,296</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
<b>CURRENT EXPENSES: (Continued)</b>					
<b>Special Education</b>					
Learning/Language Disabled:					
Instruction					
Salaries of Teachers	\$ 193,203	\$ (48,865)	\$ 144,338	\$ 144,338	\$
Other Salaries for Instructions	51,884	36,635	88,519	88,519	
General Supplies	500.00	(390)	110		110
Total Learning/Language Disabled:	245,587	(12,620)	232,967	232,857	110
Multiple Disabilities:					
Salaries of Teachers	116,328	126,173	242,501	242,501	
Other Salaries for Instruction	41,707	40,736	82,443	82,443	
General Supplies	500	500	1,000	871	129
Total Multiple Disabilities	158,535	167,409	325,944	325,815	129
Resource Room:					
Salaries of Teachers	217,212	22,333	239,545	238,950	595
Other Salaries for Instruction					
Total Resource Room	217,212	22,333	239,545	238,950	595
Autism:					
Salaries of Teachers	74,443	(74,443)			
General Supplies	500	(500)			
Total Autism	74,943	(74,943)			
<b>TOTAL SPECIAL EDUCATION</b>	<b>696,277</b>	<b>102,179</b>	<b>798,456</b>	<b>797,622</b>	<b>834</b>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers		64,531	64,531	47,611	16,920
Total Basic Skills/Remedial Instruction:		64,531	64,531	47,611	16,920
Bilingual Education - Instruction:					
Salaries of Teachers	56,084		56,084	45,833	10,251
General Supplies	500		500		500
Total Bilingual Instruction:	56,584		56,584	45,833	10,751
School Sponsored Co-curricular Activities:					
Salaries	500	(350)	150	150	
Total School Sponsored Co-curricular Activities	500	(350)	150	150	
School Sponsored Athletics:					
Salaries	5,000	500	5,500	5,500	
Purchased Services	500		500	435	65
Supplies and Materials	500		500		500
Total School Sponsored Athletics	6,000	500	6,500	5,935	565
Total Instruction	2,892,198	380,518	3,272,716	3,066,350	206,366
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	2,560,653	(32,279)	2,528,374	2,506,750	21,624
Tuition - Other LEAs Within the State - Special	391,612	(39,954)	351,658	351,658	
Tuition - County Voc Sch Dist Regular	225,303		225,303	224,743	560
Tuition - County Voc Sch Dist Special	58,000	5,719	63,719	51,438	12,281
Tuition - Co Spec Serv and Regional Day Schools	483,724	(17,000)	466,724	241,107	225,617
Tuition to Private Schools for the Disabled Within State	153,544	108,968	262,512	241,070	21,442
Total Undistributed Expenditures - Instruction	\$ 3,872,836	\$ 25,454	\$ 3,898,290	\$ 3,616,766	\$ 281,524

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
<b>CURRENT EXPENDITURES: (Continued)</b>					
Attendance and Social Work Services:					
Salaries	\$ 20,906	\$ 2,189	\$ 23,095	\$ 20,885	\$ 2,210
Total Attendance and Social Work Services	20,906	2,189	23,095	20,885	2,210
Health Services:					
Salaries	145,801	5,199	151,000	151,000	
Purch Prof/ Tech Services	50,000	(3,010)	46,990	45,872	1,118
Other Purchased Services	200		200		200
Supplies and Materials	5,000	(200)	4,800	4,285	515
Total Health Services	201,001	1,989	202,990	201,157	1,833
Speech, OT, PT & Related Services					
Salaries	80,784	62,781	143,565	143,565	
Purchased Prof - Education Services	110,000	(95,700)	14,300	8,525	5,775
Supplies and Materials	10,000		10,000	9,016	984
Total Speech, OT, PT & Related Services	200,784	(32,919)	167,865	161,106	6,759
Other Support Services - Extraordinary Services					
Purchased Prof - Education Services	84,000	(20,787)	63,213	40,080	23,133
Salaries	117,419	1,663	119,082	115,011	4,071
Total Other Support Services - Extraordinary Services	201,419	(19,124)	182,295	155,091	27,204
Other Support Services - Students-Regular Guidance					
Salaries Other Professionals	176,254		176,254	166,680	9,574
Salaries of Secretarial and Clerical Assistants	16,641		16,641	15,577	1,064
Total Other Support Services - Students-Regular Guidance	192,895		192,895	182,257	10,638
Other Support Services - Students- Child Study Teams					
Salaries of Other Professional Staff	170,867	58,727	229,594	229,594	
Salaries of Secretarial and Clerical Assistants	35,677	(35,677)			
Purchased Professional - Educational Services	10,375	3,621	13,996	9,763	4,233
Supplies and Materials	5,000	(3,621)	1,379	1,379	
Total Other Support Services - Students- Child Study Teams	221,919	23,050	244,969	240,736	4,233
Improvement of Instructional Services					
Salaries of Other Professional Staff		1,066	1,066	1,066	
Other Purchased Services	10,000	(1,066)	8,934	320	8,614
Supplies and Materials	1,000	(294)	706		706
Total Improvement of Instructional Services	11,000	(294)	10,706	1,386	9,320
Educational Media Services/School Library:					
Salaries					
Total Educational Media Services/School Library:					



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
<b>CURRENT EXPENSES: (Continued)</b>					
<b>Undistributed Expenditures:</b>					
Instructional Staff Training Services					
Purchased Professional and Educational Services	\$ 3,500	\$ -	\$ 3,500		\$ 3,500
Other Purchased Services	6,200		6,200	2,086	4,114
Supplies and Materials	500		500		500
Other Objects	500		500		500
<b>Total Inst. Staff Training Services</b>	<b>10,700</b>		<b>10,700</b>	<b>2,086</b>	<b>8,614</b>
Support Services General Administration:					
Salaries	144,838	6,057	150,895	147,115	3,780
Legal Services	30,000	(9,100)	20,900	20,899	1
Audit Fees	21,857	1,881	23,738	23,738	
Architectural/Engineering Services		42,381	42,381	42,381	
Other Purchased Professional Services	8,000	(5,463)	2,537	2,225	312
Purchased Technical Services	1,400		1,400	1,200	200
Communication/Telephone	70,000	(41,245)	28,755	27,754	1,001
BOE Other Purchased Services	7,500	(950)	6,550	2,620	3,930
Miscellaneous Purchased Services	21,515	3,860	25,375	24,349	1,026
General Supplies	2,000	940	2,940	2,939	1
Miscellaneous Expenditures	200		200		200
BOE Membership Dues and Fees	6,000	(70)	5,930	5,906	24
<b>Total Support Services General Administration</b>	<b>313,310</b>	<b>(1,709)</b>	<b>311,601</b>	<b>301,126</b>	<b>10,475</b>
Support Services School Administration:					
Salaries of Principals/Assistant Principals	161,507	26,493	188,000	188,000	
Salaries of Secretarial and Clerical Assistants	83,210	84	83,294	83,294	
Other Salaries	4,000	(3,998)	2		2
Purchased Professional and Technical Services	2,500	(2,500)			
Other Purchased Services	5,500	(1,600)	3,900	3,339	561
Supplies and Materials	2,000	4,027	6,027	6,026	1
Other Objects	3,500	57	3,557	3,554	3
<b>Total Support Services School Administration</b>	<b>262,217</b>	<b>22,563</b>	<b>284,780</b>	<b>284,213</b>	<b>567</b>
Central Services					
Salaries	42,986		42,986	42,788	198
Purchased Professional Services	76,100	10,235	86,335	85,698	637
Purchased Technical Services	6,000	(1,111)	4,889	4,884	5
Miscellaneous Purchased Services	1,250	750	2,000	1,883	117
Supplies and Materials	5,500	(1,680)	3,820	3,819	1
Other Objects	1,250	(285)	965	75	890
<b>Total Central Services</b>	<b>133,086</b>	<b>7,909</b>	<b>140,995</b>	<b>139,147</b>	<b>1,848</b>
Admin. Info. Technology					
Purchased Technical Services	62,470	(16,909)	45,561	45,248	313
<b>Total Admin. Info. Technology</b>	<b>62,470</b>	<b>(16,909)</b>	<b>45,561</b>	<b>45,248</b>	<b>313</b>
Required Maintenance for School Facilities:					
Salaries	77,604	5,231	82,835	82,834	1
Cleaning, Repair and Maintenance Services	162,957	30,399	193,356	190,052	3,304
General Supplies	13,000	23,169	36,169	36,392	(223)
<b>Required Maintenance for School Facilities:</b>	<b>\$ 253,561</b>	<b>\$ 58,799</b>	<b>\$ 312,360</b>	<b>\$ 309,278</b>	<b>\$ 3,082</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
Custodial Services:					
Purchased Professional and Technical Services	\$ 292,549	\$ 9,443	\$ 301,992	\$ 301,992	\$ -
Cleaning, Repair, and Maintenance Services	23,807	19,707	43,514	43,514	
Insurance	55,239	(3,148)	52,091	52,091	
Miscellaneous Purchased Services	4,000	2,634	6,634	6,634	
General Supplies	22,500	(15,183)	7,317	7,317	
Energy (Natural Gas)	20,500	(5,642)	14,858	14,858	
Energy (Electricity)	195,000	(11,951)	183,049	183,049	
<b>Total Custodial Services</b>	<b>613,595</b>	<b>(4,140)</b>	<b>609,455</b>	<b>609,455</b>	
Security:					
General Supplies	21,000	34,653	55,653	55,653	
<b>Total Security</b>	<b>21,000</b>	<b>34,653</b>	<b>55,653</b>	<b>55,653</b>	
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	19,100	1,350	20,450	19,605	845
<b>Total Care and Upkeep of Grounds</b>	<b>19,100</b>	<b>1,350</b>	<b>20,450</b>	<b>19,605</b>	<b>845</b>
<b>Total Operation and Maintenance of Plant Services</b>	<b>907,256</b>	<b>90,662</b>	<b>997,918</b>	<b>993,991</b>	<b>3,927</b>
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	247,504	15,550	263,054	200,319	62,735
Management Fee - ESC & CTSA Trans. Program	15,664	(2,704)	12,960		12,960
Cleaning, Repair and Maintenance Services	2,500		2,500	824	1,676
Lease Purchase Payments	152,491	2,704	155,195	155,195	
Contracted Services - Aid in Lieu of Payments - Nonpublic	55,000	(1,799)	53,201	24,500	28,701
Contracted Services (Home/School) - Vendor	10,000		11,000	10,615	385
Contracted Services (Other Than Bet Home & Sch)		10,000	10,000	454	9,546
Contracted Services (Reg. Students) - ESCs		37,251	37,251	37,251	
Contracted Services (Special Ed. Students) - ECS	391,600	(124,580)	267,020	190,330	76,690
General Supplies	2,725		2,725	160	2,565
Transportation Supplies	62,000		62,000	24,288	37,712
Other Objects		200	200	200	
<b>Total Student Transportation Services</b>	<b>939,484</b>	<b>(62,378)</b>	<b>877,106</b>	<b>644,136</b>	<b>232,970</b>
Allocated Benefits:					
Student Transportation Services					
Social Security Contributions	18,552	3,346	21,898	17,870	4,028
Unallocated Benefits:					
Social Security Contributions	49,445	37,640	87,085	42,385	44,700
Other Retirement Contributions - PERS	115,000	26,244	141,244	141,244	
Unemployment Compensation	60,000		60,000	1,713	58,287
Workers Compensation	89,803		89,803	79,235	10,568
Health Benefits	1,170,999	34,414	1,205,413	957,549	247,864
Tuition Reimbursement	5,000	2,493	7,493	7,493	
Other Employee Benefits	135,433	(34,831)	100,602	78,213	22,389
Unused Sick Pay - Terminated/Retired Staff	26,370	25,938	52,308	52,308	
<b>Total Unallocated Benefits</b>	<b>1,652,050</b>	<b>91,898</b>	<b>1,743,948</b>	<b>1,360,140</b>	<b>383,808</b>
On-behalf TPAF Pension Contributions				882,693	(882,693)
On-behalf TPAF Post Retirement Medical Contribution				327,463	(327,463)
On-behalf TPAF Long-term Disability Contribution				786	(786)
Reimbursement TPAF Social Security				287,788	(287,788)
<b>Total Personal Services - Employee Benefits</b>	<b>1,670,602</b>	<b>95,244</b>	<b>1,765,846</b>	<b>2,876,740</b>	<b>(1,110,894)</b>
<b>Total Undistributed Expenditures</b>	<b>9,221,935</b>	<b>135,727</b>	<b>9,357,662</b>	<b>9,866,071</b>	<b>(508,409)</b>
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	<b>\$ 12,114,133</b>	<b>\$ 516,245</b>	<b>\$ 12,630,378</b>	<b>\$ 12,932,421</b>	<b>\$ (302,043)</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CAPITAL OUTLAY:</b>					
Interest Deposit to Capital Reserve	\$ 15		\$ 15	\$ -	\$ 15
Equipment:					
Required Maintenance for Schools		22,479	22,479	22,479	
Instruction		13,005	13,005	13,005	
Total Equipment		35,484	35,484	35,484	
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	9,270		9,270	9,270	
Land and Improvements		35,319	35,319	35,319	
Construction Services		102,567	102,567	102,567	
Total Facilities Acquisition and Construction Services	9,270	137,886	147,156	147,156	
<b>TOTAL CAPITAL OUTLAY</b>	<b>9,285</b>	<b>173,370</b>	<b>182,655</b>	<b>182,640</b>	<b>15</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 12,123,418</b>	<b>\$ 689,615</b>	<b>\$ 12,813,033</b>	<b>\$ 13,115,061</b>	<b>\$ (302,028)</b>
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	\$ (431,828)	\$ (11,748)	\$ (443,576)	\$ 955,969	\$ 1,399,545
Other financing sources (uses):					
Operating Transfer out - Charter Schools	(62,776)	6,000	(56,776)	(40,269)	16,507
Operating Transfer - Interest on Capital Projects				558	558
Total Other Financing Sources	(62,776)	6,000	(56,776)	(39,711)	17,065
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(494,604)	(5,748)	(500,352)	916,258	1,416,610
Fund Balances, July 1	1,528,568		1,528,568	1,528,568	
Fund Balances, June 30	\$ 1,033,964	\$ (5,748)	\$ 1,028,216	\$ 2,444,826	\$ 1,416,610

**RECAPITULATION :**

**Reserved:**

**Restricted Fund Balance:**

Excess Surplus	\$ 646,375
Excess Surplus - Designated for Subsequent Year's Expenditures	497,799
Capital Reserve	250,297
Maintenance Reserve	674,274
Emergency Reserve	41,374

**Assigned:**

Encumbrances	8,632
--------------	-------

**Unassigned Fund Balance**

326,075

2,444,826

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payment not Recognized on GAAP Basis align="right">(934,099)

Fund Balance per Governmental Funds (GAAP)

\$ 1,510,727

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources	\$ 617,019	\$ 552,378	\$ 1,169,397	\$ 831,796	\$ 337,601
State Sources	327,401	(2,500)	324,901	276,240	48,661
Local Sources		43,164	43,164	41,437	1,727
<b>Total Revenues</b>	<u>944,420</u>	<u>593,042</u>	<u>1,537,462</u>	<u>1,149,473</u>	<u>387,989</u>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	524,704	128,846	653,550	414,112	239,438
Other Salaries for Instruction	75,558	13,965	89,523	88,791	732
Other Purchased Services		2,558	2,558		2,558
Tuition	69,605	51,781	121,386	176,691	
Supplies and Materials	10,000	92,479	102,479	39,222	63,257
Other Objects		2	2		2
<b>Total Instruction</b>	<u>679,867</u>	<u>289,631</u>	<u>969,498</u>	<u>718,816</u>	<u>305,987</u>
<b>Support Services</b>					
Other Salaries		96,474	96,474	26,886	69,588
Other Salaries for Instruction		2,334	2,334	137,073	(134,739)
Employee Benefits	178,066	69,727	247,793	150,952	96,841
Purchased Professional & Technical Services - Other	76,399	29,794	106,193	25,115	81,078
Other Purchased Services	10,000	64,409	74,409	47,348	27,061
Supplies and Materials	88	33,411	33,499	43,283	(9,784)
Other Objects		7,262	7,262		7,262
<b>Total Support Services</b>	<u>264,553</u>	<u>303,411</u>	<u>567,964</u>	<u>430,657</u>	<u>137,307</u>
<b>Facilities Acquisition and Construction Services:</b>					
Construction Services					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<u>944,420</u>	<u>593,042</u>	<u>1,537,462</u>	<u>1,149,473</u>	<u>443,294</u>
<b>Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>	<u>944,420</u>	<u>593,042</u>	<u>1,537,462</u>	<u>1,149,473</u>	<u>443,294</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

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

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET-TO-GAAP RECONCILIATION  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 14,071,030	[C-2] \$ 1,149,473
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	911,310	30,377
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(934,099)	(30,816)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>[B-2] \$ 14,048,241</u>	<u>[B-2] \$ 1,149,034</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 13,115,061	[C-2] \$ 1,149,473
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>[B-2] \$ 13,115,061</u>	<u>[B-2] \$ 1,149,473</u>

**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>2019</u>	<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	0.014369%	0.011482%	0.010584%	0.011195%	0.009752%	0.008918%	0.010221%
District's Proportionate Share of the Net Pension Liability	\$ 2,589,130	\$ 2,260,673	\$ 2,463,800	\$ 3,315,645	\$ 2,189,127	\$ 1,669,768	\$ 1,953,483
District's Covered-Employee Payroll	\$ 928,493	\$ 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	278.85%	234.69%	274.26%	481.51%	301.43%	228.72%	333.68%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	56.27%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 141,244	\$ 115,521	\$ 100,051	\$ 99,993	\$ 83,841	\$ 73,522	\$ 77,015
Contributions in relation to the Contractually Required Contribution	(141,244)	(115,521)	(100,051)	(99,993)	(83,841)	(73,522)	(77,015)
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 928,493	\$ 963,278	\$ 898,346	\$ 688,588	\$ 726,259	\$ 730,038	\$ 585,437
Contributions as a Percentage of Covered-Employee Payroll	15.21%	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>2019</u>	<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	0.036567%	0.034568%	0.036384%	0.033106%	0.033840%	0.038948%	0.041561%
District's Proportionate Share of the Net Pension Liability	\$ 22,441,303	\$ 21,991,636	\$ 24,531,414	\$ 26,043,054	\$ 21,388,041	\$ 20,816,478	\$ 21,004,378
District's Covered-Employee Payroll	\$ 3,562,595	\$ 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	629.91%	607.75%	590.61%	694.14%	622.35%	613.55%	667.26%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	26.95%	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>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 789,988	\$ 739,005	\$ 893,343
Interest Cost	677,692	725,198	628,014
Changes of Benefit Terms			
Differences Between Expected and Actual Experiences	(2,831,237)	(1,868,613)	
Changes of Assumptions	228,959	(1,944,865)	(2,707,163)
Member Contributions	13,973	15,663	16,832
Gross Benefit Payments	(471,382)	(453,183)	(457,099)
<b>Net Change in Total OPEB Liability</b>	<u>(1,592,007)</u>	<u>(2,786,795)</u>	<u>(1,626,073)</u>
<b>Total OPEB Liability - Beginning</b>	<u>16,947,972</u>	<u>19,734,767</u>	<u>21,360,840</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 15,355,965</u>	<u>\$ 16,947,972</u>	<u>\$ 19,734,767</u>
<b>Covered-Employee Payroll</b>	<u>\$ 4,491,088</u>	<u>\$ 4,581,791</u>	<u>\$ 5,051,902</u>
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	341.92%	369.90%	390.64%

Notes to Schedule:

Changes of Benefit Terms: None

Differences Between 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. The decrease in liability from June 30, 2018 to June 30, 2019 is due to changes in the census, claims and premiums experience.

Changes in Assumptions: 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. The decrease in the liability from June 30, 2018 to June 30, 2019 is due to the combined effect of the decrease in the assumed discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019; and changes in the trend, excise tax, updated decrements, future spouse election, PPO/HMO future retiree elections, salary scale and mortality 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, 2020**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)**

	ESEA							CAR Pilot Grant	Cares Act	Sub-Total Per E-1 (2)	Totals	
	NJSIG Safety Grant	Title I Part A			Title II Part A	I.D.E.A. - Part B					2020	2019
		2019-2020	SIA 2019-20	Reallocation	2019-2020	Basic	Pre- School					
<b>REVENUES:</b>												
Federal Sources		\$ 418,018	\$ 61,897	\$ 11,222	\$ 52,987	\$ 176,691	\$ 4,071		\$ 4,690	\$ 102,220	\$ 831,796	\$ 944,617
State Sources								\$ 12,440		263,800	276,240	323,637
Other	\$ 4,622									36,815	41,437	39,960
<b>Total Revenues</b>	<b>4,622</b>	<b>418,018</b>	<b>61,897</b>	<b>11,222</b>	<b>52,987</b>	<b>176,691</b>	<b>4,071</b>	<b>12,440</b>	<b>4,690</b>	<b>402,835</b>	<b>1,149,473</b>	<b>1,308,214</b>
<b>EXPENDITURES:</b>												
Instruction:												
Salaries of Teachers		153,571	3,110	10,772	44,987					201,672	414,112	605,078
Salaries - Other Instructional										88,791	88,791	81,199
Purchased Professional Ed Services												121,386
Tuition						176,691					176,691	84,896
Supplies and Materials										39,222	39,222	
General Supplies												
<b>Total Instruction</b>		<b>153,571</b>	<b>3,110</b>	<b>10,772</b>	<b>44,987</b>	<b>176,691</b>				<b>329,685</b>	<b>718,816</b>	<b>892,559</b>
Support Services:												
Salaries				450			4,071			22,365	26,886	38,435
Other Salaries		136,501								572	137,073	1,393
Personal Services-Employee Benefits		124,680			3,442					22,830	150,952	219,273
Purchased Prof/Tech Services			25,115								25,115	100,794
Other Purchased Services			3,000		4,558			12,440		27,350	47,348	36,146
Supplies and Materials	4,622	3,266	30,672						4,690	33	43,283	15,124
Other Objects												4,490
<b>Total Support Services</b>	<b>4,622</b>	<b>264,447</b>	<b>58,787</b>	<b>450</b>	<b>8,000</b>		<b>4,071</b>	<b>12,440</b>	<b>4,690</b>	<b>73,150</b>	<b>430,657</b>	<b>415,655</b>
Facilities Acquisition/Construction:												
Instructional Equipment												
<b>Total Facilities Acquisition/Construction</b>												
<b>Total Expenditures</b>	<b>\$ 4,622</b>	<b>\$ 418,018</b>	<b>\$ 61,897</b>	<b>\$ 11,222</b>	<b>\$ 52,987</b>	<b>\$ 176,691</b>	<b>\$ 4,071</b>	<b>\$ 12,440</b>	<b>\$ 4,690</b>	<b>\$ 402,835</b>	<b>\$ 1,149,473</b>	<b>\$ 1,308,214</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)**

	21ST CENTURY									
	2019-2020		HMS PY	PNS PY	PNS United Way 18-19	PN IDEA 18-19	Holly Beach Library Donation	Century Bank Grant	Preschool Education 2019-20	Totals 2020
	PN	HMS								
<b>REVENUES:</b>										
Federal Sources	\$ 20,335	\$40,869	\$21,885	\$13,551	\$ 1,947	\$ 3,633			\$ 102,220	
State Sources								\$ 263,800	263,800	
Other Sources						\$ 36,782	\$ 33		36,815	
<b>Total Revenues</b>	<b>20,335</b>	<b>40,869</b>	<b>21,885</b>	<b>13,551</b>	<b>1,947</b>	<b>3,633</b>	<b>36,782</b>	<b>33</b>	<b>263,800</b>	<b>402,835</b>
<b>EXPENDITURES:</b>										
Instruction:										
Salaries of Teachers	8,385	10,837	10,332	5,564		2,054			164,500	201,672
Salaries - Other Instructional		7,219	1,019						80,553	88,791
Supplies & Materials		594	1,846				36,782			39,222
<b>Total Instruction</b>	<b>8,385</b>	<b>18,650</b>	<b>13,197</b>	<b>5,564</b>		<b>2,054</b>	<b>36,782</b>		<b>245,053</b>	<b>329,685</b>
Support Services:										
Salaries	6,363	10,253	793	4,956						22,365
Other Salaries	572									572
Personal Services-Employee Benefits		2,166	950	810		157			18,747	22,830
Other Purchased Services	5,015	9,800	6,945	2,221	1,947	1,422				27,350
Materials and Supplies								33		33
Other Objects										
<b>Total Support Services</b>	<b>11,950</b>	<b>22,219</b>	<b>8,688</b>	<b>7,987</b>	<b>1,947</b>	<b>1,579</b>		<b>33</b>	<b>18,747</b>	<b>73,150</b>
Facilities Acquisition/Construction:										
Instructional Equipment										
<b>Total Facilities Acquisition/Construction</b>										
<b>Total Expenditures</b>	<b>\$ 20,335</b>	<b>\$40,869</b>	<b>\$21,885</b>	<b>\$13,551</b>	<b>\$ 1,947</b>	<b>\$ 3,633</b>	<b>\$36,782</b>	<b>\$ 33</b>	<b>\$ 263,800</b>	<b>\$ 402,835</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF PRESCHOOL EDUCATION AID**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Salaries of Teachers	\$ 174,248	\$ 164,500	\$ 9,748
Other Salaries of Instruction	80,553	80,553	
Other Purchased Services	15,000		15,000
Supplies and Materials	20,000		20,000
<b>Total Instruction</b>	<u>289,801</u>	<u>245,053</u>	<u>44,748</u>
<b>Support Services:</b>			
Personal Services - Employee Benefits	61,391	18,747	42,644
Cleaning, Repair and Maintenance	17,948		17,948
Contracted Transportation	6,000		6,000
Miscellaneous Purchased Services	15,862		15,862
Materials and Supplies	20,000		20,000
Other Objects	2,000		2,000
<b>Total Support Services</b>	<u>123,201</u>	<u>18,747</u>	<u>104,454</u>
<b>Facilities Acquisition and Const. Services:</b>			
Instructional Equipment			
Non Instructional Equipment			
<b>Total Facilities Acquisition and Const. Services</b>			
<b>Contribution to Charter Schools</b>			
<b>Total Expenditures</b>	<u>\$ 413,002</u>	<u>\$ 263,800</u>	<u>\$ 149,202</u>

**CALCULATION OF BUDGET AND CARRYOVER**

Total Revised 2019-20 Preschool Education Aid Allocation	\$ 308,156	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2019)	105,350	(2)
Add: Budgeted Transfer from the General Fund 2019-20		(3)
<b>Total Preschool Education Aid Funds Available for 2019-20 Budget</b>	<u>413,506</u>	(4)
Less: 2019-20 Budgeted Preschool Education Aid ( including prior year budget carryover)	(413,002)	(5)
<b>Available &amp; Unbudgeted Preschool Education Aid Funds as of June 30, 2020</b>	<u>504</u>	(6)
Add: June 30, 2020 Unexpended Preschool Education Aid	149,202	(7)
Less: 2019-20 Commissioner-approved Transfer to the General Fund		(8)
<b>2019-20 Carryover - Preschool Education Aid Programs</b>	<u>\$ 149,706</u>	(9)

2019-20 Preschool Education Aid Carryover  
 Budgeted for Preschool Programs 2020-2021 \$ 540 (10)

The Board should consider appropriating this additional carry-over into the 2020-21 budget \$ 149,166



## **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, 2020**

<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, 2020</u>	<u>June 30, 2019</u>
Construction of classrooms and acquisition of other additions to the Haleyville-Mauricetown and Port Norris Schools	N/A	8/1/01	\$ 4,438,469	\$ 4,379,077	\$	\$ 59,392	\$ 59,392
Installation of Telecommunications System At the Haleyville-Mauricetown Elementary School	0950-025-14-1001	3/7/15	42,644	40,599		2,045	2,045
Installation of Telecommunications System At the Port Norris Elementary School	0950-050-14-1002	3/7/15	30,770	29,319		1,451	1,451
			<u>\$ 4,511,883</u>	<u>\$ 4,448,995</u>	<u>\$</u>	<u>\$ 62,888</u>	<u>\$ 62,888</u>
				Unencumbered Balance	\$	62,888	
				Less: Unearned State Aid		(14,334)	
				Fund Balance	\$	<u>48,554</u>	

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Revenues and Other Financing**

**Sources**

State Sources - SDA Grant	\$	
Interest		558
		<hr/>
Total Revenues		558
		<hr/>

**Expenditures and Other Financing**

**Uses**

Construction Services		<hr/>
Total Expenditures		<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures		558
Transfer of Interest Earned to General Fund		(558)
Fund Balance - Beginning		48,554
		<hr/>
Fund Balance - Ending	\$	48,554
		<hr/> <hr/>

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**PROJECT STATUS - BUDGETARY BASIS**  
**INSTALLATION OF TELECOMMUNICATIONS SYSTEM - HALEYVILLE-MAURICETOWN SCHOOL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 31,302	\$	\$ 31,302	\$ 31,302
Transfer from Capital Outlay	11,342		11,342	11,342
<b>Total Revenues</b>	<b>42,644</b>		<b>42,644</b>	<b>42,644</b>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	40,599		40,599	42,644
<b>Total Expenditures</b>	<b>40,599</b>		<b>40,599</b>	<b>42,644</b>
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, 2020**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 22,586	\$	\$ 22,586	\$ 22,586
Transfer from Capital Outlay	8,184		8,184	8,184
<b>Total Revenues</b>	<b>30,770</b>		<b>30,770</b>	<b>30,770</b>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	29,319		29,319	30,770
<b>Total Expenditures</b>	<b>29,319</b>		<b>29,319</b>	<b>30,770</b>
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, 2020 AND 2019**

	Food Service	Extended Day	Totals	
	Enterprise Fund	Enterprise Fund	2020	2019
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 35,504	\$ 65,771	\$ 101,275	\$ 65,132
Accounts Receivable:				
State	1,357		1,357	844
Federal	24,638		24,638	78,456
Other	735		735	24
Inventories	26,742		26,742	15,925
Total Current Assets	<u>88,976</u>	<u>65,771</u>	<u>154,747</u>	<u>160,381</u>
Fixed Assets:				
Equipment	193,795		193,795	193,795
Accumulated Depreciation	(167,733)		(167,733)	(164,848)
Total Fixed Assets	<u>26,062</u>		<u>26,062</u>	<u>28,947</u>
Total Assets	<u>115,038</u>	<u>65,771</u>	<u>180,809</u>	<u>189,328</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Due to General Fund	52,211		52,211	52,211
Unearned Revenue	9,655		9,655	3,555
Accounts Payable				25,246
Total Current Liabilities	<u>61,866</u>		<u>61,866</u>	<u>81,012</u>
<b>NET POSITION:</b>				
Invested in Capital Assets Net of Related Debt	26,062		26,062	28,947
Unrestricted	27,110	65,771	92,881	79,369
Total Net Position	<u>\$ 53,172</u>	<u>\$ 65,771</u>	<u>\$ 118,943</u>	<u>\$ 108,316</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, 2020 AND 2019**

	Food Service Enterprise Fund	Extended Day Enterprise Fund	Totals	
			2020	2019
<b>OPERATING REVENUES:</b>				
Local Sources:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$	\$	\$	\$
Total Daily Sales - Reimbursable Programs				
Daily Sales Non-Reimbursable Programs	16,873		16,873	25,650
Total Operating Revenue	16,873		16,873	25,650
<b>OPERATING EXPENSES:</b>				
Salaries	133,531		133,531	145,480
Employee Benefits	36,579		36,579	38,376
Supplies and Materials	16,297		16,297	15,516
Depreciation	2,885		2,885	3,195
Cost of Sales - Reimbursable Programs	179,531		179,531	191,672
Cost of Sales - Non-Reimbursable Programs	7,306		7,306	10,224
Management Fee	22,930		22,930	22,155
Repairs and Other Expenses	11,018		11,018	16,773
Total Operating Expenses	410,077		410,077	443,391
Operating Income (Loss)	(393,204)		(393,204)	(417,741)
Non-Operating Revenues:				
State Sources:				
State School Lunch Program	5,019		5,019	4,310
Federal Sources:				
School Breakfast Program	120,842		120,842	121,224
National School Lunch Program	233,757		233,757	265,661
Snack Program	5,549		5,549	8,214
Food Distribution Program	27,157		27,157	30,561
Fruit and Vegetable Grant	10,868		10,868	
Interest		639	639	77
Total Non-Operating Revenues	403,192	639	403,831	430,047
Net Income before Operating Transfers	9,988	639	10,627	12,306
Net Income	9,988	639	10,627	12,306
Net Position - July 1	43,184	65,132	108,316	96,010
Net Position - June 30	\$ 53,172	\$ 65,771	\$ 118,943	\$ 108,316



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**ENTERPRISE FUND**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>Food Service Enterprise Fund</b>	<b>Extended Day Enterprise Fund</b>	<b>Totals</b>	
			<b>2020</b>	<b>2019</b>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 16,873	\$	\$ 16,873	\$ 25,779
Payments to Employees and Employee Benefits	(170,110)		(170,110)	(183,856)
Payments to Suppliers	(214,451)		(214,451)	(270,577)
Net Cash Provided by Noncapital Financing Activities	(367,688)		(367,688)	(428,654)
Cash Flows from Noncapital Financing Activities:				
Cash Received from State and Federal Reimbursements	403,192		403,192	429,970
Operating Transfer from General Fund				
Net Cash Provided by Noncapital Financing Activities	403,192		403,192	429,970
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		639	639	77
Net Cash Provided by Investing Activities		639	639	77
Net Decrease in Cash and Cash Equivalents	35,504	639	36,143	1,393
Cash and Cash Equivalents, July 1		65,132	65,132	63,739
Cash and Cash Equivalents, June 30	\$ 35,504	\$ 65,771	\$ 101,275	\$ 65,132
Operating Income (Loss)	\$ (393,204)	\$ -	\$ (393,204)	\$ (417,741)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation	2,885		2,885	3,195
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	52,594		52,594	(48,113)
(Increase)/Decrease in Inventory	(10,817)		(10,817)	540
Increase/(Decrease) in Accounts Payable	(25,246)		(25,246)	24,885
Increase/(Decrease) in Due to General				10,280
Increase/(Decrease) in Unearned Revenue	6,100		6,100	(1,700)
Net Cash Used by Operating Activities	\$ (367,688)	\$ -	\$ (367,688)	\$ (428,654)

**INTERNAL SERVICE FUND**

EXHIBIT G-4

COMMERCIAL TOWNSHIP BOARD OF EDUCATION  
SHARED SERVICE FUND  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2020 AND 2019

	<u>June 30, 2020</u>
<b>ASSETS:</b>	
Cash	\$ 12,618
Total Assets	\$ <u>12,618</u>
 <b>LIABILITIES:</b>	
Accounts Payable	\$
Unearned Revenue	12,618
Total Liabilities	\$ <u>12,618</u>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**SHARED SERVICE FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEARS ENDED 2020 AND 2019**

	<u>June 30, 2020</u>
OPERATING REVENUES:	
Child Study Team Fees	\$ 61,410
Total Operating Revenue	<u>61,410</u>
OPERATING EXPENSES:	
Salaries	45,163
Employee Benefits	3,283
Supplies	346
Total Expenses	<u>48,792</u>
Increase in Net Position Before Transfers	12,618
Transfer to Unearned Revenue	<u>(12,618)</u>
Increase in Net Position	<u>\$ -</u>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**SHARED SERVICE FUND**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND 2019**

	<b>June 30, 2020</b>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 74,028
Payments to Employees	(45,163)
Payments for Employee Benefits	(3,283)
Payments to Suppliers	(346)
Net Cash Provided by (used for) Operating Activities	25,236
Cash Flows from Non-capital Financing Activities:	
Operating subsidies and transfers to other funds	(12,618)
Net Cash Provided by Non-capital Financing Activities	(12,618)
Cash Flows from Capital and Related Financing Activities	
Net Cash Provided by Capital and Related Financing Activities	-
Cash Flows from Investing Activities	
Net Cash Provided by Investing Activities	-
Net Increase in Cash	12,618
Cash and Cash Equivalents, July 1	-
Cash and Cash Equivalents, June 30	\$ 12,618
Operating Income (Loss)	\$ 12,618
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:	
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	
(Increase) Decrease in Interfund Receivable	
Increase (Decrease) in Unearned Revenue	12,618
Increase (Decrease) in Accounts Payable	
Total Adjustments	12,618
Net Cash Used by Operating Activities	\$ 25,236

## 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, 2020**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)**

	Unemployment Trust Funds	Private Purpose Scholarship Fund	Agency		Total	
			Student Activity	Payroll	2020	2019
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 145,129	\$ 13,741	\$ 46,388	\$ 345,672	\$ 550,930	\$ 500,958
Certificate of Deposit		14,960			14,960	16,460
Due from Payroll Agency Account	33,806				33,806	33,086
Accounts Receivable						309
<b>Total Assets</b>	<b>\$ 178,935</b>	<b>\$ 28,701</b>	<b>\$ 46,388</b>	<b>\$ 345,672</b>	<b>\$ 599,696</b>	<b>\$ 550,813</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
Liabilities:						
Interfund Payable - General Fund	\$	\$	\$	\$ 49,931	\$ 49,931	\$ 23,696
Due to Unemployment Trust Account				33,806	33,806	33,086
Accounts Payable	18,991				18,991	1,212
Summer Reserve				261,935	261,935	253,665
Due to Student Groups			46,388		46,388	25,614
Payroll Deductions & Withholdings						7,184
<b>Total Liabilities</b>	<b>18,991</b>		<b>46,388</b>	<b>345,672</b>	<b>411,051</b>	<b>344,457</b>
Net Position						
Reserved for Scholarships		28,701			28,701	29,551
Held in Trust for Unemployment Claims and Other Purposes	159,944				159,944	176,805
<b>Total Net Position</b>	<b>159,944</b>	<b>28,701</b>			<b>188,645</b>	<b>206,356</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 178,935</b>	<b>\$ 28,701</b>	<b>\$ 46,388</b>	<b>\$ 345,672</b>	<b>\$ 599,696</b>	<b>\$ 550,813</b>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**FIDUCIARY FUNDS**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>Expendable Trust</u>		<u>Total 2020</u>	<u>Total 2019</u>
	<u>Unemployment Funds</u>	<u>Scholarship Funds</u>		
ADDITIONS:				
Contributions	\$ -	\$ -	\$ -	\$ 12,818
Employee Deductions	29,110		29,110	6,017
Investment Earnings	1,410	150	1,560	204
Total Additions	<u>30,520</u>	<u>150</u>	<u>30,670</u>	<u>19,039</u>
DEDUCTIONS:				
Total Deductions	<u>47,381</u>	<u>1,000</u>	<u>48,381</u>	<u>18,278</u>
Change in Net Position	(16,861)	(850)	(17,711)	761
Net Position - Beginning of the Year	<u>176,805</u>	<u>29,551</u>	<u>206,356</u>	<u>205,595</u>
Net Position - End of the Year	<u>\$ 159,944</u>	<u>\$ 28,701</u>	<u>\$ 188,645</u>	<u>\$ 206,356</u>



**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance</u> <u>July 1,</u> <u>2019</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>2020</u>
<b>ELEMENTARY SCHOOLS</b>						
Haleyville-Mauricetown	\$ 1,405	\$ 1,500	\$ 1,155	\$	\$	\$ 1,750
Port Norris	1,837	3,672	2,687			2,822
Breakfast Fund	2,369	2,155	1,339			3,185
General Fund	1,446	254	12			1,688
Performing Arts	17,562	21,712	3,817			35,457
Due to Student Groups	1					1
Bookfair, HMS	206	1,679	1,655			230
NJHS PNS	788	527	60			1,255
Total Elementary Schools	<u>25,614</u>	<u>31,499</u>	<u>10,725</u>			<u>46,388</u>
TOTAL ALL SCHOOLS	<u>\$ 25,614</u>	<u>\$ 31,499</u>	<u>\$ 10,725</u>	<u>\$</u>	<u>\$</u>	<u>\$ 46,388</u>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance</u> <u>7/1/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/20</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 317,631	\$ 6,546,395	\$ 6,518,354	\$ 345,672
Total Assets	<u>\$ 317,631</u>	<u>\$ 6,546,395</u>	<u>\$ 6,518,354</u>	<u>\$ 345,672</u>
<b>LIABILITIES:</b>				
Interfund Payable - General Fund	\$ 23,696	\$ 26,516	\$ 281	\$ 49,931
Due to Unemployment Trust Account	33,086	720		33,806
Summer Reserve Account	253,665	277,582	269,312	261,935
Payroll Deductions and Withholdings	7,184	2,811,975	2,819,159	0
Net Payroll		3,429,602	3,429,602	
Total Liabilities	<u>\$ 317,631</u>	<u>\$ 6,546,395</u>	<u>\$ 6,518,354</u>	<u>\$ 345,672</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, 2020**

<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, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds of 2009 to Refund Series 2001 Above	11/17/09	\$ 2,370,000	8/1/21	\$ 235,000	4.500%	\$ 695,000	\$	\$ 230,000	\$ 465,000
			8/1/22	230,000	4.500%				
Totals						\$ 695,000	\$	\$ 230,000	\$ 465,000

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 104,992	\$	\$ 104,992	\$ 104,992	\$
State Sources:					
Debt Service Aid Type II	149,671		149,671	149,671	
<b>TOTAL REVENUES</b>	<u>254,663</u>		<u>254,663</u>	<u>254,663</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service					
Interest	24,663		24,663	24,663	
Redemption of Principal	230,000		230,000	230,000	
<b>Total Regular Debt Service</b>	<u>254,663</u>		<u>254,663</u>	<u>254,663</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	\$	\$	\$	\$	\$

## **STATISTICAL SECTION**

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 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	\$ 3,342,655
Restricted	1,466,286	1,021,338	981,597	823,240	458,314	684,041	426,409	857,006	1,260,603	1,908,376
Unrestricted (Deficit)	(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)	(3,751,698)
<b>Total Governmental Activities Net Position</b>	<b>\$ 4,645,889</b>	<b>\$ 5,017,672</b>	<b>\$ 4,032,117</b>	<b>\$ 2,551,996</b>	<b>\$ 229,533</b>	<b>\$ 453,000</b>	<b>\$ (149,696)</b>	<b>\$ 48,816</b>	<b>\$ 663,591</b>	<b>\$ 1,499,333</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 21,832	\$ 19,762	\$ 17,692	\$ 3,140	\$ 6,316	\$ 5,579	\$ 4,842	\$ 32,142	\$ 28,947	\$ 26,062
Restricted										
Unrestricted	82,489	45,896	57,781	35,396	34,198	54,931	71,701	63,868	79,369	92,881
<b>Total Business-Type Activities Net Position</b>	<b>\$ 104,321</b>	<b>\$ 65,658</b>	<b>\$ 75,473</b>	<b>\$ 38,536</b>	<b>\$ 40,514</b>	<b>\$ 60,510</b>	<b>\$ 76,543</b>	<b>\$ 96,010</b>	<b>\$ 108,316</b>	<b>\$ 118,943</b>
<b>District-Wide</b>										
Invested in Capital Assets, Net of Related Debt	\$ 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	\$ 3,368,717
Restricted	1,466,286	1,021,338	981,597	823,240	458,314	684,041	426,409	857,006	1,260,603	1,908,376
Unrestricted (Deficit)	(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)	(3,658,817)
<b>Total District-Wide Net Position</b>	<b>\$ 4,750,210</b>	<b>\$ 5,083,330</b>	<b>\$ 4,107,590</b>	<b>\$ 2,590,532</b>	<b>\$ 270,047</b>	<b>\$ 513,510</b>	<b>\$ (73,153)</b>	<b>\$ 144,826</b>	<b>\$ 771,907</b>	<b>\$ 1,618,276</b>

Source: CAFR Schedule A-1

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses:</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 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	2,888,015
Special Education	695,354	400,945	695,940	729,384	783,996	748,881	753,564	784,927	486,594	797,622
Other Special Education	343,378	7,447	62,530	63,849	47,560	38,498	62,650	68,317	94,024	93,444
Other Instruction	6,286	9,731	9,430	5,711	4,629	3,659	4,110	12,234	4,865	6,085
<b>Support Services</b>										
Tuition	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	3,616,766
Student and Instruction Related Services	963,836	942,783	860,192	975,156	935,886	914,259	1,134,241	1,216,846	1,101,070	1,293,201
General and Business Administrative Services	273,396	225,672	287,624	280,692	242,672	284,983	330,818	338,703	280,206	301,126
School Administrative Services	344,906	365,004	309,154	305,762	367,393	207,643	319,895	300,793	271,668	284,213
Central Services	217,143	248,170	117,424	130,654	122,355	142,631	152,448	141,143	150,042	139,147
Administrative Information Technology	13,526	31,615	57,358	66,484	64,856	68,157	52,373	75,766	61,613	45,248
Plant Operations and Maintenance	899,009	835,641	769,215	738,506	729,946	722,482	749,979	743,947	824,073	993,991
Pupil Transportation	808,002	802,161	851,737	671,346	992,679	955,269	869,962	755,234	765,550	644,136
Business and Other Support Services	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	3,850,292
Summer School	10,732									
Amortization of Debt Issue Costs	9,516	9,516								
Interest on Long-Term Debt	85,405	78,086	76,918	63,895	68,680	60,983	54,664	45,639	38,282	30,818
Unallocated Depreciation	509,902	538,034	538,750	330,253	323,103	307,727	293,333	292,097	265,991	273,021
<b>Total Governmental Activities Expenses</b>	<b>14,013,268</b>	<b>14,366,547</b>	<b>15,307,209</b>	<b>14,107,496</b>	<b>15,745,080</b>	<b>15,301,914</b>	<b>17,053,766</b>	<b>17,282,444</b>	<b>16,261,453</b>	<b>15,257,125</b>
<b>Business-Type Activities</b>										
Food Service	507,598	446,127	428,049	409,116	424,230	453,151	427,617	472,920	443,391	410,077
Extended Day	18,822	23,578	24,581	32,136	17,975	14,824	15,177	17,108	-	-
Safe Schools										
<b>Total Business-Type Activities Expense</b>	<b>526,420</b>	<b>469,705</b>	<b>452,630</b>	<b>441,252</b>	<b>442,205</b>	<b>467,975</b>	<b>442,794</b>	<b>490,028</b>	<b>443,391</b>	<b>410,077</b>
<b>Total District Expenses</b>	<b>\$ 14,539,688</b>	<b>14,836,252</b>	<b>15,759,839</b>	<b>14,548,748</b>	<b>16,187,285</b>	<b>15,769,889</b>	<b>17,496,560</b>	<b>17,772,472</b>	<b>16,704,844</b>	<b>15,667,202</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Operating Grants and Contributions	\$ 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	1,764,724
<b>Total Governmental Activities Program Revenues</b>	<b>2,174,350</b>	<b>1,869,639</b>	<b>2,016,459</b>	<b>1,708,949</b>	<b>1,845,138</b>	<b>1,791,626</b>	<b>1,740,000</b>	<b>1,804,785</b>	<b>1,917,893</b>	<b>1,764,724</b>
<b>Business-Type Activities</b>										
<b>Charges for Services</b>										
Food Service	77,806	57,650	51,247	43,603	45,351	18,089	14,660	20,214	24,463	16,873
Extended Day	23,654	18,438	36,327	9,721	16,841	31,769	26,293	18,758	1,187	
Shared Services										48,792
Operating Grants and Contributions	330,188	350,089	342,616	363,163	346,831	438,093	417,848	429,626	429,970	403,192
<b>Total Business-Type Activities Program Revenues</b>	<b>431,648</b>	<b>426,177</b>	<b>430,190</b>	<b>416,487</b>	<b>408,823</b>	<b>487,951</b>	<b>458,801</b>	<b>468,598</b>	<b>455,620</b>	<b>468,857</b>
<b>Total District Program Revenues</b>	<b>\$ 2,605,998</b>	<b>2,295,816</b>	<b>2,446,649</b>	<b>2,125,436</b>	<b>2,253,961</b>	<b>2,279,577</b>	<b>2,198,801</b>	<b>2,273,383</b>	<b>2,373,513</b>	<b>2,233,581</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (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)	(13,492,401)
Business-Type Activities	(94,772)	(43,528)	(22,440)	(24,765)	(33,382)	19,976	16,007	(21,430)	12,229	58,780
<b>Total District-Wide Net Expense</b>	<b>\$ (11,933,690)</b>	<b>(12,540,436)</b>	<b>(13,313,190)</b>	<b>(12,423,312)</b>	<b>(13,933,324)</b>	<b>(13,490,312)</b>	<b>(15,297,759)</b>	<b>(15,499,089)</b>	<b>(14,331,331)</b>	<b>(13,433,621)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Property Taxes Levied for General Purposes, \$	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	2,020,978
Taxes Levied for Debt Service	174,378	143,805	146,908	105,778	104,954	111,343	106,324	103,163	110,108	104,992
Unrestricted Grants and Contributions	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	11,828,648
Investment Earnings	11,982	7,557	3,948	1,195	843	750	848	972	817	16,482
Miscellaneous Income	44,264	20,750	131,520	119,269	131,628	220,318	467,860	718,393	694,123	350,520
Other Adjustments				(1,521,219)				22,090		
Transfers	(50,000)	(4,349)	(32,116)	(1,310)	(119,417)			(86,382)	(77,557)	(40,269)
<b>Total Governmental Activities</b>	<b>11,970,438</b>	<b>12,868,691</b>	<b>12,389,202</b>	<b>10,918,426</b>	<b>13,453,947</b>	<b>13,733,755</b>	<b>14,711,070</b>	<b>15,676,171</b>	<b>14,958,335</b>	<b>14,279,351</b>
<b>Business-Type Activities</b>										
Investment Earnings	561	516	139	30	18	20	26	31	77	639
Other Adjustments				(13,512)				30,305		
Transfers	50,000	4,349	32,116	1,310	35,342			10,561		
<b>Total Business-Type Activities</b>	<b>50,561</b>	<b>4,865</b>	<b>32,255</b>	<b>(12,172)</b>	<b>35,360</b>	<b>20</b>	<b>26</b>	<b>40,897</b>	<b>77</b>	<b>639</b>
<b>Total District-Wide</b>	<b>\$ 12,020,999</b>	<b>12,873,556</b>	<b>12,421,457</b>	<b>10,906,254</b>	<b>13,489,307</b>	<b>13,733,775</b>	<b>14,711,096</b>	<b>15,717,068</b>	<b>14,958,412</b>	<b>14,279,990</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 131,520	371,783	(901,548)	(1,480,121)	(445,995)	223,467	(602,696)	198,512	614,775	786,950
Business-Type Activities	(44,211)	(38,683)	9,815	(36,937)	1,978	19,996	16,033	19,467	12,306	59,419
<b>Total District-Wide</b>	<b>\$ 87,309</b>	<b>333,120</b>	<b>(891,733)</b>	<b>(1,517,058)</b>	<b>(444,017)</b>	<b>243,463</b>	<b>(586,663)</b>	<b>217,979</b>	<b>627,081</b>	<b>846,369</b>

Source: CAFR Schedule A-2



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

	<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>	<u>2020</u>
General Fund										
Restricted	\$ 641,437	\$ 88,309	\$ 584,774	\$ 14,587	\$ 231,373	\$ 635,742	\$ 406,954	\$ 808,719	\$ 1,212,331	\$ 2,118,751
Unassigned (Deficit)	179,066	763,619	(344,252)	106,259	(478,360)	(694,608)	(773,028)	(751,851)	(595,073)	(608,024)
Total General Fund	<u>\$ 820,503</u>	<u>\$ 851,928</u>	<u>\$ 240,522</u>	<u>\$ 120,846</u>	<u>\$ (246,987)</u>	<u>\$ (58,866)</u>	<u>\$ (366,074)</u>	<u>\$ 56,868</u>	<u>\$ 617,258</u>	<u>\$ 1,510,727</u>
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Committed to Capital Projects Fund	65,122	72,899	59,392	59,392	48,554	48,554	48,554	48,554	48,554	48,554
Unassigned, Reported in:										
Special Revenue Fund (Deficit)	(36,296)	(32,806)	(27,009)	(27,009)	(36,495)	(32,116)	(35,035)	(27,006)	(30,377)	(30,816)
Debt Service Fund	42,862	38,423	687	687		6,191	6,191			
Total All Other Governmental Funds	<u>\$ 71,688</u>	<u>\$ 78,516</u>	<u>\$ 33,070</u>	<u>\$ 33,070</u>	<u>\$ 12,059</u>	<u>\$ 22,629</u>	<u>\$ 19,710</u>	<u>\$ 21,548</u>	<u>\$ 18,177</u>	<u>\$ 17,738</u>

Source: CAFR Schedule B-1

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Tax Levy	\$ 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	\$ 2,125,970
Tuition							58,151	268,264	323,539	163,531
Child Study Team							249,410	305,501	283,005	28,300
Interest Earnings	11,982	7,557	3,948	1,195	843	750	848	972	139	16,482
Miscellaneous	44,264	20,750	116,302	88,031	131,628	220,318	160,299	144,628	88,257	158,689
State Sources	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	12,122,038
Federal Sources	1,219,292	1,179,675	888,985	770,383	916,748	812,964	782,197	946,052	978,097	837,486
Other Sources			15,218	9,471						
<b>Total Revenues</b>	<b>14,194,788</b>	<b>14,742,679</b>	<b>14,437,777</b>	<b>14,128,137</b>	<b>14,481,329</b>	<b>14,484,506</b>	<b>14,903,566</b>	<b>15,466,507</b>	<b>15,956,772</b>	<b>15,452,496</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	2,888,015
Special Education Instruction	695,354	400,945	695,940	729,384	783,996	748,881	753,564	784,927	486,594	797,622
Other Special Instruction	343,378	7,447	62,530	63,849	47,560	38,498	62,650	68,317	94,024	93,444
Other Instruction	6,286	9,731	9,430	5,711	4,629	3,659	4,110	12,234	4,865	6,085
<b>Support Services</b>										
Tuition	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	3,616,766
Student and Instruction Related Service	963,836	942,783	860,192	975,156	935,886	914,259	1,134,241	1,216,846	1,101,070	1,244,409
School Administrative Services	344,906	365,004	309,154	305,762	367,393	207,643	319,895	300,793	271,668	284,213
General Administrative Services	273,396	225,672	287,624	280,692	242,672	284,983	330,818	338,703	280,206	301,126
Central Services & Info. Techn.	228,303	278,409	174,782	197,138	187,211	210,788	204,821	216,909	211,655	184,395
Plant Operations and Maintenance	899,009	835,641	769,215	738,506	729,946	722,482	749,379	743,947	824,073	993,991
Pupli Transportation	808,002	802,161	851,737	892,170	992,679	955,269	869,962	755,234	765,550	644,136
Business and Other Support Services										
Employee Benefits	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	3,027,692
Summer School	10,732									
Capital Outlay	199,491	442,247	15,020	43,680	93,408	14,626	30,622	35,264	50,012	182,640
<b>Debt Service</b>										
Principal	271,536	278,473	280,560	282,748	195,000	200,000	210,000	225,000	235,000	230,000
Interest and Other Charges	90,326	81,101	74,113	67,014	61,238	55,047	47,894	40,244	32,072	24,663
<b>Total Expenditures</b>	<b>14,176,993</b>	<b>14,700,077</b>	<b>15,012,439</b>	<b>14,318,344</b>	<b>14,750,756</b>	<b>14,285,815</b>	<b>15,213,693</b>	<b>14,955,345</b>	<b>15,322,196</b>	<b>14,519,197</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	17,795	42,602	(574,662)	(190,207)	(269,427)	198,691	(310,127)	511,162	634,576	933,299
<b>Other Financing Sources (Uses)</b>										
Other Adjustments										
Transfers, Net	(50,000)	(4,349)	(32,116)	20,457	(119,417)			(86,382)	(77,557)	(40,269)
<b>Total Other Financing Sources (Uses)</b>	<b>(50,000)</b>	<b>(4,349)</b>	<b>(32,116)</b>	<b>20,457</b>	<b>(119,417)</b>			<b>(86,382)</b>	<b>(77,557)</b>	<b>(40,269)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (32,205)</b>	<b>\$ 38,253</b>	<b>\$ (606,778)</b>	<b>\$ (169,750)</b>	<b>\$ (388,844)</b>	<b>\$ 198,691</b>	<b>\$ (310,127)</b>	<b>\$ 424,780</b>	<b>\$ 557,019</b>	<b>\$ 893,030</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	2.6%	2.5%	2.4%	2.5%	1.7%	1.8%	1.7%	1.8%	1.7%	1.8%

Source: CAFR Schedule B-2

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

<u>Fiscal Year</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>
2020	\$ 1,765	\$ 28,300	163,531	\$ 32,463	\$ 20,012	\$ 32,596	\$ 46,340	\$ 325,007
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

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual County Equalized Value
2020	\$ 17,838,900	\$ 231,755,700	\$ 2,375,400	\$ 488,800	\$ 11,291,500	\$ 12,417,400		\$ 276,167,700		\$ 276,167,700	\$ 0.808	\$ 242,061,267
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

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

\* Estimate

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

Year Ended June 30,	Commercial Township Board of Education			Overlapping Rates		
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Commercial Township	Cumberland County	Total
2020	\$ 0.768	\$ 0.040	\$ 0.808	\$ 0.567	\$ 1.085	\$ 2.460
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

\* 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 budg 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	2020		2011	
	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%
<b>Total</b>	<b>\$ 24,834,800</b>	<b>8.79%</b>	<b>\$ 23,283,436</b>	<b>8.00%</b>

Source: District CAFR & Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2020	\$ 2,125,970	\$ 2,125,970	100.00%	\$
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%	

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	
	General Obligation Bonds <sup>b</sup>	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Per Capita <sup>a</sup>			
2020	\$ 465,000	\$	\$	\$	\$ 465,000	0.24%	\$ 95	
2019	695,000				695,000	0.36%	142	
2018	930,000				930,000	0.48%	188	
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	

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

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

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



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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2020	\$ 465,000		\$ 465,000	0.41%	95
2019	695,000		695,000	0.41%	140
2018	930,000		930,000	0.41%	188
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

**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, 2020**  
**(UNAUDITED)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt Repaid with Property Taxes</b>			
Commercial Township	\$ 891,550	100%	\$ 891,550
<b>Other Debt</b>			
County of Cumberland - Township share	97,136,507	3%	2,458,696
Subtotal, Overlapping Debt			3,350,246
<b>Commercial Township School District Direct Debt</b>			465,000
<b>Total Direct and Overlapping Debt</b>			<u>\$ 3,815,246</u>

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

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

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

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

**Legal Debt Margin Calculation for Fiscal Year 2019**

	Equalized Valuation Basis
	2019 \$ 236,997,771
	2018 244,980,717
	2017 241,153,918
	<u>[A] \$ 723,132,406</u>
Average Equalized Valuation of Taxable Property	<u>[A/3] \$ 241,044,135</u>
Debt Limit (3% of Average Equalization Value)	<u>[B] \$ 7,231,324 a</u>
Net Bonded School Debt	<u>[C] 465,000</u>
Legal Debt Margin	<u>[B-C] \$ 6,766,324</u>

**Fiscal Year,**

	<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>	<u>2020</u>
Debt Limit	\$ 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	\$ 7,231,324
Total Net Debt Applicable to Limit	-	2,601,781	2,042,748	2,042,748	1,565,000	1,365,000	1,155,000	930,000	695,000	465,000
Legal Debt Margin	<u>\$ 7,835,390</u>	<u>\$ 5,233,609</u>	<u>\$ 5,793,022</u>	<u>\$ 5,515,550</u>	<u>\$ 5,736,999</u>	<u>\$ 5,684,170</u>	<u>\$ 5,730,642</u>	<u>\$ 6,047,432</u>	<u>\$ 6,285,622</u>	<u>\$ 6,766,324</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0%	33%	26%	27%	21%	19%	17%	13%	10%	6%

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> <sup>a</sup>	<u>Personal Income (thousands of dollars)</u> <sup>b</sup>	<u>Per Capita Personal Income</u> <sup>c (1)</sup>	<u>Unemployment Rate</u> <sup>d</sup>	
2020	*	4,891	\$ 191,575,786	\$ 39,166	6.48%
2019		4,916	192,346,132	39,127	7.20%
2018		4,958	193,795,651	39,087	9.10%
2017		4,977	193,570,461	38,893	10.60%
2016		5,015	187,601,120	37,408	12.40%
2015		5,057	186,168,398	36,814	13.80%
2014		5,091	180,048,306	35,366	15.20%
2013		5,116	175,729,484	34,349	18.80%
2012		5,148	175,593,132	34,109	16.90%
2011		5,161	177,048,105	34,305	13.60%

\* Estimate

(1) Information for Cumberland County

**Source:**

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

<sup>b</sup> Personal income

<sup>c</sup> Per Capita

<sup>d</sup> 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>2020</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 Cc	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>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>	<u>2020</u>
Instruction										
Regular	47	49	46	47	46	49	49	51	55	51
Special Education	19	11	14	14	16	15	18	16	9	21
Support Services:										
Tuition										
Student & Instruction Related Serv	15	13	7	7	6	6	13	12	10	5
General Administrative Services	2	1	1	1	1	1	4	4	2	2
School Administrative Services	7	6	4	4	3	3	3	3	3	3
Business Administrative Services		2	1	2	2	2	2	2	1	1
Plant Operations and Maintenance	9	2	2	1	1	1	1	1	1	1
Food Service										
Transportation								7	9	6
Nursing								2	2	2
<b>Total</b>	<b>99</b>	<b>84</b>	<b>75</b>	<b>74.5</b>	<b>75</b>	<b>77</b>	<b>90</b>	<b>98</b>	<b>92</b>	<b>92</b>

**Source:** District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2020	507	\$ 14,519,197	\$ 28,637	1.5%	51	9.9 : 1	493.2	459.9	-8.89%	93.25%
2019	541	15,322,196	28,322	3.9%	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%

**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>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>	<u>2020</u>
<b>District Building</b>										
<b>Elementary</b>										
Haleyville-Mauricetown (1968)										
Square Feet	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975
Capacity (students)	430	430	430	430	430	430	430	430	430	430
Enrollment	470	444	403	397	396	404	399	374	373	357
<b>Middle School</b>										
Port Norris School (1916)										
Square Feet	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875
Capacity (students)	248	248	248	248	248	248	248	248	248	248
Enrollment	195	192	198	183	171	168	159	155	168	150
<b>Other</b>										
Central Administration (1998)										
Square Feet	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900

Number of Schools at June 30, 2020

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

**Source:** District records, ASSA

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



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

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Haleyville-Mauricetown	65,975	\$ 177,288	\$ 154,419	\$ 97,833	\$ 92,422	\$ 71,017	\$ 79,210	\$ 39,628	\$ 38,639	\$ 121,257	\$ 125,112
Port Norris Middle	49,875	128,497	120,103	98,578	83,522	63,163	60,909	27,078	39,248	92,015	100,901
Total School Facilities		305,785	274,522	196,411	175,944	134,180	140,119	66,706	77,887	213,272	226,013
Other Facilities	1,900	3,493	11,438	5,120	11,418	12,553	4,115	3,683	2,248	61,315	3,195
Grand Total		\$ 309,278	\$ 285,960	\$ 201,531	\$ 187,362	\$ 146,733	\$ 144,234	\$ 70,389	\$ 80,135	\$ 274,587	\$ 229,208

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**  
**(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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## **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, 2020, 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 December 21, 2020

#### **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 (internal control) as a basis for designing 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. Accordingly, we do not express an opinion on the effectiveness of the Commercial Township Board of Education's internal control.

*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, 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  
December 21, 2020

# **NIGHTLINGER, COLAVITA & VOLPA**

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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, 2020. 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 of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* as prescribed by the *Office of School Finance, Department of Education, State of New Jersey, Uniform Guidance and New Jersey OMB Treasury 15-08*. Those standards, *Uniform Guidance and New Jersey OMB Treasury 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 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, 2020.

### 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 deficiencies in internal control over compliance that we consider to be a material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled ***Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance*** dated December 21, 2020. 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. Accordingly, his report 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, 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. 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

December 21, 2020

**TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Schedule A  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2019	Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Returned/ Adjust- ments	Balance at June 30, 2020 Accounts Receivable	Unearned Revenue	Due to Grantor
<b>U.S. Department of Education</b>															
General Fund															
Medical Assistance Program (SEMI)	93.778	20005NJMAP	N/A	\$ 5,690	7/1/19	6/30/20	\$	\$ 4,880	\$ (5,690)	\$	\$ (5,690)	\$	\$ (810)	\$	\$
Medical Assistance Program (SEMI)	93.778	1905NJ5MAP	N/A	33,480	7/1/18	6/30/19	(19,064)	19,064							
							(19,064)	23,944	(5,690)		(5,690)		(810)		
<b>U.S. Department of Agriculture</b>															
<b>Passed-through State Department of Education:</b>															
Enterprise Fund:															
Non-Cash Assistance:															
U.S.D.A. Food Distribution Program	10.565	Unknown	N/A	\$33,289	7/1/19	6/30/20		33,289	(24,278)		(24,278)			9,011	
U.S.D.A. Food Distribution Program	10.565	Unknown	N/A	29,077	7/1/18	6/30/19	2,879		(2,879)		(2,879)				
Cash Assistance:															
Fresh Fruits and Vegetable Prograrr	10.582	201NJ304L1603	N/A	10,868	7/1/19	6/30/20		10,558	(10,868)		(10,868)		(310)		
Child Nutrition Cluster:															
School Breakfast Program	10.553	201NJ304N1099	N/A	120,842	7/1/19	6/30/20		111,452	(120,842)		(120,842)		(9,390)		
School Breakfast Program	10.553	191NJ304N1099	N/A	121,224	7/1/18	6/30/19	(25,463)	25,463							
School Snack Program	10.555	201NJ304N1099	N/A	5,549	7/1/19	6/30/20		5,549	(5,549)		(5,549)				
School Snack Program	10.555	191NJ304N1099	N/A	8,214	7/1/18	6/30/19	(966)	966							
National School Lunch Program	10.555	201NJ304N1099	N/A	233,757	7/1/19	6/30/20		218,819	(233,757)		(233,757)		(14,938)		
National School Lunch Program	10.555	191NJ304N1099	N/A	265,661	7/1/18	6/30/19	(52,027)	52,027							
Total U.S. Department of Agriculture							(75,577)	458,123	(398,173)		(398,173)		(24,638)	9,011	
<b>U.S. Department of Education</b>															
<b>Passed-through State Department of Education:</b>															
Special Revenue Fund:															
IDEA Cluster:															
I.D.E.A. Part B Basic	84.027	H027A180100	IDEA0950-20	187,403	7/1/19	9/30/20		128,917	(176,691)		(176,691)		(47,774)		
I.D.E.A. Part B Basic	84.027	H027A180100	IDEA0950-19	232,486	7/1/18	6/30/19	(154,799)	154,800				(1)			
I.D.E.A. Part B, Pre-school	84.173	H173A180114	IDEA0950-20	6,049	7/1/19	9/30/20			(4,071)		(4,071)		(4,071)		
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							
E.S.E.A.:															
Title I	84.010	S010A190030	ESEA0950-20	423,511	7/1/19	9/30/20		259,165	(418,018)		(418,018)		(158,853)		
Title I	84.010	S010A180030	ESEA0950-19	521,104	7/1/18	6/30/19	(253,165)	253,165							
Title I - SIA Part A	84.010	S010A190030	ESEA0950-20	62,900	7/1/19	9/30/20		59,178	(61,897)		(61,897)		(2,719)		
Title I - SIA Part A	84.010	S010A180030	ESEA0950-19	90,816	7/1/18	6/30/19	(3,127)	3,127							
Title I - Reallocation	84.010	S010A190030	ESEA0950-20	11,222	2/1/20	9/30/20		7,992	(11,222)		(11,222)		(3,230)		
Title I - Reallocation	84.010	S010A180030	ESEA0950-19	17,952	2/1/19	9/30/19	(17,876)	17,876							
Title II A	84.367A	S367A190029	ESEA0950-20	53,803	7/1/19	9/30/20		43,841	(52,987)		(52,987)		(9,146)		
Title II A	84.367A	S367A180029	ESEA0950-19	65,832	7/1/18	6/30/19	(14,143)	14,144				(1)			
Title IV	84.424	S424A180031	ESEA0950-19	2,558	7/1/18	6/30/19	(2,558)	2,558							
Title V RLIS	84.358B	S358B180030	ESEA0950-19	15,751	7/1/18	6/30/19	(15,751)	15,751							
CARES ACT 2020/ESSER	84.425D	S425D200027	S425D200027	365,159	3/13/20	9/30/22			(4,690)		(4,690)		(4,690)		
21st Century Prog - PN	84.287C	S287C190030	CENT0950-20	26,429	9/1/19	8/31/20		11,575	(20,335)		(20,335)		(8,760)		
21st Century Prog - PN	84.287C	S287C180030	CENT0950-19	68,716	9/1/18	8/31/19	(33,357)	44,495				2,413	(13,551)		
21st Century Prog - PN United Way	84.287C	S287C180030	CENT0950-19	14,582	7/1/18	6/30/19	(5,553)	7,500	(1,947)		(1,947)				
21st Century Prog - PN IDEA	84.287C	S287C180030	CENT0950-19	5,530	9/1/18	8/31/19	(1,897)	5,530	(3,633)		(3,633)				
21st Century Prog - PN IDEA	84.287C	S287C170030	CENT0950-18	6,690	9/1/17	8/31/18	(5,050)					5,050			
21st Century Prog - HMS	84.287C	S287C190030	CENT0950-20	67,121	9/1/19	8/31/20		25,520	(40,869)		(40,869)		(15,349)		
21st Century Prog - HMS	84.287C	S287C180030	CENT0950-19	67,121	9/1/18	8/31/19	(31,321)	53,061	(21,885)		(21,885)		145		
Total U.S. Department of Education							(540,417)	1,110,015	(831,796)		(831,796)	7,606	(254,592)		
Total Federal Financial Awards							\$ (635,058)	\$ 1,592,082	\$ (1,235,659)	\$	\$ (1,235,659)	\$ 7,606	\$ (280,040)	\$ 9,011	\$

(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 because 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, 2020**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2019			Cash Received	Budgetary Expenditures	Balance at June 30, 2020		MEMO		
			From	To	(Accounts Receivable)	Unearned Revenue	Carry-over			(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Budgetary Receivable	Cumulative Total Expenditures	
<b>State Department of Education:</b>														
General Fund:														
Equalization Aid	20-495-034-5120-078	\$ 9,277,063	7/1/19	6/30/20	\$	\$	\$	\$ 8,346,359	\$ (9,277,063)	\$ (930,704)	\$	*\$ (930,704)	\$ 9,277,063	
Equalization Aid	19-495-034-5120-078	9,277,063	7/1/18	6/30/19	(907,998)			907,998						
Special Education Categorical Aid	20-495-034-5120-089	189,620	7/1/19	6/30/20				186,225	(189,620)	(3,395)	*	(3,395)	189,620	
Special Education Categorical Aid	19-495-034-5120-089	33,842	7/1/18	6/30/19	(3,312)			3,312						
Extraordinary Aid	20-495-034-5120-044	76,075	7/1/19	6/30/20					(76,075)	(76,075)	*		76,075	
Extraordinary Aid	19-495-034-5120-044	61307	7/1/18	6/30/19	(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						
Emergency Aid	20-495-034-5120-	677,867	7/1/19	6/30/20				677,867	(677,867)		*		677,867	
Reimbursed TPAF Social Security Contrib	20-495-034-5094-003	287,788	7/1/19	6/30/20				260,458	(287,788)	(27,330)	*		287,788	
Reimbursed TPAF Social Security Contrib	19-495-034-5094-003	276,633	7/1/18	6/30/19	(68,503)			68,503						
On-Behalf TPAF Pension Contribution	20-495-034-5094-002	882,693	7/1/19	6/30/20				882,693	(882,693)		*		882,693	
On-Behalf TPAF Post Retirement Medical	20-495-034-5094-001	327,463	7/1/19	6/30/20				327,463	(327,463)		*		327,463	
On-behalf TPAF Long-term Disability Contrib.	20-495-034-5094-004	786	7/1/19	6/30/20				786	(786)		*		786	
<b>Total General Fund</b>					<b>(1,046,050)</b>			<b>11,727,901</b>	<b>(11,719,355)</b>	<b>(1,037,504)</b>		<b>(934,099)</b>	<b>11,719,355</b>	
Special Revenue Fund:														
Preschool Education Aid	20-495-034-5120-086	308,156	7/1/19	6/30/20			105,350	277,340	(263,800)	(30,816)	149,706	*	(30,816)	263,800
Preschool Education Aid	19-495-034-5120-086	324,141	7/1/18	6/30/19	(30,377)	105350	(105,350)	30,377						
Connected Action Roadmap (CAR) Program	CAR-0950-2020	17,500	1/1/20	8/31/20					(12,440)	(12,440)	*	(12,440)	12,440	
<b>Total Special Revenue Fund</b>					<b>(30,377)</b>	<b>105,350</b>		<b>307,717</b>	<b>(276,240)</b>	<b>(43,256)</b>	<b>149,706</b>		<b>(43,256)</b>	<b>276,240</b>
Capital Projects Fund:														
NJSDA Grant - HV	0950-025-14-1001	31,302	3/7/14	Closing	(22,976)					(22,976)	*		22,976	
NJSDA Grant - PN	0950-050-14-1002	22,586	3/7/14	Closing	(16,578)					(16,578)	*		16,578	
					<b>(39,554)</b>					<b>(39,554)</b>			<b>39,554</b>	
Debt Service Fund:														
Debt Service Aid-Type II	20-495-034-5120-017	149,671	7/1/19	6/30/20				149,671	(149,671)		*		149,671	
<b>State Department of Agriculture:</b>														
Enterprise Fund:														
State School Lunch Prog.	20-100-010-3350-023	5,019	7/1/19	6/30/20				3,662	(5,019)	(1,357)	*		5,019	
State School Lunch Prog.	19-100-010-3350-023	4,310	7/1/18	6/30/19	(844)			844			*			
<b>Total Enterprise Fund</b>					<b>(844)</b>			<b>4,506</b>	<b>(5,019)</b>	<b>(1,357)</b>			<b>5,019</b>	
<b>Total State Financial Assistance</b>					<b>\$ (1,116,825)</b>	<b>\$ 105,350</b>	<b>\$</b>	<b>\$ 12,189,795</b>	<b>\$ (12,150,285)</b>	<b>\$ (1,121,671)</b>	<b>\$ 149,706</b>	<b>\$ (977,355)</b>	<b>\$ 12,189,839</b>	
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution	20-495-034-5094-002	882,693	7/1/19	6/30/20				\$ 882,693	\$ (882,693)					
On-Behalf TPAF Post Retirement Medical	20-495-034-5094-001	327,463	7/1/19	6/30/20				327,463	(327,463)					
On-behalf TPAF Long-term Disability Contrib.	20-495-034-5094-004	786	7/1/19	6/30/20				786	(786)					
<b>Total State Financial Assistance - Major Program Determination</b>								<b>\$ 10,978,853</b>	<b>\$ (10,939,343)</b>					

See accompanying notes to schedules of financial assistance

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2020**

**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 \$(22,789) for the general fund and (\$439) 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, 2020**  
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 5,690	\$ 11,696,566	\$ 11,702,256
Special Revenue Fund	831,796	275,801	1,107,597
Debt Service		149,671	149,671
Food Service Fund	398,173	5,019	403,192
Total Awards & Financial Assistance	<u>\$ 1,235,659</u>	<u>\$ 12,127,057</u>	<u>\$ 13,362,716</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, 2020.

**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, 2020. 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, 2020.

**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 three adjustments totaling \$7,606 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, 2020

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
10.582	201NJ304L1603	Fresh Fruit and Vegetable Program
84.010	S010A190030	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, 2020  
(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>
20-495-034-5120-078	Equalization Aid
20-495-034-5120-089	Special Education Categorical Aid

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(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, 2020  
(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  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

There were no prior year findings.