

**SCHOOL DISTRICT
OF
TOWNSHIP OF COMMERCIAL**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

of the

Township of Commercial Board of Education

Port Norris, New Jersey

For the Fiscal Year Ended June 30, 2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

Township of Commercial Board of Education

Port Norris, New Jersey

For the Fiscal Year Ended June 30, 2022

Prepared by

Commercial Township Board of Education

Finance Department

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE COMMERCIAL TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

INTRODUCTORY SECTION

<u>Exhibit</u>	<u>Page</u>
Letter of Transmittal	1-6
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors	9

FINANCIAL SECTION

Independent Auditor's Report	10-12
Required Supplementary Information – Part I Management's Discussion and Analysis (Unaudited)	13-21

Basic Financial Statements

A. District-Wide Financial Statements:	
A-1 Statement of Net Position	22
A-2 Statement of Activities	23
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	24
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	25
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Proprietary Funds:	
B-4 Statement of Net Position	27
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	28
B-6 Statement of Cash Flows	29
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	N/A
B-8 Statement of Changes in Fiduciary Net Position	N/A

Notes to the Financial Statements	30-60
--	-------

Not Used	61-64
----------	-------

Required Supplementary Information – Part II

C. Budgetary Comparison Schedules: (Unaudited)	
C-1 Budgetary Comparison Schedule – General Fund	65-70
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Development Block Grant – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	71

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE COMMERCIAL TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

FINANCIAL SECTION (Continued)

<u>Exhibit</u>	<u>Page</u>
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	72
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	73
L-2 Schedule of District Contributions – PERS	74
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF	75
M. Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions	
M-1 Schedule of Changes in the Total OPEB Liability – and Related Ratios	76
Other Supplementary Information	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis includes Student Activity and Scholarship Funds	77-78
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	79
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	80
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	81
F-2A-B Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status – Budgetary Basis	82-83

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE COMMERCIAL TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

FINANCIAL SECTION (Continued)

<u>Exhibit</u>	<u>Page</u>
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	84
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	85
G-3 Combining Schedule of Cash Flows	86
Internal Service Fund:	
G-4 Combining Schedule of Net Position	87
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	88
G-6 Combining Schedule of Cash Flows	89
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	N/A
H-2 Combining Statement of Changes in Fiduciary Net Position	N/A
I. Long-Term Debt:	
I-1 Statement of Serial Bonds	90
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	91

Pages 92-95 Not Used

STATISTICAL SECTION (Unaudited)

J. Introduction to the Statistical Section	
Financial Trends Information/Schedules	
J-1 Net Position by Component	96
J-2 Changes in Net Position	97
J-3 Fund Balances - Governmental Funds	98
J-4 Changes in Fund Balances - Governmental Funds	99
J-5 General Fund Other Local Revenue by Source	100
Revenue Capacity Information	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	101
J-7 Direct and Overlapping Property Tax Rates	102
J-8 Principal Property Taxpayers	103
J-9 Property Tax Levies and Collections	104
Debt Capacity Information	
J-10 Ratios of Outstanding Debt by Type	105
J-11 Ratios of General Bonded Debt Outstanding	106
J-12 Direct and Overlapping Governmental Activities Debt	107
J-13 Legal Debt Margin Information	108

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE COMMERCIAL TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

FINANCIAL SECTION (Continued)

<u>Exhibit</u>	<u>Page</u>
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	109
J-15 Principal Employers	110
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	111
J-17 Operating Statistics	112
J-18 School Building Information	113
J-19 Schedule of Required Maintenance Expenditures by School Facility	114
J-20 Insurance Schedule	115

SINGLE AUDIT SECTION

K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	116-117
K-2 Report on Compliance for Each Major Program on Internal Control Over Compliance Required by Uniform Guidance and New Jersey OMB Circular 15-08	118-120
K-3 Schedule of Expenditures of Federal Awards - Schedule A	121
K-4 Schedule of Expenditures of State Financial Assistance - Schedule B	122
K-5 Notes to the Schedules of Awards and Financial Assistance	123-124
K-6 Schedule of Findings and Questioned Costs	125-128
- Section I - Summary of Auditor's Reports	
- Section II - Financial Statement Findings	
- Section III – Federal Awards and State Financial Assistance Findings and Questioned Cost	
K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	129

INTRODUCTORY SECTION



COMMERCIAL TOWNSHIP SCHOOL DISTRICT

Kristin Schell
Superintendent/Principal

John Lavell
Supervisor of CTS/Special Services

Darren Harris
Business Administrator

Mark Baker
Assistant Principal

February 20, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Commercial Township Public School District (District) or the fiscal year ended June 30, 2022, 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 annual comprehensive 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 2021-22 fiscal year with a June enrollment of 468 students, which is 12 more than the previous year enrollment. The following details the changes in the student enrollment of the District over the last ten years.

June 30 Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2021-22	468	2.63%
2020-21	456	(9.47)%
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)%

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:

In 2017 the NJDOE identified the Commercial Township School as a school in need of comprehensive improvement. The NJDOE Office of Comprehensive Support has supported the District's work to create annual school plans that are intended to ameliorate programs, curriculum, and instruction. The District's annual school plans have consistently identified goals and targets to raise the achievement level of all students particularly in the critical areas of language arts literacy, mathematics, and social/emotional learning. On January 31, 2023, the District received notice from the NJDOE that effective June 30, 2023 the District will exit its status with the Office of Comprehensive Support. The collaborative work to turn the District's student achievement data around has resulted in a great growth success story for the District.

Curriculum - The District's 3 year relationship with NJPSA/FEA and its Connected Action Roadmap ended in August 2022. As a grant recipient, the District gained access to an exemplar framework for curricular development and resources to work through the process of revising curricula to align with the NJSLS through Professional Learning Community (PLC) groups. Though the relationship has ended, the work and process is sustained by the leadership team and the PLC groups. The District's PLC groups have

3. MAJOR INITIATIVES (CONTINUED):

successfully revised more than half of the District curricula. The work is on-going, and the focus for the 2022-23 school year is to add:

- essential questions
- modifications
- assessments
- interdisciplinary connections including career-ready practices and 21st century themes and skills

Instruction

- Wilson Foundations to teach phonics and decoding skills
- monitor ELA NJSLs progress
- use data to drive ELA instruction
- design tier one instruction using the Instructional Theory Into Practice framework
- use specific, mathematical language and leverage Word Walls
- use representations to teach mathematical concepts
- use number lines to teach mathematical concepts
- use word problems in tier one instruction
- use Primary Numeracy and Multiplicative Thinking for math intervention
- use the common language and 6+1 Writing Traits framework for teaching writing K-8
- use the CAR framework to revise curricula for writing standards
- develop standards-aligned formative assessments that require responses in prose format
- facilitate high-quality tier one instruction for all students
- provide student-centered, differentiated instruction around grade-level standards
- provide instruction in the least restrictive environment
- 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

- leverage schoolwide Positive Behavior Support PAWS program
- provide education for students about conflict resolution
- attend to wellness needs through use of Wellness Room
- utilize programs (Seeing Stars, OnCourse Benchmarking and PBSIS) to help close the achievement gap
- 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 expanded its inclusion programs in order to serve students with special needs in the least restrictive environment. Three support teachers provide tier two instruction in language arts and math.

3. MAJOR INITIATIVES (CONTINUED):

Technology - Schoology 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. The District uses GoGuardian for filtering, monitoring, and keeping students scholarly while online.

Technology Device Upgrades - During the 21-22 school year, the District essentially became a 2:1 district for student Chromebook devices. The District issues Chromebooks to students in grades 1-8 to use at school for instruction. Students who qualified based on financial hardship were issued their own dedicated Chromebook device and hotspot to ensure reliable connectivity for use at home through two funding sources - Emergency Connectivity Funds and ESSER.

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 2022-23 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 - The district provides its own transportation through its transportation department, leased buses, and a shared service coordinator for the 2022-23 school year. The driver shortage has impacted the District, but the District has been innovative to use special funding to pay for driver training as a way to recruit and retain drivers. The District leases buses to save on the 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, 2022.

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, 2022 the District's outstanding debt issues were \$3,060,000 in general obligation bonds. The unvoted amount of allowable debt is \$4,399,354.

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,

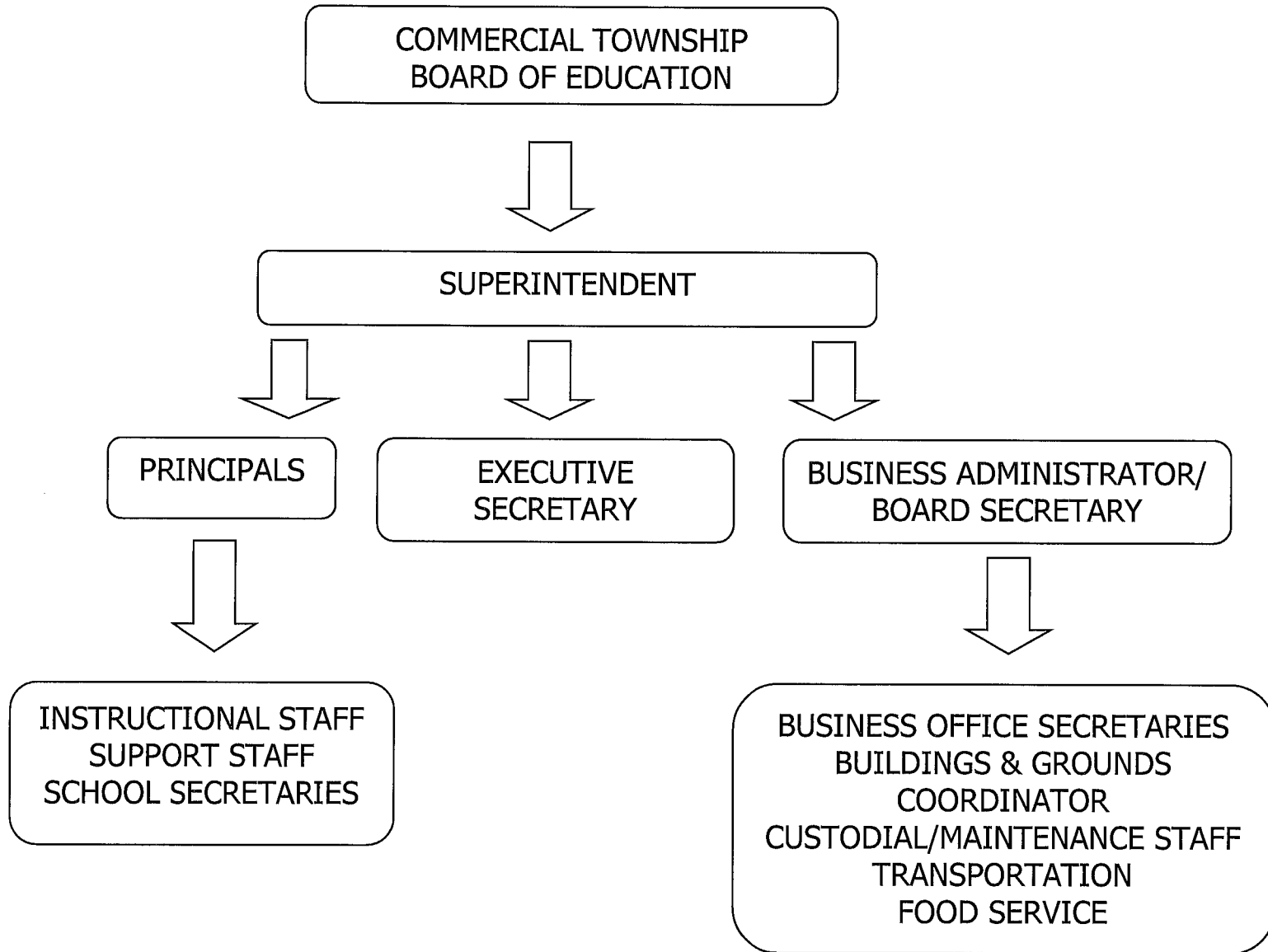
Kristin Schell

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, 2022

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Carol Perrelli, President	2024
Ronald Sutton, Jr.	2024
Tracy Richardson	2022
Sharon Porter	2022
Karen Stormes-Rivera	2023
Jessica Driver	2024
Michelle Ronan	2023
Stacy Wilson-Smith	2023
<u>OTHER OFFICIALS</u>	<u>Bond Amount</u>
Kristin Schell, Superintendent/Principal	
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

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Busch Law Group, LLC
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Metuchen, NJ 08840

OFFICIAL DEPOSITORY

Branch Banking & Trust
4943 Landis Ave
Vineland, NJ 08360

INSURANCE AGENCY

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

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

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

INDEPENDENT AUDITOR'S REPORT

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

Opinions

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 year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board of Education of the Commercial Township School District in the County of Cumberland, State of New Jersey's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board of Education of the Commercial Township School District in the County of Cumberland, State of New Jersey, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board of Education of the Commercial Township School District in the County of Cumberland, State of New Jersey's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Board of Education of the Commercial Township School District in the County of Cumberland, State of New Jersey's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board of Education of the Commercial Township School District in the County of Cumberland, State of New Jersey's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Commercial Township School District in the County of Cumberland, State of New Jersey's basic financial statements. The combining and individual fund financial statements 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 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 statements and related major fund supporting financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report, as required by the Office of School Finance, Department of Education, State of New Jersey. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2023 on our consideration of the Commercial Township School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Commercial Township School District'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
February 20, 2023

REQUIRED SUPPLEMENTARY INFORMATION – PART I

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
COMMERCIAL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022. 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 2022 are as follows:

- ❖ General revenues accounted for \$13,485,985 in revenue or 83% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,845,245 or 17% of total revenues of \$16,331,230.
- ❖ Total Net Position of governmental activities was \$5,491,610.
- ❖ The School District had \$14,051,741 in program expenses. These expenses were offset by program specific charges for services, grants or contributions of \$2,845,245 mentioned above in arriving at the net governmental activity expenses of the district. General revenues comprising federal and state aid of \$11,179,832, property taxes of \$2,272,908 and other miscellaneous revenues and adjustments of \$42,245, excluding \$9,000 in cancellations of capital projects, were adequate to provide for the programs maintained by the school.
- ❖ The General Fund had \$13,591,105 in revenues, \$13,422,626 in expenditures and other financing use reductions of \$6,796. The General Fund's balance increased \$161,683 over 2021. This increase was anticipated by the Board of Education.

Using this Annual Comprehensive Financial Report (ACFR)

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 2022?” 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 2021 and 2022.

	2022	2021
Assets		
Current and Other Assets	\$ 7,619,652	\$ 4,396,959
Capital Assets, Net	5,643,175	3,529,941
Total Assets	<u>\$ 13,262,827</u>	<u>\$ 7,926,900</u>
Deferred Outflows of Resources		
Deferred Pension Outflows	542,120	865,560
Liabilities		
Long-term Liabilities	5,519,027	3,192,794
Other Liabilities	1,475,390	1,091,937
Total Liabilities	<u>\$ 6,994,417</u>	<u>\$ 4,284,731</u>
Deferred Inflows of Resources		
Deferred Pension Inflows	1,127,463	1,104,151
Net Position		
Invested in Capital Assets, Net of Debt	3,548,431	4,300,253
Restricted	5,335,582	2,542,568
Unrestricted (Deficit)	(3,200,946)	(3,439,243)
Total Net Position	<u><u>\$ 5,683,067</u></u>	<u><u>\$ 3,403,578</u></u>

Table 2 shows the changes in Net Position from fiscal year's 2022 and 2021.

Table 2
Changes in Net Position

	<u>2022</u>	<u>2021</u>
Revenues		
Programs Revenues		
Charges for Services	\$ 43,475	\$ 57,632
Operating Grants and Contributions	2,801,770	2,185,260
General Revenues		
Property Taxes	2,272,908	2,236,617
Grants and Entitlements	11,179,832	12,247,167
Other	33,245	277,562
	<u>\$ 16,331,230</u>	<u>\$ 17,004,238</u>
Program Expenses		
Instruction	\$ 3,986,735	\$ 3,788,003
Support Services		
Tuition	3,202,622	3,186,067
Pupils and Instructional Staff	1,242,715	1,022,609
General Administration, School		
Administration, Business	786,309	838,929
Operations and Maintenance of Facilities	(132,889)	885,630
Pupil Transportation	956,821	481,413
Employee Benefits	3,203,766	4,660,179
Interest on Debt	26,622	20,503
Enterprise Funds	401,088	309,291
Other	377,952	261,345
	<u>\$ 14,051,741</u>	<u>\$ 15,453,969</u>
Increase/(Decrease) in Net Position	<u>\$ 2,279,489</u>	<u>\$ 1,550,269</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Of the District's \$13,485,938 in total governmental revenues for the fiscal year ended June 30, 2022, property taxes made up 16% of the revenues raised for governmental activities. Federal, state and local grants accounted for another 83% and other revenues made up 1.0%. The total cost of all program and services was \$13,650,653, of which the amount spent on governmental activities was \$11,284,624 and of this amount, Instruction comprised 29%.

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 2022</u>	<u>Net Cost of Services 2022</u>	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>
Instruction	\$ 3,986,735	\$ 2,896,101	\$ 3,788,003	\$ 2,901,616
Support Services				
Tuition	3,202,622	3,202,622	3,186,067	3,186,067
Pupils and Instructional Staff	1,242,715	751,967	1,022,609	714,879
General Administration, School				
Administration, Business	786,309	786,309	838,929	838,929
Operation and Maintenance of Facilities	(132,889)	(132,889)	885,630	885,630
Pupil Transportation	956,821	956,821	481,413	481,413
Employee Benefits	3,203,766	2,419,119	4,660,179	3,914,998
Interest and Fiscal Charges	26,622	26,622	20,503	20,503
Other	377,952	377,952	247,525	247,525
Total Expenses	<u>\$ 13,650,653</u>	<u>\$ 11,284,624</u>	<u>\$ 15,130,858</u>	<u>\$ 13,191,560</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 \$78,128.
- ❖ The General Fund did not subsidize the food service operation in 2021-2022.
- ❖ There were no charges for services in the food service fund. This represents amount paid by patrons for daily food services or 0.0% 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 \$448,810, which represents 100% of the revenue.

The School District's Funds

Information about the School District's major funds starts on page 24. 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 \$15,823,623 and expenditures of \$16,104,306. The net positive change in fund balance for the year was \$2,770,357, there were no prior period adjustment relating to GASB #84. 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, 2022, 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 2021</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 2,309,887	14.6%	\$ (243,810)	-9.5%
State Sources	11,889,933	75.1%	379,356	3.3%
Federal Sources	1,623,803	10.3%	591,627	57.3%
Total	\$ 15,823,623	100.0%	\$ 727,173	4.8%

The School District's Funds (Continued)

The increase in Local Sources is attributed to increases in local tax levy of \$36,291, transportation and interest revenue of \$1,784, offset by decreases in miscellaneous revenue of \$201,484 and tuition of \$80,401.

The increase in State Sources is attributed to increases in general fund state aid of \$302,969, and increases in state and federal grants for special projects of \$85,475, offset by decreases in debt service aid of \$9,088.

The increase in Federal Sources is attributed to net increases in various grant awards totaling \$591,627.

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, 2022.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2021</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 3,986,735	24.8%	\$ 198,732	5.2%
Undistributed Expenditures	10,417,065	64.7%	1,074,563	11.5%
Capital Outlay	1,465,331	9.1%	1,259,130	610.6%
Debt Service:				
Principal	230,000	1.4%	(5,000)	-2.1%
Interest	5,175	0.0%	(10,463)	-66.9%
Total	\$ 16,104,306	100.0%	\$ 2,516,962	18.5%

The increase in Current – Instruction is attributed to increases in regular instruction of \$183,369, Special education of \$23,365 and other instruction of \$2,968, offset by decreases in other special education tuition of \$10,970.

The decrease in Current – Undistributed Expenditures is attributed to decreases in various line items totaling \$1,074,563.

The increase in capital outlay is attributed to increases in capital projects and construction service costs of \$1,259,130.

The decrease in debt service is attributed to increased outstanding debt obligations of \$5,000 off set by decrease of \$10,493 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 2022, 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 \$141,776.

- ❖ Actual revenues were \$41,398 more than expected, excluding On-Behalf pension and social security state aid of \$1,988,186, due primarily to miscellaneous revenue.
- ❖ The actual expenditures were \$792,242 less than expected, which excluded the effects of state On-Behalf pension and social security aid of \$1,988,186, partially offset by favorable variances in various budget appropriations.

Capital Assets

At the end of the fiscal year 2022, the School District had \$5,643,175 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2021 balances compared to 2022.

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

	<u>2022</u>	<u>2021</u>
Land	\$ 14,877	\$ 14,877
Land Improvements	769,795	419,832
Building and Improvements	4,166,908	2,802,528
Equipment	690,045	292,704
Right-to-Use Lease Assets	1,550	
Totals	<u>\$ 5,643,175</u>	<u>\$ 3,529,941</u>

Overall capital assets increased \$2,113,234 from fiscal year 2021 to fiscal year 2022. Increases in capital assets of \$2,579,679 were offset by depreciation expense of \$466,445.

Debt Administration

At June 30, 2022, the School District had \$5,519,027 as outstanding debt. Of this amount, \$779,702 is for compensated absences and the balance of \$3,060,040 is for refunding bonds dated April 28, 2022. The District also reported a Net Pension Liability of \$1,644,269 in accordance with GASB #68 and Right-to-Use Liability of \$35,016.

At June 30, 2022, the School District's overall legal debt margin was \$7,459,354 and the unvoted debt margin was \$4,399,354, or 59% of the total amount permitted by statute.

For the Future

Commercial Township School District's future is positive and bright. 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.

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 spending while continuing to provide the best possible education for our students. With a declining enrollment the District closed the Port Norris Middle School and opened the Commercial Township School (formerly Haleyville-Mauricetown Elementary School) as a Pre-k through 8 facility. The consolidation of the schools has led to some significant financial savings and these savings were used to address some facilities projects at the Commercial Township School.

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. 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.

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, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,101,580	\$ 43,218	\$ 5,144,798
Receivables, Net	845,769	120,364	966,133
Inventory		11,592	11,592
Restricted Cash and Cash Equivalents	1,497,129		1,497,129
Capital Assets, Net (Note 5):	5,622,883	20,292	5,643,175
Total Assets	<u>13,067,361</u>	<u>195,466</u>	<u>13,262,827</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	<u>542,120</u>		<u>542,120</u>
LIABILITIES			
Accounts Payable	750,782		750,782
Accrued Interest	16,490		16,490
Unearned Revenue	704,109	4,009	708,118
Non-current Liabilities (Note 6):			
Due Within One Year	36,296		36,296
Due Beyond One Year	5,482,731		5,482,731
Total Liabilities	<u>6,990,408</u>	<u>4,009</u>	<u>6,994,417</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	<u>1,127,463</u>		<u>1,127,463</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	3,528,139	20,292	3,548,431
Restricted for:			
Unemployment Compensation	126,302		126,302
Scholarships	26,717		26,717
Student Activities	48,448		48,448
Capital Projects	2,212,361		2,212,361
Other Purposes	2,921,754		2,921,754
Unrestricted (Deficit)	<u>(3,372,111)</u>	<u>171,165</u>	<u>(3,200,946)</u>
Total Net Position	<u>\$ 5,491,610</u>	<u>\$ 191,457</u>	<u>\$ 5,683,067</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, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 3,111,367	\$	\$ 1,090,634	\$ (2,020,733)	\$	\$ (2,020,733)
Special Education	705,805			(705,805)		(705,805)
Other Special Instruction	162,583			(162,583)		(162,583)
Other Instruction	6,980			(6,980)		(6,980)
Support Services:						
Tuition	3,202,622			(3,202,622)		(3,202,622)
Student & Instruction Related Services	1,242,715	13,069	477,679	(751,967)		(751,967)
General and Business Administrative Services	353,533			(353,533)		(353,533)
School Administrative Services	189,683			(189,683)		(189,683)
Central Services	142,918			(142,918)		(142,918)
Admin Info Tech	100,175			(100,175)		(100,175)
Plant Operations and Maintenance	(132,889)			132,889		132,889
Pupil Transportation	956,821			(956,821)		(956,821)
Employee Benefits	3,203,766		784,647	(2,419,119)		(2,419,119)
Interest on Long-term Debt	26,622			(26,622)		(26,622)
Unallocated Depreciation	377,952			(377,952)		(377,952)
Total Governmental Activities	13,650,653	13,069	2,352,960	(11,284,624)		(11,284,624)
Business-type Activities:						
Food Service	401,088	30,406	448,810		78,128	78,128
Extended Day						
Total Business-type Activities	401,088	30,406	448,810		78,128	78,128
Total Primary Government	\$14,051,741	\$ 43,475	\$ 2,801,770	\$ (11,284,624)	\$ 78,128	\$ (11,206,496)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 2,175,951	\$	\$ 2,175,951
Taxes Levied for Debt Service				96,957		96,957
Federal, State and Local Aid not Restricted				11,179,832		11,179,832
Tuition from Other LEA'S Within the State and Individuals				925		925
Investment Earnings				3,313	47	3,360
Cancellation of Capital Projects				(9,000)		(9,000)
Miscellaneous Income				32,741		32,741
Special Items:						
Prior Year Right-to-Use Assets and Lease Liability Adjustment				5,219		5,219
Total General Revenues, Special Items, Extraordinary Items and Transfers				13,485,938	47	13,485,985
Change in Net Position				2,201,314	78,175	2,279,489
Net Position—Beginning				3,290,296	113,282	3,403,578
Net Position—Ending				\$ 5,491,610	\$ 191,457	\$ 5,683,067

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, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 3,131,752	\$ 346,969	\$ 3,029,880		\$ 6,508,601
Due from Other Funds	404,933				404,933
State Aid Receivable	100,488	11,464			111,952
Federal Aid Receivable		726,617			726,617
Other Accounts Receivable		7,200			7,200
Total Assets	\$ 3,637,173	\$ 1,092,250	\$ 3,029,880		\$ 7,759,303
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 85,458	\$ 129,284	\$ 312,243		\$ 526,985
Payroll Deductions Payable	223,797				223,797
Due to Other Funds		291,892	60,830		352,722
Unearned Revenue		666,212			666,212
Total Liabilities	309,255	1,087,388	373,073		1,769,716
Fund Balances:					
Restricted For:					
Excess Surplus	832,133				832,133
Excess Surplus - Designated for Subsequent Year's Expenditures	929,477				929,477
Unemployment Compensation	126,302				126,302
Scholarships		26,717			26,717
Student Activity		48,448			48,448
Capital Reserve	655,129				655,129
Maintenance Reserve	674,299				674,299
Emergency Reserve	41,399				41,399
Assigned:					
Year-end Encumbrances	80,131				80,131
Capital Reserve Designated for Subsequent Expenditures	345,183				345,183
Designated for Subsequent Year's Expenditure	1,283				1,283
Committed to Encumbrances			444,446		444,446
Unassigned, Reported in:					
General Fund (Deficit)	(357,418)				(357,418)
Special Revenue Fund (Deficit)		(70,303)			(70,303)
Capital Projects Fund			2,212,361		2,212,361
Total Fund Balances	3,327,918	4,862	2,656,807		5,989,587
Total Liabilities and Fund Balances	\$ 3,637,173	\$ 1,092,250	\$ 3,029,880		

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 \$13,683,002 and the accumulated depreciation is \$8,060,119 (See Note 5) 5,622,883

Long Term Net Pension Liability (1,644,269)
Deferred Pension Outflows 542,120
Deferred Pension Inflows (1,127,463)

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. (16,490)

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). (3,874,758)

Net Position of Governmental Activities \$ 5,491,610

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, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 2,175,951	\$	\$	\$ 96,957	\$ 2,272,908
Transportation from Other LEA'S Within the State	925				925
Interest Earned on Investments	2,481		832		3,313
Miscellaneous Local Sources	17,981	14,760			32,741
Total - Local Sources	2,197,338	14,760	832	96,957	2,309,887
State Sources	11,381,058	370,657		138,218	11,889,933
Federal Sources	12,709	1,611,094			1,623,803
Total Revenues	13,591,105	1,996,511	832	235,175	15,823,623
EXPENDITURES					
Current:					
Regular Instruction	2,020,733	1,090,634			3,111,367
Special Education Instruction	705,805				705,805
Other Special Instruction	162,583				162,583
Other Instruction	6,980				6,980
Support Services:					
Tuition	3,202,622				3,202,622
Student & Instruction Related Services	751,967	477,679			1,229,646
General Administrative Services	353,533				353,533
School Administrative Services	189,683				189,683
Central Services	142,918				142,918
Admin Info Tech	100,175				100,175
Plant Operations and Maintenance	855,616				855,616
Pupil Transportation	956,821				956,821
Employee Benefits	3,190,238	195,813			3,386,051
Debt Service:					
Interest and Other Charges				5,175	5,175
Principal				230,000	230,000
Capital Outlay	782,952	279,146	403,233		1,465,331
Total Expenditures	13,422,626	2,043,272	403,233	235,175	16,104,306
Excess (Deficiency) of Revenues over Expenditures	168,479	(46,761)	(402,401)		(280,683)
OTHER FINANCING SOURCES (USES)					
Transfers of Capital Project Interest	832		(832)		
Proceeds from Bond Issue			3,060,040		3,060,040
Transfer to Preschool Program Cancellation	(7,628)	7,628			
			(9,000)		(9,000)
Total Other Financing Sources and Uses	(6,796)	7,628	3,050,208		3,051,040
Net Change in Fund Balances	161,683	(39,133)	2,647,807		2,770,357
Fund Balance - July 1 (Deficit)	3,166,235	43,995	9,000		3,219,230
Fund Balance - June 30	\$ 3,327,918	\$ 4,862	\$ 2,656,807	\$ -	\$ 5,989,587

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, 2022

Total Net Change in Fund Balances - Governmental Funds (from B-2) **\$ 2,770,357**

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	\$ (377,952)	
Capital outlays	<u>2,453,836</u>	2,075,884

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
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The issuance of Serial Bonds is not a revenue in the Governmental Activities Statements		(3,060,040)
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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.		(12,177)
--	--	----------

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.		238,245
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Repayment of right-to-use lease 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.		5,219
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In the statement of activities, certain operating expenses, e.g. compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).		<u>(46,174)</u>
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Change in Net Position of Governmental Activities (A-2) **\$ 2,201,314**

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, 2022

	Business-type Activities - Enterprise Funds			Shared Services Fund
	Food Service	Extended Day	Totals	
ASSETS				
Current Assets:				
Cash	\$ 29,575	\$ 65,854	\$ 95,429	\$ 37,897
Accounts Receivable	120,364		120,364	
Inventories	11,592		11,592	
Total Current Assets	<u>161,531</u>	<u>65,854</u>	<u>227,385</u>	<u>37,897</u>
Fixed Assets:				
Equipment	193,795		193,795	
Accumulated Depreciation	(173,503)		(173,503)	
Total Fixed Assets	<u>20,292</u>		<u>20,292</u>	
Total Assets	<u>181,823</u>	<u>65,854</u>	<u>247,677</u>	<u>37,897</u>
LIABILITIES:				
Current Liabilities:				
Due to General	52,211		52,211	
Unearned Revenue	4,009		4,009	39,149
Total Current Liabilities	<u>56,220</u>		<u>56,220</u>	<u>39,149</u>
NET POSITION				
Invested in Capital Assets Net of Related Debt	20,292		20,292	
Unrestricted	105,311	65,854	171,165	
Total Net Position	<u>\$ 125,603</u>	<u>\$ 65,854</u>	<u>\$ 191,457</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, 2022

	Business-type Activities -			Shared Services Fund
	Enterprise Fund			
	Food Service	Extended Day	Total Enterprise	
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$		\$	\$
Daily Sales - Non-reimbursable Programs		30,406		30,406
Child Study Fees				39,600
Total Operating Revenue:	30,406		30,406	39,600
Operating Expenses:				
Salaries	131,499		131,499	12,166
Employee Benefits	41,054		41,054	903
Supplies and Materials	32,605		32,605	
Depreciation	2,885		2,885	
Cost of Sales - Reimbursable Programs	154,974		154,974	
Management Fee	23,618		23,618	
Repairs and Other Expenses	14,453		14,453	
Total Operating Expenses	401,088		401,088	13,069
Operating Income (Loss)	(370,682)		(370,682)	26,531
Non-operating Revenues (Expenses):				
State Sources:				
State School Lunch Program	5,716		5,716	
Federal Sources:				
National School Breakfast Program	119,991		119,991	
National School Lunch Program	243,134		243,134	
Supply Chain Assistance Funding	13,884		13,884	
P-EBT Administrative Cost Reimbursement	614		614	
P-EBT Administrative Cost Reimbursement	628		628	
Emergency Operational Cost Program - Schools	10,812		10,812	
Food Distribution Program	35,895		35,895	
Fruit and Vegetable Grant	18,136		18,136	
Interest		47	47	
Total Non-operating Revenues (Expenses)	448,810	47	448,857	
Income (Loss) before Contributions & Transfers	78,128	47	78,175	26,531
Transfer to Unearned Revenue				(26,531)
Change in Net Position	78,128	47	78,175	
Total Net Position—Beginning	47,475	65,807	113,282	
Total Net Position—Ending	\$ 125,603	\$ 65,854	\$ 191,457	\$ -

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, 2022

	Business-type Activities			Shared Services Fund
	Enterprise Funds			
	Food Service	Extended Day	Total Enterprise	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 30,406		\$ 30,406	\$ 66,131
Payments to Employees	(131,499)		(131,499)	(12,166)
Payments for Employee Benefits	(41,054)		(41,054)	(903)
Payments to Suppliers	(317,964)		(317,964)	
Net Cash Provided by (used for) Operating Activities	(460,111)		(460,111)	53,062
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	5,716		5,716	
Federal Sources	443,094		443,094	
Operating Subsidies and Transfers to Other Funds				(26,531)
Net Cash Provided by (used for) Non-capital Financing Activities	448,810		448,810	(26,531)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets				
Net Cash Provided by (used for) Capital and Related Financing Activities				
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Dividends		47	47	
Net Cash Provided by (used for) Investing Activities		47	47	
Net Increase (Decrease) in Cash and Cash Equivalents	(11,301)	47	(11,254)	26,531
Balances—Beginning of Year	40,876	65,807	106,683	11,366
Balances—End of Year	\$ 29,575	\$ 65,854	\$ 95,429	\$ 37,897
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:				
Operating Income (Loss)	\$ (370,682)		\$ (370,682)	\$ 26,531
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	(96,068)		(96,068)	
(Increase) Decrease in Inventories	8,129		8,129	
Increase (Decrease) in Accounts Payable				
Increase (Decrease) in Due to General				
Increase (Decrease) in Unearned Revenue	(4,375)		(4,375)	26,531
Total Adjustments	(89,429)		(89,429)	26,531
Net Cash Provided by (used for) Operating Activities	\$ (460,111)		\$ (460,111)	\$ 53,062

Noncash Investing, Capital, and Financing Activities:

During the year, the District received \$30,570 of food commodities from the U.S. Department of Agriculture.

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, 2022

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, 2022 of 468 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

The School District has adopted the following GASB statements:

New Accounting Standards:

- GASB Statement 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 adoption of GASB 87 will impact the financial statements of the School District.
- GASB Statement 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. The adoption of GASB 89 did not impact the financial statements of the School District.
- 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. The adoption of GASB 92 did not impact the financial statements of the School District.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

New Accounting Standards (Cont'd):

- 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. The adoption of GASB 93 did not impact the financial statements of the School District.
- 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. The adoption of GASB 97 did not impact the financial statements of the School District.
- GASB Statement No. 98 – *The Annual Comprehensive Financial Report*: This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for reporting periods ending after December 15, 2021. The adoption of GASB 98 did not impact the financial statements of the School District.

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

A. Basis of Presentation (Continued):

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

B. Fund Accounting:

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

GOVERNMENTAL FUND TYPE

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

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

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

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

B. Fund Accounting (Continued):

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

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

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

PROPRIETARY FUND TYPE

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

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

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

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

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, 2022

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

B. Fund Accounting (Continued):

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, 2022

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.

E. Encumbrance Accounting:

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

E. Encumbrance Accounting (Continued):

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

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

F. Tuition Receivable:

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

G. Tuition Payable:

Tuition charges for the fiscal years 2021-2022, 2020-2021 and 2019-2020 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, 2022.

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, 2022.

K. Assets, Liabilities and Equity:

Transactions

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

Inventories

On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. This includes \$2,923 in federal commodities on hand at June 30, 2022. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

K. Assets, Liabilities and Equity (Continued):

Inventory in the Food Service Fund at June 30, 2022 consisted of the following:

Food	\$	8,268
Supplies		3,324

Total	\$	11,592

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

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

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

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

L. Compensated Absences:

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

Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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.

R. Comparative Data/Reclassifications:

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

S. Management Estimates:

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

T. Accrued Liabilities and Long-term Obligations:

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

U. Fund Balance Reserves:

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

V. Net Position:

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

W. Revenues – Exchange and Non-exchange Transactions:

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

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

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

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

As of June 30, 2022, cash and cash equivalents in the fund financial statements of the District consisted of the following:

		<u>Cash and Cash Equivalents</u>
Checking Accounts	\$	6,449,414
Certificates of Deposit		14,960
Total	\$	6,464,374

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, 2022, the District's bank balance of \$6,931,121 was insured or collateralized as follows:

Insured	\$	250,000
Uninsured and collateralized with securities held by pledging financial institutions		6,681,121
	\$	6,931,121

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, 2022, 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, 2022, the District had no funds on deposit with the New Jersey Cash Management Fund.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$1,000,312
Interest Earnings	
Deposits	
Withdrawals	<u> </u>
Ending Balance, June 30, 2022	<u>\$1,000,312</u>

Of this amount, \$345,183 has been appropriated as revenue to fund the 2022-2023 operating budget.

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2022. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 5. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance 7/1/2021	Additions	Adjustments/ Retirements	Ending Balance 6/30/2022
Governmental activities:				
Capital Assets that are not being Depreciated:				
Land	\$ 14,877	\$	\$	\$ 14,877
Total capital assets not being depreciated	14,877			14,877
Capital Assets being Depreciated and Amortized				
Land Improvements	976,668	402,563		1,379,231
Building and building improvements	8,758,165	1,608,173		10,366,338
Machinery and equipment	1,353,613	459,996		1,813,609
Right-to-Use Lease Assets			108,947	108,947
Totals at historical cost	11,088,446	2,470,732	108,947	13,668,125
Less Accumulated Depreciation and Amortization				
Land Improvements	(556,836)	(52,600)		(609,436)
Building and improvements	(5,955,637)	(243,793)		(6,199,430)
Equipment	(1,084,086)	(59,770)		(1,143,856)
Right-to-Use Lease Assets		(21,789)	(85,608)	(107,397)
Total Accumulated Depreciation and Amortization	(7,596,559)	(377,952)	(85,608)	(8,060,119)
Total Capital Assets being Depreciated and Amortized, Net of Accumulated Depreciation and Amortization	3,491,887	2,092,780		5,608,006
Government Activities Capital Assets, Net	\$ 3,506,764	\$ 2,092,780	\$ 23,339	\$ 5,622,883
				To A-1
Business-type activities - Equipment	\$ 193,795			\$ 193,795
Less accumulated depreciation	(170,618)	(2,885)		(173,503)
Business-type Activities Capital Assets, Net	\$ 23,177	\$ (2,885)	\$	\$ 20,292

Depreciation expense was charged to governmental functions as follows:

Unallocated	\$ 377,952
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COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 6. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2022, the following changes occurred in long-term obligations:

	<u>Beginning Balance 7/1/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance 6/30/2022</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Bonds payable:						
General obligation debt	\$ 230,000	\$ 3,060,000	\$ 230,000	\$ 3,060,000	\$	\$ 3,060,000
Total bonds payable	230,000	3,060,000	230,000	3,060,000		3,060,000
Other Liabilities:						
Right-to-Use Lease Liability		40,818	22,698	18,120	16,896	1,224
Compensated absences payable	733,528	46,174		779,702	19,400	760,302
Net Pension Liability	2,229,266		602,340	1,626,926		1,626,926
Total Long-term Obligations	<u>\$ 3,192,794</u>	<u>\$ 3,146,992</u>	<u>\$ 855,038</u>	<u>\$ 5,484,748</u>	<u>\$ 36,296</u>	<u>\$ 5,448,452</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.

The Refunding Bonds Series of 2009 was paid off during the 2022 school year.

In Addition, on April 28, 2022, the Board of Education issued Serial Bonds in the amount of \$3,060,000 for the purpose of financing various renovations, alterations, improvements, and upgrades at the Commercial Township Elementary School.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

A. Bonds Payable (Continued)

Principal and interest due on bonds outstanding at June 30, 2021 are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$	\$ 88,564	\$ 88,564
2024	220,000	119,413	339,413
2025	120,000	111,713	231,713
2026	125,000	107,512	232,512
2027	125,000	102,825	227,825
2028	130,000	98,138	228,138
2029	135,000	93,262	228,262
2030	140,000	88,200	228,200
2031	145,000	82,600	227,600
2032	150,000	76,800	226,800
2033	155,000	70,800	225,800
2034	160,000	64,600	224,600
2035	165,000	58,200	223,200
2036	170,000	51,600	221,600
2037	170,000	44,800	214,800
2038	175,000	38,000	213,000
2039	185,000	31,000	216,000
2040	190,000	23,600	213,600
2041	200,000	16,000	216,000
2042	200,000	8,000	208,000
	<u>\$ 3,060,000</u>	<u>\$ 1,375,627</u>	<u>\$ 4,435,627</u>

B. Bonds Authorized But Not Issued - As of June 30, 2022

None

C. Capital Leases

The District had no capital leases as of June 30, 2022.

NOTE 7. OPERATING LEASES

The School is a lessee for various copiers. The District recognizes a lease liability – finance purchase and a capital asset or recognizes a lease liability – right to use and an intangible right-to use lease asset in the district-wide financial statements based on the criteria dictated in GASB Statement No. 87 – Leases.

At the commencement of a lease, the School determines based on the criteria dictated in GASB Statement No. 87 – Leases, if the lease is a finance purchase or a right to use lease liability. Then the School initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease liabilities are reported with the long-term obligations on the statement of net position.

A finance purchased asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The asset is depreciated on a straight-line basis over the life of the lease which is considered the asset's useful life. The asset is reported with the School capital assets as land, land improvements, buildings and improvements or furniture and equipment.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 7. OPERATING LEASES (CONT'D)

An intangible right-to use lease asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date. The intangible right-to use lease asset is amortized on a straight-line basis over the life of the lease. The intangible right-to use lease asset is reported with the School's capital assets in its own category called Right-to-Use Lease Assets.

Key estimates and judgements related to leases include how the School determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District is utilizing the treasury bill rate (corresponding to length of lease) in place at the date of implementation along with other risk factors to determine the discount interest rate for leases.

The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The District has determined all of their copier lease agreements qualify as right-to-use assets. As of June 30, 2022, total future minimum lease payments under right-to-use lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 23,232
	<u>\$ 23,232</u>

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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, 2020 was 7.5% of base salary. The District employees' contributions for the year ended June 30, 2022 were 63,683. 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 2022 is 15.98% 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, 2022, and 2021, were \$160,834 and \$149,546 respectively.

The total payroll for the year ended June 30, 2022 was \$4,758,191. Payroll covered by PERS was \$849,111 for fiscal year 2022.

Components of Net Pension Liability - At June 30, 2022, the District's proportionate share of the PERS net pension liability was \$1,626,926. The net pension liability was measured as of June 30, 2021. 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, 2021. The District's proportion measured as of June 30, 2021 was 0.013733% which was an increase of 0.00006% from its proportion measured as of June 30, 2020.

Pension Expense and Deferred Outflows/Inflows of Resources - The District's 2022 PERS pension expense, with respect to GASB 68, was \$(83,463). The District's 2022 deferred outflows of resources and deferred inflows of resources were from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,659	\$ 11,647
Changes of assumptions	8,473	579,196
Net difference between projected and actual earnings on pension plan investments		428,575
Changes in proportion	347,154	108,045
Contributions subsequent to the measurement date	160,834	
Total	\$ 542,120	\$ 1,127,463

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8. PENSION PLANS (CONTINUED)

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
2022	\$	(229,029)
2023		(126,798)
2024		(192,354)
2025		(164,833)
2026		(33,163)
Thereafter		-
Total	\$	(746,177)

Additional Information - Collective Balances at June 30, 2022 and 2021 are as follows:

Year		2022		2021
Collective deferred outflows of resources	\$	542,120	\$	865,560
Collective deferred inflows of resources	\$	1,127,463	\$	1,104,151
Collective Net Pension Liability	\$	1,626,926	\$	2,229,266
District's Proportion		0.013733%		0.013670%

Actuarial Assumptions - The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	PERS
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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022

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, 2021) 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, 2021 are summarized in the following table:

	PERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 and the nonemployer contributing entity will be based on 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2021, 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 (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	\$ <u>2,239,161</u>	\$ <u>1,626,926</u>	\$ <u>1,139,419</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
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2020. 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 2021, 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, 2022 because of the 100% special funding situation with the State of New Jersey.

During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$1,398,760 to the TPAF for pension contributions, \$326,807 for post-retirement benefits on behalf of the School, and \$592 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$262,027 during the year ended June 30, 2022 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, 2022, 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, 2022, the District recognized pension expense of \$384,562 and revenue of \$384,562 for support provided by the State.

Actuarial Assumptions - The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
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
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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, 2021, 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 (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
State's Share of the Net Pension Liability associated with the District	\$ 26,351,921	\$ 16,343,151	\$ 19,181,698
State's Share of the Net Pension Liability	\$ 56,988,413,045	\$ 48,165,991,182	\$ 40,755,711,186

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8. PENSION PLANS (CONTINUED)

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, 2022, employee contributions totaled \$2,106 and the District's employer contribution, recognized in pension expense, was \$1,550. 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.

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.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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.

Total OPEB Liability

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2021, was \$60,007,650,970. Of this amount, the total OPEB liability attributable to the School District was \$21,206,729. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.03534%. The total OPEB liability for the School District measured as of June 30, 2021 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, 2021 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, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	TPAF/ABP	PERS	PFRS
Inflation Rate	2.50%	2.50%	2.50%
	Based on	Based on	Based on
Salary Increases:	Service Years	Service Years	Service Years
Through 2026	1.55% - 4.45%	2.00% - 6.00%	3.25% - 15.25%
Thereafter	2.75% - 5.65%	3.00% - 7.00%	N/A

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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-2021. 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-2021. 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-2021 for current disables retirees. Future disabled retirees was based on the Pub-2010 “Safety” (PFRS), “General” (PERS), and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 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 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate for June 30, 2021 was 2.16%. 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

	<u>Total OPEB Liability</u>
State of New Jersey	
Balance as of June 30, 2020 Measurement Date	\$ 67,809,962,609
Changes for the year:	
Service Cost	3,217,184,264
Interest	1,556,661,679
Changes of Benefit Terms	(63,870,842)
Differences between Expected and Actual	(11,385,071,658)
Changes of Assumptions	59,202,105
Benefit Payments	(1,226,213,382)
Contributions from Members	39,796,196
Net Changes	(7,802,311,638)
Balance as of June 30, 2021 Measurement Date	\$ 60,007,650,971

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

The following presents the total nonemployer OPEB liability as of June 30, 2021, 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:

June 30, 2021		
At 1.00% Decrease 1.16%	At Discount Rate 2.16%	At 1.00% Increase 3.16%
\$ 71,879,745,555	60,007,650,970	50,659,089,138

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, 2021, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

June 30, 2021		
1.00% Decrease	Healthcare Cost Trend Rate	1.00% Increase
\$ 48,576,388,417	60,007,650,970	75,358,991,782

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

For the year ended June 30, 2022, the School District recognized OPEB expense of \$1,350,791. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,196,820	\$ 6,364,516
Changes of Assumptions	3,597,453	2,275,284
Net difference Between Projected and Actual Earnings on OPEB Plan Investments		
Changes in Proportion	162,875	865,618
Contributions Subsequent to the Measurement Date		
Total	\$ 6,957,148	\$ 9,505,418

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

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
2022	\$ (529,586)
2023	(529,586)
2024	(529,586)
2025	(529,586)
2026	(391,928)
Thereafter	(37,998)
Total	\$ (2,548,270)

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, 2022, a liability existed for compensated absences in the governmental activities in the amount of \$779,702.

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
Franklin

Aflac
Midland National

Lincoln Investment Planning, Inc.
American Express Financial

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 Annual Comprehensive Financial Report.

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021-2022	\$ 89	\$ 0	\$ 41,882	\$ 126,302
2020-2021	75	21,953	13,999	167,973
2019-2020	0	30,520	47,381	159,944

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

<u>Fiscal Year</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 404,933	\$
Special Revenue fund		291,892
Capital Projects		60,830
Food Service Fund		52,211
Total	\$ 404,933	\$ 404,933

NOTE 14. FUND BALANCE APPROPRIATED

General Fund - Of the \$3,327,918 General Fund balance at June 30, 2022, \$1,000,312 has been restricted in the Capital Reserve Account, of which \$345,193 has been withdrawn and appropriated and included as anticipated revenue for the year ended June 30, 2023; \$674,299 has been restricted in a Maintenance Account, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2023; \$41,399 has been restricted in an Emergency Reserve; \$126,302 has been restricted for Unemployment Compensation \$1,761,610 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$929,477 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2023); \$80,131 has been assigned for encumbrances; \$1,283 of unassigned fund balance has been assigned and appropriated and included as anticipated revenue for the year ending June 30, 2023; and there is a deficit in unassigned fund balance of \$(357,418).

Debt Service Fund - The fund balance in the Debt Service Fund at June 30, 2022 is \$0.

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022 is \$1,761,610 of which 929,477 was budgeted in the 2022-2023 budget and \$832,133 must be budgeted in the 2023-2024 budget.

NOTE 16. LITIGATION

The District is sometimes involved in claims and lawsuits incidental to operations. Per 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 \$674,299 at June 30, 2022, none of which was anticipated as revenue in the 2022-2023 budget. There were interest earnings.

NOTE 18. EMERGENCY RESERVE

The District also has an emergency reserve in the amount of \$41,399 at June 30, 2022, of which none was anticipated as revenue in the 2022-2023 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 represented 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. Future interest and principal payments on this bond issue had been included in Note 5 to the financial statements (Long-Term Debt). On July 9, 2002, the Commissioner of the New Jersey State Dept. 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, 2021, there was an unspent balance of \$5,504 which relates to a 2001 project for additions to the two elementary schools. This amount was cancelled in the 2021/22 school year.

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, 2021. This amount was cancelled in the 2021/22 school year.

On 4/28/22 the District issued \$3,060,040 in Serial Bonds for the purpose of construction renovations, alterations, improvements and upgrades at Commercial Township Elementary School. The unspent balance as of June 30, 2022 is \$2,656,807, of which \$444,446 is encumbered.

NOTE 20. DEFICIT FUND BALANCES

The District has a deficit in Unassigned Fund Balance of (\$357,418) in the General Fund and (\$70,303) of unassigned 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

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 20. DEFICIT FUND BALANCES (Continued)

this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e., if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the General and Special Revenue Fund balances do not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A. 18A:22-44.2*, any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's general fund deficit is less than the last state aid payments of \$902,430. The special revenue fund deficit of \$70,303 is equal to the last state aid payments.

NOTE 21. RECEIVABLES

Receivables at June 30, 2022 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds. Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Receivables:</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Intergovernmental	\$ 100,488	\$ 738,081	\$ 120,364	\$ 958,933
Other		7,200		7,200
Totals	<u>\$ 100,488</u>	<u>\$ 745,281</u>	<u>\$ 120,364</u>	<u>\$ 966,133</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 24. 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, 2022

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,175,951		\$ 2,175,951	2,175,951	\$
Tuition from Other LEA's Within the State	44,295		44,295		(44,295)
Transportation Fees from Other LEAs				925	925
Interest on Investments				2,481	2,481
Interest on Investments - Emergency Reserve	15		15		(15)
Interest on Investments - Maintenance Reserve	25		25		(25)
Interest on Investments - Capital Reserve	25		25		(25)
Miscellaneous	15,000		15,000	17,981	2,981
Total - Local Sources	2,235,311		2,235,311	2,197,338	(37,973)
State Sources:					
Equalization Aid	9,096,016		9,096,016	9,096,016	
Categorical Special Education	189,620		189,620	189,620	
Extraordinary Aid				85,589	85,589
Non-Public Transportation Aid				1,740	1,740
On-behalf TPAF Pension Contribution				1,398,760	1,398,760
On-behalf TPAF Post Retirement Medical Contribution				326,807	326,807
On-behalf TPAF Long-term Disability Contribution				592	592
Reimbursement TPAF Social Security				262,027	262,027
Total - State Sources	9,285,636		9,285,636	11,361,151	2,075,515
Federal Sources:					
Medicaid Assistance (SEMI)	20,667		20,667	12,709	(7,958)
Total - Federal Sources	20,667		20,667	12,709	(7,958)
TOTAL REVENUES	\$ 11,541,614	\$ -	\$ 11,541,614	13,571,198	\$ 2,029,584
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool	\$ 91,956	\$ (91,866)	\$ 90		\$ 90
Kindergarten	210,299	69,381	279,680	277,716	1,964
Grades 1-5	910,018	52,398	962,416	956,120	6,296
Grades 6-8	573,163	(160,424)	412,739	412,739	
Home Instruction:					
Salaries of Teachers	3,000	(270)	2,730	2,025	705
Purchased Professional Educational Services	2,000	24,916	26,916	26,916	
Regular Programs - Undistributed					
Instruction:					
Other Salaries for Instruction	28,039	61,249	89,288	89,288	
Purchased Technical Services	12,000	14,046	26,046	23,446	2,600
Other Purchased Services	61,187	(7,254)	53,933	48,159	5,774
General Supplies	100,137	93,053	193,190	180,876	12,314
Textbooks	50,000	(48,751)	1,249	1,249	
Other Objects	5,000	643	5,643	2,199	3,444
Total Regular Programs	\$ 2,046,799	\$ 7,121	\$ 2,053,920	2,020,733	\$ 33,187

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Budget Amendments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Special Education					
Learning/Language Disabled:					
Instruction					
Salaries of Teachers	\$ 87,132	\$ 58,852	\$ 145,984	145,103	\$ 881
Other Salaries for Instructions	56,078	28,039	84,117	82,671	1,446
General Supplies	500		500		500
Total Learning/Language Disabled	143,710	86,891	230,601	227,774	2,827
Multiple Disabilities:					
Salaries of Teachers	218,061	(101,627)	116,434	87,632	28,802
Other Salaries for Instruction	68,483	29,475	97,958	97,958	
General Supplies	500		500		500
Total Multiple Disabilities	287,044	(72,152)	214,892	185,590	29,302
Resource Room:					
Salaries of Teachers	259,000	33,441	292,441	292,441	
Total Resource Room	259,000	33,441	292,441	292,441	
Autism:					
Salaries of Teachers					
General Supplies					
Total Autism					
TOTAL SPECIAL EDUCATION	689,754	48,180	737,934	705,805	32,129
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	153,356	8,395	161,751	161,751	
General Supplies	2,500		2,500	832	1,668
Total Basic Skills/Remedial Instruction	155,856	8,395	164,251	162,583	1,668
Bilingual Education - Instruction:					
Salaries of Teachers	54,577	(54,577)			
General Supplies	500		500		500
Total Bilingual Instruction	55,077	(54,577)	500		500
School Sponsored Co-curricular Activities:					
Salaries	4,400		4,400	1,240	3,160
General Supplies					
Total School Sponsored Co-curricular Activities	4,400		4,400	1,240	3,160
School Sponsored Athletics:					
Salaries	7,500		7,500	5,500	2,000
Purchased Services	500		500	240	260
Supplies and Materials	500		500		500
Total School Sponsored Athletics	8,500		8,500	5,740	2,760
Total Instruction	2,960,386	9,119	2,969,505	2,896,101	73,404
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEAs Within the State - Regular	2,123,651		2,123,651	2,123,643	8
Tuition - Other LEAs Within the State - Special	459,982	(40,666)	419,316	416,456	2,860
Tuition - County Voc Sch Dist Regular	116,706	(3,408)	113,298	112,895	403
Tuition - County Voc Sch Dist Special	56,000	(39,155)	16,845	16,464	381
Tuition - Co Spec Serv and Regional Day Schools	223,030	96,209	319,239	317,132	2,107
Tuition to Private Schools for the Disabled Within State	263,828	(47,796)	216,032	216,032	
Total Undistributed Expenditures - Instruction	\$ 3,243,197	\$ (34,816)	\$ 3,208,381	3,202,622	\$ 5,759

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES: (Continued)					
CURRENT EXPENDITURES: (Continued)					
Attendance and Social Work Services:					
Salaries	\$ 25,216		\$ 25,216	22,808	\$ 2,408
Total Attendance and Social Work Services	25,216		25,216	22,808	2,408
Health Services:					
Salaries	88,132		94,239	94,239	
Purch Prof/ Tech Services	50,000	6,107	41,214	7,131	34,083
Other Purchased Services	200	(8,786)	200		200
Supplies and Materials	5,000		5,000	4,897	103
Total Health Services	143,332	(2,679)	140,653	106,267	34,386
Speech, OT, PT & Related Services:					
Salaries	135,121	(19,825)	115,296	108,379	6,917
Purchased Prof - Education Services	15,000	19,825	34,825	22,215	12,610
Supplies and Materials	10,000		10,000	2,228	7,772
Total Speech, OT, PT & Related Services	160,121	-	160,121	132,822	27,299
Other Support Services - Extraordinary Services:					
Salaries	71,078		71,078	28,205	42,873
Purchased Prof - Education Services	84,000	(20,551)	63,449	26,801	36,648
Total Other Support Services - Extraordinary Services	155,078	(20,551)	134,527	55,006	79,521
Other Support Services - Students-Regular Guidance:					
Salaries Other Professionals	122,619	1,445	124,064	124,064	
Salaries of Secretarial and Clerical Assistants	9,218	151	9,369	9,369	
Supplies and Materials		579	579	450	129
Total Other Support Services - Students-Regular Guidance	131,837	2,175	134,012	133,883	129
Other Support Services - Students- Child Study Teams:					
Salaries of Other Professional Staff	211,475	44,081	255,556	254,276	1,280
Purchased Professional - Educational Services	14,000	23,875	37,875	37,875	
Supplies and Materials	30,155	(21,867)	8,288	8,183	105
Total Other Support Services - Students- Child Study Teams	255,630	46,089	301,719	300,334	1,385
Improvement of Instructional Services:					
Salaries of Other Professional Staff		5,245	5,245		5,245
Other Purchased Services	2,000	(1,510)	490		490
Supplies and Materials	5,000	(4,605)	395	395	
Supplies and Materials	1,000	(1,000)			
Total Improvement of Instructional Services	8,000	(1,870)	6,130	395	5,735
Educational Media Services/School Library:					
Other Purchased Services					
Total Educational Media Services/School Library					

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Purchased Professional and Educational Services	\$ 3,500	\$ -	\$ 3,500		\$ 3,500
Other Purchased Services	6,200		6,200	452	5,748
Supplies and Materials	500		500		500
Other Objects	500		500		500
Total Inst. Staff Training Services	10,700		10,700	452	10,248
Support Services General Administration:					
Salaries	169,990	4,750	174,740	172,347	2,393
Legal Services	30,000	(13,372)	16,628	13,020	3,608
Audit Fees	25,000		25,000	23,142	1,858
Architectural/Engineering Services	30,000	16,993	46,993	46,993	
Other Purchased Professional Services	23,000	(2,523)	20,477	13,595	6,882
Purchased Technical Services	1,400		1,400	1,248	152
Communication/Telephone	70,000	(5,847)	64,153	52,840	11,313
BOE Other Purchased Services	9,500		9,500	1,150	8,350
Miscellaneous Purchased Services	23,464		23,464	22,358	1,106
General Supplies	2,000		2,000	934	1,066
Miscellaneous Expenditures	200		200		200
BOE Membership Dues and Fees	8,500		8,500	5,906	2,594
Total Support Services General Administration	393,054	1	393,055	353,533	39,522
Support Services School Administration:					
Salaries of Principals/Assistant Principals	101,386	2,000	103,386	103,386	
Salaries of Secretarial and Clerical Assistants	69,090	7,792	76,882	76,882	
Other Salaries	4,000	(3,840)	160		160
Purchased Professional and Technical Services	2,500	(2,500)			
Other Purchased Services	6,000	(4,297)	1,703	1,083	620
Supplies and Materials	2,500	(1,220)	1,280	1,277	3
Other Objects	5,820	1,235	7,055	7,055	
Total Support Services School Administration	191,296	(830)	190,466	189,683	783
Central Services:					
Salaries	44,955		44,955	44,954	1
Purchased Professional Services	87,000	1,830	88,830	87,480	1,350
Purchased Technical Services	6,000	1,000	7,000	6,978	22
Miscellaneous Purchased Services	2,000	(317)	1,683	1,683	
Supplies and Materials	6,250	(4,454)	1,796	1,748	48
Miscellaneous Expenditures	1,600	(1,083)	517	75	442
Total Central Services	147,805	(3,024)	144,781	142,918	1,863
Admin. Info. Technology:					
Purchased Technical Services	96,000	3,854	99,854	99,854	
General Supplies	24,000		24,000	321	23,679
Total Admin. Info. Technology	120,000	3,854	123,854	100,175	23,679
Required Maintenance for School Facilities:					
Salaries	89,665		89,665	87,732	1,933
Cleaning, Repair and Maintenance Services	258,770	(70,500)	188,270	150,966	37,304
General Supplies	20,000	(14,000)	6,000	5,470	530
Required Maintenance for School Facilities:	\$ 368,435	\$ (84,500)	\$ 283,935	244,168	\$ 39,767

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Custodial Services:					
Purchased Professional and Technical Services	\$ 275,000	\$ (10,000)	\$ 265,000	265,000	
Cleaning, Repair, and Maintenance Services	50,000		50,000	41,368	8,632
Insurance	60,906		60,906	51,057	9,849
Miscellaneous Purchased Services	4,000	5,000	9,000	8,530	470
General Supplies	60,000	(24,946)	35,054	3,683	31,371
Energy (Natural Gas)	15,000	6,335	21,335	16,078	5,257
Energy (Electricity)	170,000	3,165	173,165	173,165	
Total Custodial Services	634,906	(20,446)	614,460	558,881	55,579
Security:					
Purchased Professional and Technical Services	55,000	5,000	60,000	52,567	7,433
General Supplies	6,200	(5,000)	1,200		1,200
Total Security	61,200		61,200	52,567	8,633
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	20,000		20,000		20,000
Total Care and Upkeep of Grounds	20,000		20,000		20,000
Total Operation and Maintenance of Plant Services	1,084,541	(104,946)	979,595	855,616	123,979
Undistributed Expenditures - Student Transportation Services:					
Salaries - Between Home & School - Regular	270,615	(74,582)	196,033	150,581	45,452
Management Fee - ESC & CTSA Trans. Program	7,678	(7,600)	78		78
Cleaning, Repair and Maintenance Services	2,500	382	2,882	2,882	
Lease Purchase Payments	170,000	6,250	176,250	176,250	
Contracted Services - Aid in Lieu of Payments - Nonpublic	40,000	8,993	48,993	45,394	3,599
Contracted Services (Home/School) - Vendor	14,000	(1,493)	12,507	12,000	507
Contracted Services (Other Than Bet Home & Sch)	10,000	(926)	9,074	4,491	4,583
Contracted Services (Reg. Students) - ESCs	65,000	92,745	157,745	153,198	4,547
Contracted Services (Special Ed. Students) - ECS	165,957	240,106	406,063	354,721	51,342
General Supplies	2,725		2,725	1,323	1,402
Transportation Supplies	62,000	(6,242)	55,758	55,758	
		223	223	223	
Total Student Transportation Services	810,475	257,856	1,068,331	956,821	111,510
Allocated Benefits:					
Student Transportation Services					
Social Security Contributions	19,861		19,861	16,733	3,128
Unallocated Benefits:					
Social Security Contributions	49,445	(30,959)	18,486	18,134	352
Other Retirement Contributions - PERS	145,000	15,834	160,834	160,834	
Unemployment Compensation	60,000	(23,149)	36,851		36,851
Workers Compensation	70,630		70,630	62,468	8,162
Health Benefits	980,481	(82,697)	897,784	838,767	59,017
Tuition Reimbursement	10,000		10,000	8,586	1,414
Other Employee Benefits	108,000	(26,103)	81,897	69,214	12,683
Unused Sick Pay - Terminated/Retired Staff	27,317		27,317	27,316	1
Total Unallocated Benefits	1,450,873	(147,074)	1,303,799	1,185,319	118,480
On-behalf TPAF Pension Contributions				1,398,760	(1,398,760)
On-behalf TPAF Post Retirement Medical Contribution				326,807	(326,807)
On-behalf TPAF Long-term Disability Contribution				592	(592)
Reimbursement TPAF Social Security				262,027	(262,027)
Total Personal Services - Employee Benefits	1,470,734	(147,074)	1,323,660	3,190,238	(1,866,578)
Total Undistributed Expenditures	8,351,016	(5,815)	8,345,201	9,743,573	(1,398,372)
Interest Earned on Maintenance Reserve	25		25		25
Interest Earned on Emergency Reserve	15		15		15
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 11,311,442	\$ 3,304	\$ 11,314,746	12,639,674	\$ (1,324,928)

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Amendments/ Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES: (Continued)					
CAPITAL OUTLAY:					
Interest Deposit to Capital Reserve	\$ 25		\$ 25		\$ 25
Equipment:					
Undistributed Expenditures Instruction		28,103	28,103	28,103	
Required Maintenance for Schools					
Total Equipment		28,103	28,103	28,103	
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	50,640		50,640	32,635	18,005
Construction Services	852,000	(28,102)	823,898	712,944	110,954
Assessment for Debt Service on SDA Funding	9,270		9,270	9,270	
Total Facilities Acquisition and Construction Services	911,910	(28,102)	883,808	754,849	128,959
TOTAL CAPITAL OUTLAY	911,935	1	911,936	782,952	128,984
TOTAL EXPENDITURES	\$ 12,223,377	\$ 3,305	\$ 12,226,682	13,422,626	\$ (1,195,944)
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	\$ (681,763)	\$ (3,305)	\$ (685,068)	148,572	\$ 833,640
Other financing sources (uses):					
Operating Transfer out - Charter Schools	(33,059)	3,305	(29,754)		29,754
Interest in Capital Projects Fund				832	832
Transfer to Preschool Program	(7,628)		(7,628)	(7,628)	
Total Other Financing Sources	(40,687)	3,305	(37,382)	(6,796)	30,586
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(722,450)		(722,450)	141,776	864,226
Fund Balances, July 1	4,088,572		4,088,572	4,088,572	
Fund Balances, June 30	\$ 3,366,122	\$ -	\$ 3,366,122	\$ 4,230,348	\$ 864,226
RECAPITULATION :					
Reserved:					
Restricted Fund Balance:					
Excess Surplus				\$ 832,133	
Excess Surplus - Designated for Subsequent Year's Expenditures				929,477	
Unemployment Compensation				126,302	
Capital Reserve				655,129	
Maintenance Reserve				674,299	
Emergency Reserve				41,399	
Assigned:					
Capital Reserve - Designated for Subsequent Year's Expenditures				345,183	
Encumbrances				80,131	
Designated for Subsequent Year's Expenditures				1,283	
Unassigned Fund Balance				545,012	
				4,230,348	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(902,430)	
Fund Balance per Governmental Funds (GAAP)				\$ 3,327,918	

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 664,325	\$ 5,899,964	\$ 6,564,289	\$ 1,791,944	\$ 4,772,345
State Sources	296,688	563,112	859,800	495,263	364,537
Local Sources		6,194	6,194	14,760	(8,566)
Total Revenues	<u>961,013</u>	<u>6,469,270</u>	<u>7,430,283</u>	<u>2,301,967</u>	<u>5,128,316</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	614,524	102,035	716,559	466,847	249,712
Salaries - Other Instruction	59,678	47,497	107,175	91,778	15,397
Purchased Professional Ed Services		45,000	45,000	24,299	20,701
Other Purchased Services		143,914	143,914	108,192	35,722
Tuition	163,205	50,803	214,008	187,954	26,054
General Supplies	25,000	356,800	381,800	211,920	169,880
Other Objects		2,000	2,000		2,000
Total Instruction	<u>862,407</u>	<u>746,049</u>	<u>1,610,456</u>	<u>1,090,990</u>	<u>519,466</u>
Support Services					
Salaries		3,472,995	3,472,995	35,487	3,437,508
Clerical Salaries			680	680	
Other Salaries for Instruction		88,699	88,699	77,659	11,040
Purchased Professional Technical Services			92,751	6,055	86,696
Purchased Professional Ed Services	25,000	70,000	95,000		95,000
Other Purchased Professional Services			10,000		10,000
Personal Services-Employee Benefits	38,135	394,054	432,189	195,813	236,376
Purchased Property Services		151,304	151,304	151,304	
Cleaning, Repair & Maint	15,000	93,278	108,278	13,653	94,625
Other Purchased Services		154,574	154,574	82,542	72,032
Transportation - Field Trips	6,000	6,000	12,000		12,000
Scholarships Awarded		-		1,019	(1,019)
Student Activity		-		6,189	(6,189)
Supplies and Materials	10,000	192,254	202,254	103,091	99,163
Other Objects	4,471	6,080	10,551		10,551
Total Support Services	<u>98,606</u>	<u>4,629,238</u>	<u>4,831,275</u>	<u>673,492</u>	<u>4,157,783</u>
Facilities Acquisition and Construction Services:					
Construction Services					
Buildings		709,150	709,150	270,740	438,410
Instructional Equipment		278,402	278,402	273,015	5,387
Non-Instructional Equipment			999		999
Total Facilities Acquisition and Construction Services		<u>987,552</u>	<u>988,551</u>	<u>543,755</u>	<u>444,796</u>
Total Expenditures	<u>961,013</u>	<u>6,469,270</u>	<u>7,430,283</u>	<u>2,308,237</u>	<u>5,122,046</u>
Other Financing Sources (Uses)					
Total Outflows	<u>961,013</u>	<u>6,469,270</u>	<u>7,430,283</u>	<u>2,308,237</u>	<u>5,122,046</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$ (6,270)	\$ (6,270)
Transfer from General Fund				7,628	7,628
Fund Balance, July 1				73,807	73,807
Fund Balance, June 30				<u>75,165</u>	<u>75,165</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, 2022

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 13,571,198	[C-2] \$ 2,301,967
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(264,965)
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	922,337	29,812
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(902,430)	(70,303)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 13,591,105	[B-2] \$ 1,996,511
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 13,422,626	[C-2] \$ 2,308,237
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.		(264,965)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 13,422,626	[B-2] \$ 2,043,272

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>2021</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>
District's Proportion of the Net Pension Liability	0.013733%		0.013670%		0.014369%		0.011482%		0.010584%		0.011195%		0.009752%		0.008918%		0.010221%
District's Proportionate Share of the Net Pension Liability	\$ 1,626,926	\$	2,229,266	\$	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	\$ 849,111	\$	882,970	\$	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	191.60%		252.47%		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	70.33%		58.32%		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>2021</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>
Contractually Required Contribution	\$ 160,834	\$ 149,546	\$ 141,244	\$ 115,521	\$ 100,051	\$ 99,993	\$ 83,841	\$ 73,522	\$ 77,015
Contributions in relation to the Contractually Required Contribution	(160,834)	(149,546)	(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>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 849,111	\$ 882,970	\$ 928,493	\$ 963,278	\$ 898,346	\$ 688,588	\$ 726,259	\$ 730,038	\$ 585,437
Contributions as a Percentage of Covered-Employee Payroll	18.94%	16.94%	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>2021</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>
District's Proportion of the Net Pension Liability	0.033995%		0.039535%		0.036567%		0.034568%		0.036384%		0.033106%		0.033840%		0.038948%		0.041561%
District's Proportionate Share of the Net Pension Liability	\$ 16,343,151	\$	26,033,233	\$	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	\$ 3,478,287	\$	3,450,001	\$	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	469.86%		754.59%		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	35.52%		24.60%		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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability					
Service Cost	\$ 1,398,161	\$ 871,681	\$ 789,988	\$ 739,005	\$ 893,343
Interest Cost	550,125	561,000	677,692	725,198	628,014
Changes of Benefit Terms	(22,572)				
Differences Between Expected and Actual Experiences	(4,109,873)	3,056,720	(2,831,237)	(1,868,613)	
Changes of Assumptions	20,922	4,345,478	228,959	(1,944,865)	(2,707,163)
Member Contributions	14,064	12,553	13,973	15,663	16,832
Gross Benefit Payments	(433,344)	(414,151)	(471,382)	(453,183)	(457,099)
Net Change in Total OPEB Liability	<u>(2,582,517)</u>	<u>8,433,281</u>	<u>(1,592,007)</u>	<u>(2,786,795)</u>	<u>(1,626,073)</u>
Total OPEB Liability - Beginning	<u>23,789,246</u>	<u>15,355,965</u>	<u>16,947,972</u>	<u>19,734,767</u>	<u>21,360,840</u>
Total OPEB Liability - Ending	\$ <u>21,206,729</u>	\$ <u>23,789,246</u>	\$ <u>15,355,965</u>	\$ <u>16,947,972</u>	\$ <u>19,734,767</u>
Covered-Employee Payroll	\$ <u>4,327,398</u>	\$ <u>4,332,971</u>	\$ <u>4,491,088</u>	\$ <u>4,581,791</u>	\$ <u>5,051,902</u>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	490.06%	549.03%	341.92%	369.90%	390.64%

Notes to Schedule:

Changes of Benefit Terms: The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Differences Between Expected and Actual Experiences: The decrease in liability from June 30, 2020 to June 30, 2021 is due to changes in the census.

Changes in Assumptions: The increase in the liability from June 30, 2020 to June 30, 2021 is due to the combined effect of Trend Updates, Mortality Projection Scale Updates, Discount Rate Changes, and Salary Scale changes.

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, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)**

	ESEA			Equalization Stabilization Fund													Sub-Total Per E-1 (2)	Totals		
	Title I Part A		Title II Part A	I.D.E.A. Part B Basic	I.D.E.A. Pre- School	ARP IDEA Basic	ARP Consolidated					CRRSA Consolidated			Cares Act	2022		2021		
	2021-2022	2021-2022 SIA	Reallocation				2021-2022	ARP ESSER	Accel. Learning	Summer Learning	Beyond School Day	Mental Health	CRRSA ESSER II	Learning Accel.					CR Mental Health	
REVENUES:																				
Federal Sources	\$ 476,960	\$ 28,946	\$ 30,354	\$ 38,984	\$ 161,857	\$ 3,059	\$ 26,097	\$ 12,104	\$ 1,350					\$ 750,664	\$ 7,449	\$ 154,807	\$ 99,313	\$ 1,791,944	\$ 1,012,860	
State Sources																		495,263	495,263	284,178
Local Sources																		14,760	14,760	8,592
Total Revenues	476,960	28,946	30,354	38,984	161,857	3,059	26,097	12,104	1,350					750,664	7,449	154,807	609,336	2,301,967	1,305,630	
EXPENDITURES:																				
Instruction:																				
Salaries of Teachers	231,589			16,340														214,628	466,847	409,432
Salaries - Other Instruction															4,290			91,778	91,778	90,283
Purchased Professional Ed Services																		24,299	24,299	700
Other Purchased Services																		581	108,192	23,788
Tuition					161,857		26,097							85,425			22,186			
Supplies and Materials	5,497	13,936	18,390																187,954	192,006
General Supplies														29,524			89,631	51,883	211,920	170,178
Total Instruction	237,086	13,936	18,390	16,340	161,857	3,059	26,097							114,949		4,290	111,817	383,169	1,090,990	886,387
Support Services:																				
Salaries				2,160				11,254						3,658			6,100	12,315	35,487	45,431
Clerical Salaries														680					680	
Other Salaries	75,738																	1,593	77,659	95,535
Purchased Professional Technical Services				2,965					1,350							328				
Purchased Professional Ed Services																1,740			6,055	
Personal Services-Employee Benefits	161,518			8,423				850						270			444.00	24,308	195,813	171,175
Cleaning/Repair & Maint																	13,653		13,653	2,600
Purchased Property Services														139,840				11,464	151,304	
Other Purchased Services		14,804		9,096														58,312	82,542	40,525
Scholarships Awarded																		1,019	1,019	1,000
Student Activity																		6,189	6,189	4,587
Supplies and Materials	2,618	206	11,964											39,677		761	22,793	25,072	103,091	65,624
Total Support Services	239,874	15,010	11,964	22,644				12,104	1,350					184,125		3,159	42,990	140,272	673,492	426,487
Facilities Acquisition/Construction:																				
Buildings														270,740					270,740	
Instructional Equipment														180,850				92,165	273,015	
Total Facilities Acquisition/Construction														451,590				92,165	543,755	
Total Expenditures	\$ 476,960	\$ 28,946	\$ 30,354	\$ 38,984	\$ 161,857	\$ 3,059	\$ 26,097	\$ 12,104	\$ 1,350	\$ -	\$ -	\$ -	\$ -	\$ 750,664	\$ -	\$ 7,449	\$ 154,807	\$ 615,606	\$ 2,308,237	\$ 1,312,874
Excess (Deficiency) of Revenues Over (Under) Expenditures																			(6,270)	(6,270)
Transfer from General Fund																			7,628	7,628
Fund Balance, July 1																			73,807	73,807
Fund Balance, June 30																			<u>\$ 75,165</u>	<u>\$ 75,165</u>

**COMMERCIAL TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)**

	21ST CENTURY			Safety Grant 21-22	Scholarship Fund	SDA Emergent Needs	Student Activity Fund	REAP Grant	Preschool Education 2021-22	Totals 2022
	PN		HMS							
	2021-22	2020-21								
REVENUES:										
Federal Sources	\$ 50,800	\$ 12,231	\$32,097					\$ 4,185		\$ 99,313
State Sources						\$ 11,464			\$ 483,799	495,263
Local Sources				\$ 6,194			\$ 8,566			14,760
Total Revenues	50,800	12,231	32,097	6,194		11,464	8,566		483,799	609,336
EXPENDITURES:										
Instruction:										
Salaries of Teachers			17,055						197,573	214,628
Salaries - Other Instructional									91,778	91,778
Purchased Prof/ Educ Services									24,299	24,299
Other Purchased Services									581	581
Supplies & Materials	3,621							4,185	44,077	51,883
Total Instruction	3,621		17,055					4,185	358,308	383,169
Support Services:										
Salaries	1,020		11,295							12,315
Other Salaries			1,593							1,593
Personal Services-Employee Benefits	78		2,154						22,076	24,308
Other Purchased Services	46,081	12,231								58,312
Purchased Property Services						11,464				11,464
Scholarships Awarded					1,019					1,019
Student Activity							6,189			6,189
Materials and Supplies				6,194					18,878	25,072
Total Support Services	47,179	12,231	15,042	6,194	1,019	11,464	6,189		40,954	140,272
Facilities Acquisition/Construction:										
Instructional Equipment									92,165	92,165
Total Facilities Acquisition/Construction									92,165	92,165
Total Expenditures	\$ 50,800	\$ 12,231	\$32,097	\$ 6,194	\$ 1,019	\$ 11,464	\$ 6,189	\$ 4,185	\$ 491,427	\$ 615,606
Excess (Deficiency) of Revenues Over (Under) Expenditures										
						(1,019)	2,377		(7,628)	(6,270)
Transfer from General Fund									7,628	7,628
Fund Balance, July 1						27,736	46,071	46,071		119,878
Fund Balance, June 30						\$ 26,717	\$ 46,071	\$ 48,448	\$ -	\$ 121,236

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 223,863	\$ 197,573	\$ 26,290
Other Salaries for Instruction	107,175	91,778	15,397
Purchased Prof/ Educ Services	24,300	24,299	1
Other Purchased Services	581	581	
Supplies & Materials	47,176	44,077	3,099
Other Objects	2,000		2,000
Total Instruction	<u>405,095</u>	<u>358,308</u>	<u>46,787</u>
Support Services:			
Personal Services - Employee Benefits	115,491	22,076	93,415
Other Purchased Professional ED. Services	95,000		95,000
Purchased Professional Services	10,000		10,000
Cleaning, Repairs and Maintenance	83,112		83,112
Transportation - Field Trips	12,000		12,000
Supplies & Materials	30,000	18,878	11,122
Other Objects	10,551		10,551
Total Support Services	<u>356,154</u>	<u>40,954</u>	<u>315,200</u>
Facilities Acquisition and Const. Services:			
Instructional Equipment	97,552	92,165	5,387
Non Instructional Equipment	999		999
Total Facilities Acquisition and Const. Services	<u>98,551</u>	<u>92,165</u>	<u>6,386</u>
Contribution to Charter Schools			
Total Expenditures	<u>\$ 859,800</u>	<u>\$ 491,427</u>	<u>\$ 368,373</u>

CALCULATION OF BUDGET AND CARRYOVER

Total Revised 2021-2022 Preschool Education Aid Allocation	\$ 703,026	(1)
Add: Actual ECPA/PEA Carryover (June 30, 2021)	178,165	(2)
Add: Budgeted Transfer from the General Fund 2021-2022	7,628	(3)
Total Preschool Education Aid Funds Available for 2021-2022 Budget	<u>888,819</u>	(4)
Less: 2020-2021 Budgeted Preschool Education Aid (including prior year budget carryover)	(859,800)	(5)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2022	<u>29,019</u>	(6)
Add: June 30, 2022 Unexpended Preschool Education Aid	368,373	(7)
Less: 2021-2022 Commissioner-approved Transfer to the General Fund		(8)
2021-2022 Carryover - Preschool Education Aid Programs	<u>\$ 397,392</u>	(9)
2021-2022 Preschool Education Aid Carryover Budgeted for Preschool Programs 2022-2023	<u>\$ 178,165</u>	(10)

The Board should consider appropriating this additional carry-over into the 2022-2023 budget \$ 219,227

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 SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2022

Revenues and Other Financing

Sources

State Sources - SDA Grant	\$	0
Bond Proceeds		3,060,040
Interest		832
		<hr/>
Total Revenues		3,060,872
		<hr/>

Expenditures and Other Financing

Uses

Construction Services		403,233
		<hr/>
Total Expenditures		403,233
		<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures		2,657,639
Transfer of Interest Earned to General Fund		(832)
Fund Balance - Beginning		9,000
		<hr/>
Fund Balance - Ending	\$	2,665,807
		<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, 2022

	<u>Prior Year</u>	<u>Current Year</u>	<u>Cancelled</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State Sources - SDA Grant	\$ 31,302	\$	\$	\$ 31,302	\$ 31,302
Transfer from Capital Outlay	11,342		(2,045)	9,297	9,297
Total Revenues	42,644		(2,045)	40,599	40,599
Expenditures and Other Financing Uses					
Construction Services	40,599			40,599	40,599
Total Expenditures	40,599			40,599	40,599
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, 2022

	<u>Prior Year</u>	<u>Current Year</u>	<u>Cancelled</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State Sources - SDA Grant	\$ 22,586	\$		\$ 22,586	\$ 22,586
Transfer from Capital Outlay	8,184		(1,451)	6,733	6,733
Total Revenues	<u>30,770</u>		<u>(1,451)</u>	<u>29,319</u>	<u>29,319</u>
Expenditures and Other Financing Uses					
Construction Services	29,319			29,319	29,319
Total Expenditures	<u>29,319</u>			<u>29,319</u>	<u>29,319</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,451</u>	<u>\$</u>	<u>(1,451)</u>	<u>\$</u>	<u>\$</u>

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, 2022 AND 2021

	<u>Food Service Enterprise Fund</u>	<u>Extended Day Enterprise Fund</u>	<u>Totals</u>	
			<u>2022</u>	<u>2021</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 29,575	\$ 65,854	\$ 95,429	\$ 106,683
Accounts Receivable:				
State	1,602		1,602	1,678
Other	118,737		118,737	22,580
	25		25	38
Inventories	11,592		11,592	19,721
Total Current Assets	<u>161,531</u>	<u>65,854</u>	<u>227,385</u>	<u>150,700</u>
Fixed Assets:				
Equipment	193,795		193,795	193,795
Accumulated Depreciation	(173,503)		(173,503)	(170,618)
Total Fixed Assets	<u>20,292</u>		<u>20,292</u>	<u>23,177</u>
Total Assets	<u>181,823</u>	<u>65,854</u>	<u>247,677</u>	<u>173,877</u>
LIABILITIES:				
Current Liabilities:				
Due to General Fund	52,211		52,211	52,211
Unearned Revenue	4,009		4,009	8,384
Total Current Liabilities	<u>56,220</u>		<u>56,220</u>	<u>60,595</u>
NET POSITION:				
Invested in Capital Assets Net of Related Debt	20,292		20,292	23,177
Unrestricted	105,311	65,854	171,165	90,105
Total Net Position	<u>\$ 125,603</u>	<u>\$ 65,854</u>	<u>\$ 191,457</u>	<u>\$ 113,282</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, 2022 AND 2021**

	Food Service Enterprise Fund	Extended Day Enterprise Fund	Totals	
			2022	2021
OPERATING REVENUES:				
Local Sources:				
Daily Sales - Reimbursable Programs:				
School Lunch Program	\$	\$	\$	\$ 5,214
Total Daily Sales - Reimbursable Programs				
Daily Sales Non-Reimbursable Programs	30,406		30,406	
Total Operating Revenue	30,406		30,406	5,214
OPERATING EXPENSES:				
Salaries	131,499		131,499	107,186
Employee Benefits	41,054		41,054	32,943
Supplies and Materials	32,605		32,605	11,015
Depreciation	2,885		2,885	2,885
Cost of Sales - Reimbursable Programs	154,974		154,974	123,261
Cost of Sales - Non-Reimbursable Programs				
Management Fee	23,618		23,618	23,389
Repairs and Other Expenses	14,453		14,453	8,612
Total Operating Expenses	401,088		401,088	309,291
Operating Income (Loss)	(370,682)		(370,682)	(304,077)
Non-Operating Revenues:				
State Sources:				
State School Lunch Program	5,716		5,716	8,013
Federal Sources:				
School Breakfast Program	119,991		119,991	93,267
National School Lunch Program	243,134		243,134	152,833
Supply Chain Assistance Funding	13,884		13,884	
P-EBT Administrative Cost Reimbursement	614		614	
P-EBT Administrative Cost Reimbursement	628		628	
Emergency Operational Cost Program - Schools	10,812		10,812	
Snack Program				26
Food Distribution Program	35,895		35,895	25,601
Fruit and Vegetable Grant	18,136		18,136	18,640
Interest		47	47	36
Total Non-Operating Revenues	448,810	47	448,857	298,416
Net Income before Operating Transfers	78,128	47	78,175	(5,661)
Net Income	78,128	47	78,175	(5,661)
Net Position - July 1	47,475	65,807	113,282	118,943
Net Position - June 30	\$ 125,603	\$ 65,854	\$ 191,457	\$ 113,282

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	Food Service	Extended Day	Totals	
	Enterprise Fund	Enterprise Fund	2022	2021
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 30,406	\$	\$ 30,406	\$ 5,214
Payments to Employees and Employee Benefits	(172,553)		(172,553)	(140,129)
Payments to Suppliers	(317,964)		(317,964)	(158,093)
Net Cash Provided by Noncapital Financing Activities	(460,111)		(460,111)	(293,008)
Cash Flows from Noncapital Financing Activities:				
Cash Received from State and Federal Reimbursements	448,810		448,810	298,380
Operating Transfer from General Fund				
Net Cash Provided by Noncapital Financing Activities	448,810		448,810	298,380
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		47	47	36
Net Cash Provided by Investing Activities		47	47	36
Net Decrease in Cash and Cash Equivalents	(11,301)	47	(11,254)	5,408
Cash and Cash Equivalents, July 1	40,876	65,807	106,683	101,275
Cash and Cash Equivalents, June 30	\$ 29,575	\$ 65,854	\$ 95,429	\$ 106,683
Operating Income (Loss)	\$ (370,682)	\$	\$ (370,682)	\$ (304,077)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation	2,885		2,885	2,885
Change in Assets and Liabilities:				
(Increase)/Decrease in Accounts Receivable	(96,068)		(96,068)	2,434
(Increase)/Decrease in Inventory	8,129		8,129	7,021
Increase/(Decrease) in Accounts Payable				
Increase/(Decrease) in Due to General				
Increase/(Decrease) in Unearned Revenue	(4,375)		(4,375)	(1,271)
Net Cash Used by Operating Activities	\$ (460,111)	\$	\$ (460,111)	\$ (293,008)

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
SHARED SERVICE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2022 AND 2021

	<u>June 30, 2022</u>
ASSETS:	
Cash	\$ 37,897
Total Assets	<u>\$ 37,897</u>
 LIABILITIES AND NET POSITION:	
Liabilities:	
Accounts Payable	\$
Unearned Revenue	37,897
Total Liabilities	<u>37,897</u>
Net Position:	
Unreserved	
Total Net Position	<u> </u>
Total Liabilities and Net Position	<u>\$</u>

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
SHARED SERVICE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED 2022 AND 2021

	<u>June 30, 2022</u>
OPERATING REVENUES:	
Child Study Team Fees	\$ 39,600
Total Operating Revenue	<u>39,600</u>
OPERATING EXPENSES:	
Salaries	12,166
Employee Benefits	903
Purchased Professional Services	
Total Expenses	<u>13,069</u>
Increase in Net Position Before Transfers	26,531
Transfer to Unearned Revenue	<u>(26,531)</u>
Change in Net Position	
Net Position - July 1	
Net Position - June 30	<u>\$</u>

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
SHARED SERVICE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022 AND 2021

	<u>June 30, 2022</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 66,131
Payments to Employees	(12,166)
Payments for Employee Benefits	(903)
Payments to Suppliers	
Net Cash Provided by (used for) Operating Activities	<u>53,062</u>
Cash Flows from Non-capital Financing Activities:	
Operating subsidies and transfers to other funds	(26,531)
Net Cash Provided by Non-capital Financing Activities	<u>(26,531)</u>
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	<u>26,531</u>
Cash and Cash Equivalents, July 1	11,366
Cash and Cash Equivalents, June 30	<u>\$ 37,897</u>
Operating Income (Loss)	\$ 26,531
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	26,531
Increase (Decrease) in Accounts Payable	
Total Adjustments	<u>26,531</u>
Net Cash Used by Operating Activities	<u>\$ 53,062</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, 2022

<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, 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2022</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds of 2020 to Refund Series 2009	11/17/09	\$ 2,370,000		\$	4.500%	\$ 230,000		\$ 230,000	\$
Serial Bonds for Various renovations, alterations, improvements, and upgrades	4/28/2022	3,060,000	2/15/24	220,000	3.500%		\$3,060,000		3,060,000
			2/15/25	120,000	3.500%				
			2/15/26-27	125,000	3.750%				
			2/15/28	130,000	3.750%				
			2/15/29	135,000	3.750%				
			2/15/30	140,000	4.000%				
			2/15/31	145,000	4.000%				
			2/15/32	150,000	4.000%				
			2/15/33	155,000	4.000%				
			2/15/34	160,000	4.000%				
			2/15/35	165,000	4.000%				
			2/15/36-37	170,000	4.000%				
			2/15/38	175,000	4.000%				
			2/15/39	185,000	4.000%				
			2/15/40	190,000	4.000%				
2/15/41-42	200,000	4.000%							
Totals						\$ 230,000	\$ 3,060,000	\$ 230,000	\$ 3,060,000

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 96,957	\$	\$ 96,957	\$ 96,957	\$
State Sources:					
Debt Service Aid Type II	138,218		138,218	138,218	
TOTAL REVENUES	<u>235,175</u>		<u>235,175</u>	<u>235,175</u>	
EXPENDITURES:					
Regular Debt Service					
Interest	5,175		5,175	5,175	
Redemption of Principal	230,000		230,000	230,000	
Total Regular Debt Service	<u>235,175</u>		<u>235,175</u>	<u>235,175</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures					
Other Financing Sources (Uses) Operating Transfers In					
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing Sources					
Fund Balance, July 1					
Fund Balance, June 30	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

STATISTICAL SECTION

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 4,714,157	\$ 3,179,843	\$ 3,135,878	\$ 3,033,507	\$ 2,971,526	\$ 2,952,525	\$ 2,962,291	\$ 3,342,655	\$ 4,277,076	\$ 3,528,139
Restricted	981,597	823,240	458,314	684,041	426,409	857,006	1,260,603	1,908,376	2,542,330	5,335,582
Unrestricted (Deficit)	(1,663,637)	(1,451,087)	(3,364,659)	(3,264,548)	(3,547,631)	(3,760,715)	(3,559,303)	(3,751,698)	(3,529,110)	(3,372,111)
Total Governmental Activities Net Position	\$ 4,032,117	\$ 2,551,996	\$ 229,533	\$ 453,000	\$ (149,696)	\$ 48,816	\$ 663,591	\$ 1,499,333	\$ 3,290,296	\$ 5,491,610
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 17,692	\$ 3,140	\$ 6,316	\$ 5,579	\$ 4,842	\$ 32,142	\$ 28,947	\$ 26,062	\$ 23,177	\$ 20,292
Restricted										
Unrestricted	57,781	35,396	34,198	54,931	71,701	63,868	79,369	92,881	90,105	171,165
Total Business-Type Activities Net Position	\$ 75,473	\$ 38,536	\$ 40,514	\$ 60,510	\$ 76,543	\$ 96,010	\$ 108,316	\$ 118,943	\$ 113,282	\$ 191,457
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 4,731,849	\$ 3,182,983	\$ 3,142,194	\$ 3,039,086	\$ 2,976,368	\$ 2,984,667	\$ 2,991,238	\$ 3,368,717	\$ 4,300,253	\$ 3,548,431
Restricted	981,597	823,240	458,314	684,041	426,409	857,006	1,260,603	1,908,376	2,542,330	5,335,582
Unrestricted (Deficit)	(1,605,856)	(1,415,691)	(3,330,461)	(3,209,617)	(3,475,930)	(3,696,847)	(3,479,934)	(3,658,817)	(3,439,005)	(3,200,946)
Total District-Wide Net Position	\$ 4,107,590	\$ 2,590,532	\$ 270,047	\$ 513,510	\$ (73,153)	\$ 144,826	\$ 771,907	\$ 1,618,276	\$ 3,403,578	\$ 5,683,067

Source: ACFR Schedule A-1

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities										
Instruction										
Regular	\$ 3,161,789	2,792,967	2,992,460	3,022,514	2,926,584	3,169,459	3,330,579	2,888,015	2,927,998	3,111,367
Special Education	695,940	729,384	783,996	748,881	753,564	784,927	486,594	797,622	682,440	705,805
Other Special Education	62,530	63,849	47,560	38,498	62,650	68,317	94,024	93,444	173,553	162,583
Other Instruction	9,430	5,711	4,629	3,659	4,110	12,234	4,865	6,085	4,012	6,980
Support Services										
Tuition	4,895,951	4,679,584	4,520,147	4,415,211	4,868,287	3,942,053	4,463,869	3,616,766	3,186,067	3,202,622
Student and Instruction Related Services	860,192	975,156	935,886	914,259	1,134,241	1,216,846	1,101,070	1,293,201	1,022,609	1,242,715
General and Business Administrative Services	287,624	280,692	242,672	284,983	330,818	338,703	280,206	301,126	356,692	353,533
School Administrative Services	309,154	305,762	367,393	207,643	319,895	300,793	271,668	284,213	251,992	189,683
Central Services	117,424	130,654	122,355	142,631	152,448	141,143	150,042	139,147	137,385	142,918
Administrative Information Technology	57,358	66,484	64,856	68,157	52,373	75,766	61,613	45,248	92,860	100,175
Plant Operations and Maintenance	769,215	738,506	729,946	722,482	749,379	743,947	824,073	993,991	885,630	(132,889)
Pupil Transportation	851,737	671,346	992,679	955,269	869,962	755,234	765,550	644,136	481,413	956,821
Business and Other Support Services	2,613,197	2,273,253	3,548,718	3,409,017	4,481,458	5,395,286	4,123,027	3,850,292	4,660,179	3,203,766
Summer School										
Amortization of Debt Issue Costs										
Interest on Long-Term Debt	76,918	63,895	68,680	60,983	54,664	45,639	38,282	30,818	20,503	26,622
Unallocated Depreciation	538,750	330,253	323,103	307,727	293,333	292,097	265,991	273,021	247,525	377,952
Total Governmental Activities Expenses	15,307,209	14,107,496	15,745,080	15,301,914	17,053,766	17,282,444	16,261,453	15,257,125	15,130,858	13,650,653
Business-Type Activities										
Food Service	428,049	409,116	424,230	453,151	427,617	472,920	443,391	410,077	309,291	401,088
Extended Day	24,581	32,136	17,975	14,824	15,177	17,108				
Safe Schools										
Total Business-Type Activities Expense	452,630	441,252	442,205	467,975	442,794	490,028	443,391	410,077	309,291	401,088
Total District Expenses	\$ 15,759,839	14,548,748	16,187,285	15,769,889	17,496,560	17,772,472	16,704,844	15,667,202	15,440,149	14,051,741
Program Revenues										
Governmental Activities										
Charges for Services									52,418	13,069
Operating Grants and Contributions	\$ 2,016,459	1,708,949	1,845,138	1,791,626	1,740,000	1,804,785	1,917,893	1,764,724	1,886,880	2,352,960
Total Governmental Activities Program Revenues	2,016,459	1,708,949	1,845,138	1,791,626	1,740,000	1,804,785	1,917,893	1,764,724	1,939,298	2,366,029
Business-Type Activities										
Charges for Services										
Food Service	51,247	43,603	45,351	18,089	14,660	20,214	24,463	16,873	5,214	30,406
Extended Day	36,327	9,721	16,641	31,769	26,293	18,758	1,187			
Shared Services								48,792		
Operating Grants and Contributions	342,616	363,163	346,831	438,093	417,848	429,626	429,970	403,192	298,380	448,810
Total Business-Type Activities Program Revenues	430,190	416,487	408,823	487,951	458,801	468,598	455,620	468,857	303,594	479,216
Total District Program Revenues	\$ 2,446,649	2,125,436	2,253,961	2,279,577	2,198,801	2,273,383	2,373,513	2,233,581	2,242,892	2,845,245
Net (Expense)/Revenue										
Governmental Activities	\$ (13,290,750)	(12,398,547)	(13,899,942)	(13,510,288)	(15,313,766)	(15,477,659)	(14,343,560)	(13,492,401)	(13,191,560)	(11,284,624)
Business-Type Activities	(22,440)	(24,765)	(33,382)	19,976	16,007	(21,430)	12,229	58,780	(5,697)	78,128
Total District-Wide Net Expense	\$ (13,313,190)	(12,423,312)	(13,933,324)	(13,490,312)	(15,297,759)	(15,499,089)	(14,331,331)	(13,433,621)	(13,197,257)	(11,206,496)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, net	\$ 1,698,811	1,732,787	1,767,443	1,802,791	1,838,847	1,875,624	1,961,219	2,020,978	2,133,285	2,175,951
Taxes Levied for Debt Service	146,908	105,778	104,954	111,343	106,324	103,163	110,108	104,992	103,332	96,957
Unrestricted Grants and Contributions	10,440,131	10,481,926	11,568,496	11,598,553	12,297,191	13,042,311	12,269,625	11,826,648	12,247,167	11,179,832
Investment Earnings	3,948	1,195	843	750	848	972	817	16,482	1,529	3,313
Miscellaneous Income	131,520	119,269	131,628	220,318	467,860	718,393	694,123	350,520	315,551	33,666
Other Adjustments		(1,521,219)				22,090			(39,554)	(9,000)
Transfers	(32,116)	(1,310)	(119,417)			(86,382)	(77,557)	(40,269)	(13,820)	-
Right-to-Use Lease Adjustment										5,219
Total Governmental Activities	12,389,202	10,918,426	13,453,947	13,733,755	14,711,070	15,676,171	14,958,335	14,279,351	14,747,490	13,485,938
Business-Type Activities										
Investment Earnings	139	30	18	20	26	31	77	639	36	47
Other Adjustments		(13,512)				30,305				
Transfers	32,116	1,310	35,342			10,561				
Total Business-Type Activities	32,255	(12,172)	35,360	20	26	40,897	77	639	36	47
Total District-Wide	\$ 12,421,457	10,906,254	13,489,307	13,733,775	14,711,096	15,717,068	14,958,412	14,279,990	14,747,526	13,485,985
Change in Net Position										
Governmental Activities	\$ (901,548)	(1,480,121)	(445,995)	223,467	(602,696)	198,512	614,775	786,950	1,555,930	2,201,314
Business-Type Activities	9,815	(36,937)	1,978	19,996	16,033	19,467	12,306	59,419	(5,661)	78,175
Total District-Wide	\$ (891,733)	(1,517,058)	(444,017)	243,463	(586,663)	217,979	627,081	846,369	1,550,269	2,279,489

Source: ACFR Schedule A-2

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ 584,774	\$ 14,587	\$ 231,373	\$ 635,742	\$ 406,954	\$ 808,719	\$ 1,212,331	\$ 2,118,751	\$ 3,520,651	\$ 3,258,739
Assigned									76,075	426,597
Unassigned (Deficit)	(344,252)	106,259	(478,360)	(694,608)	(773,028)	(751,851)	(595,073)	(608,024)	(430,491)	(357,418)
Total General Fund	\$ 240,522	\$ 120,846	\$ (246,987)	\$ (58,866)	\$ (366,074)	\$ 56,868	\$ 617,258	\$ 1,510,727	\$ 3,166,235	\$ 3,327,918
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$ 73,807	\$ 75,165
Committed to Capital Projects Fund	59,392	59,392	48,554	48,554	48,554	48,554	48,554	48,554	9,000	2,656,807
Unassigned, Reported in:										
Special Revenue Fund (Deficit)	(27,009)	(27,009)	(36,495)	(32,116)	(35,035)	(27,006)	(30,377)	(30,816)	(29,812)	(70,303)
Debt Service Fund	687	687		6,191	6,191					
Total All Other Governmental Funds	\$ 33,070	\$ 33,070	\$ 12,059	\$ 22,629	\$ 19,710	\$ 21,548	\$ 18,177	\$ 17,738	\$ 52,995	\$ 2,661,669

Source: ACFR Schedule B-1

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax Levy	\$ 1,845,719	\$ 1,838,565	\$ 1,872,397	\$ 1,914,134	\$ 1,945,171	\$ 1,978,787	\$ 2,071,327	\$ 2,125,970	\$ 2,236,617	\$ 2,272,908
Tuition					58,151	268,264	323,539	163,531	80,401	925
Child Study Team					249,410	305,501	283,005	28,300		
Interest Earnings	3,948	1,195	843	750	848	972	139	16,482	1,529	3,313
Miscellaneous	116,302	88,031	131,628	220,318	160,299	144,628	88,257	158,689	235,150	32,741
State Sources	11,567,605	11,420,492	11,559,713	11,536,340	11,707,490	11,822,303	12,212,408	12,122,038	11,510,577	11,889,933
Federal Sources	888,985	770,383	916,748	812,964	782,197	946,052	978,097	837,486	1,032,176	1,623,803
Other Sources	15,218	9,471								
Total Revenues	14,437,777	14,128,137	14,481,329	14,484,506	14,903,566	15,466,507	15,956,772	15,452,496	15,096,450	15,823,623
Expenditures										
Instruction										
Regular Instruction	3,161,789	2,792,967	2,992,460	3,022,514	2,926,584	3,169,459	3,330,579	2,888,015	2,927,998	3,111,367
Special Education Instruction	695,940	729,384	783,996	748,881	753,564	784,927	486,594	797,622	682,440	705,805
Other Special Instruction	62,530	63,849	47,560	38,498	62,650	68,317	94,024	93,444	173,553	162,583
Other Instruction	9,430	5,711	4,629	3,659	4,110	12,234	4,865	6,085	4,012	6,980
Support Services										
Tuition	4,895,951	4,679,584	4,520,147	4,415,211	4,868,287	3,942,053	4,463,869	3,616,766	3,186,067	3,202,622
Student and Instruction Related Services	860,192	975,156	935,886	914,259	1,134,241	1,216,846	1,101,070	1,244,409	970,191	1,229,646
School Administrative Services	309,154	305,762	367,393	207,643	319,895	300,793	271,668	284,213	251,992	189,683
General Administrative Services	287,624	280,692	242,672	284,983	330,818	338,703	280,206	301,126	356,692	353,533
Central Services & Info. Techn.	174,782	197,138	187,211	210,788	204,821	216,909	211,655	184,395	230,245	243,093
Plant Operations and Maintenance	769,215	738,506	729,946	722,482	749,379	743,947	824,073	993,991	885,630	855,616
Pupil Transportation	851,737	892,170	992,679	955,269	869,962	755,234	765,550	644,136	481,413	956,821
Business and Other Support Services										
Employee Benefits	2,564,402	2,263,983	2,596,531	2,491,955	2,700,866	3,105,415	3,170,959	3,027,692	2,980,272	3,386,051
Summer School										
Capital Outlay	15,020	43,680	93,408	14,626	30,622	35,264	50,012	182,640	206,201	1,465,331
Debt Service										
Principal	280,560	282,748	195,000	200,000	210,000	225,000	235,000	230,000	235,000	230,000
Interest and Other Charges	74,113	67,014	61,238	55,047	47,894	40,244	32,072	24,663	15,638	5,175
Total Expenditures	15,012,439	14,318,344	14,750,756	14,285,815	15,213,693	14,955,345	15,322,196	14,519,197	13,587,344	16,104,306
Excess (Deficiency) of Revenues Over (Under) Expenditures	(574,662)	(190,207)	(269,427)	198,691	(310,127)	511,162	634,576	933,299	1,509,106	(280,683)
Other Financing Sources (Uses)										
Transfers, Net	(32,116)	20,457	(119,417)			(86,382)	(77,557)	(40,269)	(53,374)	3,051,040
Total Other Financing Sources (Uses)	(32,116)	20,457	(119,417)			(86,382)	(77,557)	(40,269)	(53,374)	3,051,040
Net Change in Fund Balances	\$ (606,778)	\$ (169,750)	\$ (388,844)	\$ 198,691	\$ (310,127)	\$ 424,780	\$ 557,019	\$ 893,030	\$ 1,455,732	\$ 2,770,357
Debt Service as a Percentage of Noncapital Expenditures	2.4%	2.5%	1.7%	1.8%	1.7%	1.8%	1.7%	1.8%	1.9%	1.6%

Source: ACFR 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>
2022	\$ 2,481	\$	925	\$	\$ 16,872	\$	\$ 1,109	\$ 21,387
2021	9,280		80,401		20,012	71,996	126,709	308,398
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

Source: District Records

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

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities ^a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate ^b</u>	<u>Estimated Actual County Equalized Value</u>
2022	\$ 17,628,800	\$ 227,884,600	\$ 2,307,300	\$ 434,400	\$ 10,589,100	\$ 12,281,100	\$	\$ 271,125,300	\$	\$ 271,125,300	\$ 0.849	\$ 253,564,472
2021	17,858,200	229,484,000	2,308,100	470,700	10,598,700	12,240,200		272,959,900		272,959,900	0.000	244,215,711
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

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

* Estimate

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

Year Ended June 30,	Commercial Township Board of Education			Overlapping Rates		Total
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Commercial Township	Cumberland County	
2022	\$ 0.813	\$ 0.036	\$ 0.849	\$ 0.617	\$ 1.092	\$ 2.558
2021	0.793	0.038	0.831	0.587	1.101	2.519
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

* First Year of Revaluation.

Source: District Records and Municipal Tax Collector

Note:

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

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

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

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

Taxpayer	2022		2013	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Whibco Inc.	\$ 8,025,300	2.96%	\$ 4,992,300	1.71%
U.S. Silica Co.	3,344,700	1.23%	2,690,700	0.92%
Exelon Generation Co. LLC	2,682,900	0.99%	2,575,400	0.88%
Silvi Concrete of Chester County	1,443,300	0.53%		
Taxpayer # 1	1,280,700	0.47%	986,000	0.34%
Taxpayer #2	1,190,900	0.44%	606,200	0.21%
Mourvedre LLC	1,169,800	0.43%		
Bryan & Cobourne LLC	1,140,900	0.42%		
Doris Levari INC	1,109,600	0.41%		
Levari Family LLC	1,109,200	0.41%		
Ricci Bros Sand Co.			1,187,000	0.41%
Wilbco Inc. (Ackley)			1,388,400	0.48%
Verizon Dist. 3			886,882	0.30%
Surfside Products LLC			733,600	0.25%
Port Norris Marina Inc.			646,200	0.22%
Total	\$ 22,497,300	8.30%	\$ 16,692,682	5.72%

Source: District ACFR & 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	
2022	\$ 2,272,908	\$ 2,272,908	100.00%	\$
2021	2,236,617	2,236,617	100.00%	
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%	

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 ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2022	\$ 3,060,000	\$	\$	\$	\$ 3,060,000	1.43%	\$ 651	
2021	230,000				230,000	0.11%	52	
2020	465,000				465,000	0.24%	110	
2019	695,000				695,000	0.36%	149	
2018	930,000				930,000	0.48%	189	
2017	1,155,000				1,155,000	0.60%	229	
2016	1,365,000				1,365,000	0.73%	270	
2015	1,565,000				1,565,000	0.84%	305	
2014	1,760,000				1,760,000	0.98%	342	
2013	2,042,748				2,042,748	1.16%	395	

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

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2022	\$ 3,060,000		\$ 3,060,000	0.41%	651
2021	230,000		230,000	0.41%	49
2020	465,000		465,000	0.41%	96
2019	695,000		695,000	0.41%	142
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

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, 2022
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Commercial Township	\$ 924,250	100%	\$ 924,250
Other Debt			
Cumberland Regional School Debt	3,882,000	0%	
County of Cumberland - Township share	96,213,842	3%	2,580,893
Subtotal, Overlapping Debt			<u>3,505,143</u>
Commercial Township School District Direct Debt			<u>3,060,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 6,565,143</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized Valuation Basis	
	2021	\$ 253,868,955
	2020	247,085,712
	2019	244,980,717
	[A]	\$ 745,935,384
Average Equalized Valuation of Taxable Property	[A/3]	\$ 248,645,128
Debt Limit (3% of Average Equalization Value)	[B]	\$ 7,459,354 ^a
Net Bonded School Debt	[C]	3,060,000
Legal Debt Margin	[B-C]	\$ 4,399,354

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 7,835,770	\$ 7,558,298	\$ 7,301,999	\$ 7,049,170	\$ 6,885,642	\$ 6,977,432	\$ 6,980,622	\$ 7,231,324	\$ 7,169,251	\$ 7,459,354
Total Net Debt Applicable to Limit	2,042,748	2,042,748	1,565,000	1,365,000	1,155,000	930,000	695,000	465,000	230,000	3,060,000
Legal Debt Margin	\$ 5,793,022	\$ 5,515,550	\$ 5,736,999	\$ 5,684,170	\$ 5,730,642	\$ 6,047,432	\$ 6,285,622	\$ 6,766,324	\$ 6,939,251	\$ 4,399,354
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	26%	27%	21%	19%	17%	13%	10%	6%	3%	41%

Source: Abstract of Ratables and District Records

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population</u> ^a	<u>Personal Income (thousands of dollars)</u> ^b	<u>Per Capita Personal Income</u> ^{c (1)}	<u>Unemployment Rate</u> ^d	
2022	*	4,699	\$ 214,222,906	\$ 45,589	9.00%
2021		4,701	200,110,412	45,543	10.00%
2020		4,857	191,575,786	45,498	13.50%
2019		4,905	192,346,132	41,327	7.20%
2018		4,953	193,795,651	39,448	9.10%
2017		4,974	193,570,461	38,353	10.60%
2016		5,013	187,601,120	37,100	12.40%
2015		5,057	186,168,398	36,322	13.80%
2014		5,091	180,048,306	34,972	15.20%
2013		5,117	175,729,484	33,980	18.80%

* Estimate

(1) Information for Cumberland County

Source:

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

^b Personal income

^c Per Capita

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

N/A - Not Available at time of Audit

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO
(UNAUDITED)

<u>Employer</u>	<u>2022</u>		<u>2013</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Inspira Health Network	3,600	5.22%		
F & S Produce/Pipcp Transportation	1,208	1.75%		
Wal-Mart	820	1.19%		
Wawa	775	1.12%		
Durand Glass Manufacturing Co./ARC Interr	750	1.09%		NOT AVAILABLE
ShopRite	742	1.08%		
Sheppard Bus Service	602	0.87%		
AJM Packaging	498	0.72%		
Americold formerly AGRO Merchants	495	0.72%		
Northeast Precast	461	0.67%		
Seabrook Brothers & Sons, Inc	420	0.61%		
Ardagh Group	365	0.53%		
Complete Care	310	0.45%		
South State, Inc	300	0.44%		
Corning Glass	285	0.41%		
Nipro PharmaPackaging Americas Corp	285	0.41%		
	<u>11,916</u>	<u>17.28%</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction										
Regular	46	47	46	49	49	51	55	51	34	37
Special Education	14	14	16	15	18	16	9	21	18	22
Support Services:										
Tuition										
Student & Instruction Related Services	7	7	6	6	13	12	10	5	5	5
General Administrative Services	1	1	1	1	4	4	2	2	2	2
School Administrative Services	4	4	3	3	3	3	3	3	3	3
Business Administrative Services	1	2	2	2	2	2	1	1	1	1
Plant Operations and Maintenance	2	1	1	1	1	1	1	1	1	1
Food Service										
Transportation						7	9	6	6	7
Nursing						2	2	2	1	1
Total	75	74.5	75	77	90	98	92	92	71	79

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures^a	Cost Per Pupil	Percentage Change	Teaching Staff^b	Pupil/Teacher Ratio Elementary	Average Daily Enrollment (ADE)^c	Average Daily Attendance (ADA)^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2022	468	\$ 16,104,306	\$ 34,411	20.2%	37	12.7 : 1	453.9	411.3	-16.15%	90.61%
2021	456	13,587,344	29,797	4.0%	34	13.4 : 1	441.2	387.7	-18.49%	87.87%
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%

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
District Building										
Elementary										
Haleyville-Mauricetown (1968)										
Square Feet	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975	65,975
Capacity (students)	430	430	430	430	430	430	430	430	430	430
Enrollment	403	397	396	404	399	374	373	357	456	468
Middle School										
Port Norris School (1916)										
Square Feet	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875	49,875
Capacity (students)	248	248	248	248	248	248	248	248	248	248
Enrollment	198	183	171	168	159	155	168	150	0	0
Other										
Central Administration (1998)										
Square Feet	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900

Number of Schools at June 30, 2021

- 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.

*** Pory Norriss Middle School Closed as of 7/1/2020

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>2022</u>	<u>2021</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>
Haleyville-Mauricetown		\$	\$ 267,883	\$ 177,288	\$ 154,419	\$ 97,833	\$ 92,422	\$ 71,017	\$ 79,210	\$ 39,628	\$ 38,639
Port Norris Middle			15,350	128,497	120,103	98,578	83,522	63,163	60,909	27,078	39,248
Commercial Township Sch	65,975	244,168									
Total School Facilities		<u>244,168</u>	<u>283,233</u>	<u>305,785</u>	<u>274,522</u>	<u>196,411</u>	<u>175,944</u>	<u>134,180</u>	<u>140,119</u>	<u>66,706</u>	<u>77,887</u>
Other Facilities	1,900		8,285	3,493	11,438	5,120	11,418	12,553	4,115	3,683	2,248
Grand Total		<u>\$ 244,168</u>	<u>\$ 291,518</u>	<u>\$ 309,278</u>	<u>\$ 285,960</u>	<u>\$ 201,531</u>	<u>\$ 187,362</u>	<u>\$ 146,733</u>	<u>\$ 144,234</u>	<u>\$ 70,389</u>	<u>\$ 80,135</u>

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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 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

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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, 2022, 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 February 20, 2023.

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

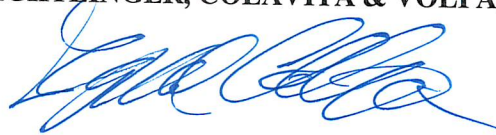
As part of obtaining reasonable assurance about whether the Commercial Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance 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.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
February 20, 2023

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

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

Opinion on 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's compliance with the types of compliance requirements identified as subject to audit 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 Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey's major federal and state programs for the year ended June 30, 2022. The Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey'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.

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 year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

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) and as prescribed by the Office of School Finance, *Department of Education, State of New Jersey*, and New Jersey OMB 15-08. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of The Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance and New Jersey OMB 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance and New Jersey OMB 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of The Board of Education of the Commercial Township School District, in the County of Cumberland, State of New Jersey's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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 internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance and New Jersey OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
February 20, 2023

TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Schedule A
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2021	Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	Balance at June 30, 2022				
					From	To						Accounts Receivable	Unearned Revenue	Due to Grantor		
U.S. Department of Education																
General Fund																
Medical Assistance Program (SEMI)	93.778	21005NJMAP	N/A	\$ 19,316	7/1/20	6/30/21	\$ (913)	\$ 913	\$	\$	\$	\$	\$	\$	\$	
Medical Assistance Program (SEMI)	93.778	2205NJSJMAP	N/A	12,709	7/1/21	6/30/22		12,709	(9,786)		(9,786)			2,923		
							(913)	13,622	(9,786)		(9,786)			2,923		
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Non-Cash Assistance:																
U.S.D.A. Food Distribution Program	10.565	Unknown	N/A	\$24,838	7/1/20	6/30/21	8,248		(8,248)		(8,248)					
U.S.D.A. Food Distribution Program	10.565	Unknown	N/A	30,570	7/1/21	6/30/22		30,570	(27,647)		(27,647)			2,923		
Cash Assistance:																
Fresh Fruits and Vegetable Program	10.582	211NJ304L1603	N/A	18,640	7/1/20	6/30/21	(4,498)	4,498								
Fresh Fruits and Vegetable Program	10.582	221NJ304L1603	N/A	18,136	7/1/21	6/30/22		18,136	(18,136)		(18,136)					
Child Nutrition Cluster:																
School Breakfast Program	10.553	211NJ304N1099	N/A	93,267	7/1/20	6/30/21	(6,832)	6,832								
School Breakfast Program	10.553	221NJ304N1099	N/A	119,991	7/1/21	6/30/22		84,743	(119,991)		(119,991)			(35,248)		
National School Lunch Program	10.555	211NJ304N1099	N/A	152,833	7/1/20	6/30/21	(11,250)	11,250								
National School Lunch Program	10.555	221NJ304N1099	N/A	243,134	7/1/21	6/30/22		173,529	(243,134)		(243,134)			(69,605)		
Supply Chain Assistance Funding	10.555	221NJ344N8903	N/A	13,894	7/1/21	6/30/22			(13,884)		(13,884)			(13,884)		
Emergency Operational Cost Program - Schools	10.555	202121H170341	N/A	10,812	7/1/21	6/30/22		10,812	(10,812)		(10,812)			(10,812)		
P-EBT Administrative Cost Reimbursement	10.649	202122S900941	N/A	614	7/1/20	6/30/21		614	(614)		(614)			(614)		
P-EBT Administrative Cost Reimbursement	10.649	202222S900941	N/A	628	7/1/21	6/30/22		628	(628)		(628)			(628)		
Total U.S. Department of Agriculture							(14,332)	341,612	(443,094)		(443,094)			(118,737)	2,923	
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
IDEA Cluster:																
I.D.E.A. Part B Basic	84.027A	H027A200100	IDEA0950-21	209,831	7/1/20	9/30/21	(61,239)	61,239								
I.D.E.A. Part B Basic	84.027A	H027A210100	IDEA0950-22	197,576	7/1/21	6/30/22		96,079	(161,857)		(161,857)			(65,778)		
ARP I.D.E.A. Part B Basic	84.027X	H027X210100	IDEA0950-22	26,097	7/1/21	6/30/22		26,097	(26,097)		(26,097)					
I.D.E.A. Part B, Pre-school	84.173	H173A200114	IDEA0950-21	12,060	7/1/20	9/30/21	(3,429)	3,429								
I.D.E.A. Part B, Pre-school	84.173	H173A210114	IDEA0950-22	9,008	7/1/21	6/30/22			(3,059)		(3,059)			(3,059)		
ARP I.D.E.A. Part B, Pre-school	84.173X	H173X210114	IDEA0950-22	2,211	7/1/21	6/30/22										
E.S.E.A.:																
Title I	84.010	S010A200030	ESEA0950-21	524,723	7/1/20	9/30/21	(212,904)	212,904								
Title I	84.010	S010A210030	ESEA0950-22	535,183	7/1/21	9/30/22		258,311	(476,960)		(476,960)			(218,649)		
Title I - SIA Part A	84.010	S010A200030	ESEA0950-21	145,878	7/1/20	9/30/21	(4,890)	4,890								
Title I - SIA Part A	84.010	S010A210030	ESEA0950-22	137,594	7/1/21	9/30/22		22,408	(28,946)		(28,946)			(6,538)		
Title I - Reallocation	84.010	S010A210030	ESEA0950-21	14,948	7/1/20	9/30/21	(9,508)	9,508								
Title I - Reallocation	84.010	S010A200030	ESEA0950-22	30,354	2/1/21	9/30/22		30,354	(30,354)		(30,354)					
Title II A	84.367A	S367A200029	ESEA0950-21	69,810	7/1/20	9/30/21	(39,216)	39,216								
Title II A	84.367A	S367A210029	ESEA0950-22	59,052	7/1/21	6/30/22		24,702	(38,984)		(38,984)			(14,282)		
Title V RLIS	84.358B	S358B210100	ESEA0950-21	0	7/1/21	9/30/22										
Education Stabilization Fund:																
CARES ACT 2020/ESSER	84.425D	S425D200027	ESSER 0950-20	365,159	3/13/20	9/30/22	(16,861)	74,993	(154,807)		(154,807)			(96,675)		
CRRSA Consolidated:																
CRRSA-ESSER II (Emergency Relief)	84.425D	S425D210027	ESSER 0950-20	1,493,347	3/13/20	9/30/23	(38,032)	506,772	(750,664)		(750,664)			(281,924)		
CR Learning Acceleration	84.425D	S425D210027	N/A	95,835	3/13/20	9/30/23										
CR Mental Health	84.425D	S425D210027	N/A	45,000	3/13/20	9/30/23		4,392	(7,449)		(7,449)			(3,057)		
ARP Consolidated:																
ARP ESSER	84.425U	S425U210027	N/A	3,356,200	7/1/21	9/30/22			(12,104)		(12,104)			(12,104)		
Accelerated Learning	84.425U	S425U210027	N/A	67,638	7/1/21	9/30/22			(1,350)		(1,350)			(1,350)		
Summer Learning	84.425U	S425U210027	N/A	40,000	7/1/21	9/30/22										
Beyond the School Day	84.425U	S425U210027	N/A	40,000	7/1/21	9/30/22										
NJTSS Mental Health Staffing	84.425U	S425U210027	N/A	45,000	7/1/21	9/30/22										
21st Century Prog - PN	84.287C	S287C200030	CENT0950-21	30,074	9/1/20	8/31/21	12,231		(12,231)		(12,231)					
21st Century Prog - PN	84.287C	S287C210030	CENT0950-22		9/1/21	8/31/22		50,800	(50,800)		(50,800)					
21st Century Prog - HMS	84.287C	S287C200030	CENT0950-21	67,121	9/1/20	8/31/21	(8,624)							(8,624)		
21st Century Prog - HMS	84.287C	S287C210030	CENT0950-22		9/1/21	8/31/22		17,520	(32,097)		(32,097)			(14,577)		
REAP	84.358A	S358A214550	REAP095022	4,185	7/1/21	6/30/22		4,185	(4,185)		(4,185)					
Total U.S. Department of Education							(382,472)	1,447,799	(1,791,944)		(1,791,944)			(726,617)		
Total Federal Financial Awards							\$ (397,717)	\$ 1,803,033	\$ (2,244,824)	\$	\$ (2,244,824)	\$	\$ (845,354)	\$ 5,846	\$	

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

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

**TOWNSHIP OF COMMERCIAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE - Schedule B
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2021		Carry-over	Cash Received	Budgetary Expenditures	Balance at June 30, 2022		MEMO	
			From	To	(Accounts Receivable)	Unearned Revenue				(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:													
General Fund:													
Equalization Aid	22-495-034-5120-078	\$ 9,096,016	7/1/21	6/30/22	\$	\$	\$	8,212,014	\$ (9,096,016)	\$ (884,002)	\$	* \$ (884,002)	\$ 9,096,016
Equalization Aid	21-495-034-5120-078	9,221,065	7/1/20	6/30/21	(903,862)			903,862					
Special Education Categorical Aid	22-495-034-5120-089	189,620	7/1/21	6/30/22				171,192	(189,620)	(18,428)		* (18,428)	189,620
Special Education Categorical Aid	21-495-034-5120-089	189,620	7/1/20	6/30/21	(18,475)			18,475					
Extraordinary Aid	22-495-034-5120-044	85,589	7/1/21	6/30/22					(85,589)	(85,589)		*	85,589
Extraordinary Aid	21-495-034-5120-044	72,836	7/1/20	6/30/21	(72,863)			72,863				*	
Transportation Aid	22-495-034-5120-014	1,740	7/1/21	6/30/22					(1,740)	(1,740)		*	1,740
Transportation Aid	21-495-034-5120-014	1,060	7/1/20	6/30/21	(1,060)			1,060				*	
Reimbursed TPAF Social Security Contrib	21-495-034-5094-003	258,430	7/1/20	6/30/21	(50,550)			50,550				*	
Reimbursed TPAF Social Security Contrib	22-495-034-5094-003	262,027	7/1/21	6/30/22				248,868	(262,027)	(13,159)		*	262,027
On-Behalf TPAF Pension Contribution	22-495-034-5094-002	1,398,760	7/1/21	6/30/22				1,398,760	(1,398,760)			*	1,398,760
On-Behalf TPAF Post Retirement Medical	22-495-034-5094-001	326,807	7/1/21	6/30/22				326,807	(326,807)			*	326,807
On-behalf TPAF Long-term Disability Contrib.	22-495-034-5094-004	592	7/1/21	6/30/22				592	(592)			*	592
Total General Fund					(1,046,810)			11,405,043	(11,361,151)	(1,002,918)			(902,430) 11,361,151
Special Revenue Fund:													
Preschool Education Aid	22-495-034-5120-086	710,654	7/1/21	6/30/22			178,165	640,351	(491,427)	(70,303)	397,392	*	(70,303) 491,427
Preschool Education Aid	21-495-034-5120-086	304,078	7/1/20	6/30/21	(29,812)	178,165	(178,165)	29,812					
SDA Emergent Needs & Capital Maintenance	22-100-034-5120-086	11,464	7/1/21	6/30/22					(11,464)	(11,464)			11,464
Connected Action Roadmap (CAR) Program	CAR-0950-2020	17,500	1/1/20	8/31/20	(14,521)			14,521					
Total Special Revenue Fund					(44,333)	178,165		684,684	(502,891)	(81,767)	397,392		(70,303) 502,891
Debt Service Fund:													
Debt Service Aid-Type II	22-495-034-5120-017	138,218	7/1/21	6/30/22				138,218	(138,218)			*	138,218
State Department of Agriculture:													
Enterprise Fund:													
State School Lunch Prog.	21-100-010-3350-023	8,013	7/1/20	6/30/21	(1,678)			1,678					
State School Lunch Prog.	22-100-010-3350-023	5,716	7/1/21	6/30/22				4,114	(5,716)	(1,602)		*	5,716
Total Enterprise Fund					(1,678)			5,792	(5,716)	(1,602)			5,716
Total State Financial Assistance					\$ (1,092,821)	\$ 178,165	\$	\$ 12,233,737	\$ (12,007,976)	\$ (1,086,287)	\$ 397,392	\$	\$ (972,733) \$ 12,007,976
Less: On-Behalf TPAF Pension System Contributions													
On-Behalf TPAF Pension Contribution	22-495-034-5094-002	1,398,760	7/1/21	6/30/22				\$ 1,398,760	\$ (1,398,760)				
On-Behalf TPAF Post Retirement Medical	22-495-034-5094-001	326,807	7/1/21	6/30/22				326,807	(326,807)				
On-behalf TPAF Long-term Disability Contrib.	22-495-034-5094-004	592	7/1/21	6/30/22				592	(592)				
Total State Financial Assistance - Major Program Determination								\$ 10,507,578	\$ (10,281,817)				

See accompanying notes to schedules of financial assistance

COMMERCIAL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2022

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 \$19,907 for the general fund and (\$305,456) 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, 2022
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 12,709	\$ 11,381,058	\$ 11,393,767
Special Revenue Fund	1,611,094	370,657	1,981,751
Debt Service		138,218	138,218
Food Service Fund	443,094	5,716	448,810
Total Awards & Financial Assistance	<u>\$ 2,066,897</u>	<u>\$ 11,895,649</u>	<u>\$ 13,962,546</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, 2022.

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, 2022. 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, 2022.

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 no adjustments noted on Schedule A, Exhibit K-3, Schedule of Federal Awards and 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, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.425	S425D210027 S425U210027	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? X yes _____ no

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(continued)

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

State Awards

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

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
22-495-034-5120-078	Equalization Aid
22-495-034-5120-089	Special Education Categorical Aid
22-495-034-5120-086	Preschool Education Aid

**COMMERCIAL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(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, 2022
(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

Finding: None

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs: None

Context:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS

Finding: None

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, 2022**

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.