

**SCHOOL DISTRICT  
OF THE  
TOWNSHIP OF PITTSBGROVE**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

of the

**Township of Pittsgrove Board of Education  
Pittsgrove, New Jersey**

**For the Fiscal Year Ended June 30, 2017**

**Prepared by  
Pittsgrove Township Board of Education  
Finance Department**

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

**PITTSGROVE TOWNSHIP SCHOOLS**  
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**(856) 358-3094 Fax: (856) 358-6020**

**Henry Bermann**  
*Superintendent of Schools*  
(Ext. 4016)

**Darren Harris**  
*Business Admin./Board Sec.*  
(Ext. 4018)

November 17, 2017

Honorable President and Members  
of the Board of Education  
Pittsgrove Township Board of Education  
County of Salem  
Pittsgrove, N.J. 08318

Dear Board Members:

The comprehensive annual financial report of the Pittsgrove Township School District (District) for the fiscal year ended June 30, 2017, 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 (Board). 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 that we feel are necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. 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 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 Awards, 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.

*We are an Equal Opportunity Employer - F/M*

**1. REPORTING ENTITY AND ITS SERVICES:**

The Pittsgrove Township School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Pittsgrove Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PK through 12. These include regular, vocational, alternative and remedial, as well as special education for handicapped students. Vocational opportunities are provided through the Salem County Vocational and Technical School. The Pittsgrove Township School District also receives students on a tuition basis for grades PreK–12 from the Borough of Elmer. In Schalick High School, the district houses three county-wide academies in the Visual and Performing Arts. These are magnet programs in Dance, Theater and Visual Arts. The District completed the 2016-17 fiscal year with an enrollment of 1,685 students, including Academy students, which is 118 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

**Average Daily Enrollment**

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-17	1,685.0	(6.54)%
2015-16	1,803.0	0.11%
2014-15	1,801.0	3.32%
2013-14	1,743.0	1.34%
2012-13	1,720.0	(1.29)%
2011-12	1,742.1	(5.12)%
2010-11	1,836.2	2.93%
2009-10	1,784.0	(.59)%
2008-09	1,794.7	3.99%
2007-08	1,869.3	(3.31)%

**2. ECONOMIC CONDITION AND OUTLOOK:**

The Pittsgrove Township area is experiencing a period of limited development, which is expected to continue. There will be a continually slight increase in the number of residences. This should result in a modest increase in the tax base. Pittsgrove Township is also experiencing a decrease in enrollment in its resident students. This decline is expected to continue for the immediate future. The 2010-2011 school year marked a full send/receive agreement with Elmer Borough Board of Education. All students from both Pittsgrove and Elmer attend school together from preschool through twelfth grade.



## MAJOR INITIATIVES/CURRICULA INITIATIVES:

### Technology:

The Board of Education continues to support the integration of technology into the curriculum. The District uses a cloud-based infrastructure and Google platform, as well as student Chromebooks. Every administrator and teacher is equipped with an Apple laptop. With the maturation of web-based or cloud-based services, we have seen a trend and shift in expenditures from device-centric to network-centric items and solutions. As a result, network infrastructure, security systems, and bandwidth are trending up in regard to the percentage of the budget, whereby device costs are trending down.

The use of Chromebooks helps to support the District goal of increasing 21<sup>st</sup> Century technology skills and collaboration. With these devices, our students are readily able to utilize their own pittsgrove.net G-mail accounts and interface with Google Docs. Interactive displays, which bring rich, web-based educational content on screen, are utilized as a teaching tool in every classroom across the District. Another highlight of the 2016-2017 school year was the creation of Schalick High School's Makerspace. Makerspace provides an interactive environment where students can create, investigate, and engage in technology-related activities.

The Supervisor of Technology provides support and suggests best practices in student and teacher uses of educational technology. Members of the Technology Department implement new classroom technologies, model effective use, and help guide the educational technology vision of the Pittsgrove Township School District. Under the direction of the Supervisor of Technology, the major network infrastructure of the District has been upgraded to the advanced Cisco Meraki System. Telephone and security upgrades and enhancements were also performed. This year's implemented resources help to keep the Pittsgrove Township School District current and in many cases, ahead of the curve in educational technology.

### Pittsgrove Township School District, K-12:

Across the District, staff members receive extensive professional development on the Common Core State Standards, assessments, and specific content-area knowledge. Particular focus was dedicated to training staff and administration on data analysis that is used for assessments and staff members' Student Growth Objectives (SGOs). The use of half-day professional development days continues to be instrumental by providing staff with needed professional development opportunities.

### Norma, Elmer, and Olivet Elementary Schools:

Norma Elementary School continues to operate a Pre-School Program, which offers two full-day programs for four-year-old students. The program operates from a braided funding formula, including state funds for economically disadvantaged students, parent tuition, and local funds. The Early Launch to Learning Initiative (ELLI) helps to instill kindergarten readiness while serving the incoming kindergarten class. The full day Kindergarten program allows students to focus a significant amount of time on instructional activities. Norma also offers an ABC kindergarten class, which provides educational services to developmentally young five year olds.

Norma, Elmer, and Olivet School continue to receive professional development and support materials for curricula revision, benchmark creation, and new writing and math programs. During the 2016-2017 school year, the Norma, Elmer, and Olivet Elementary Schools implemented the *My Math* curriculum into their classrooms. Professional development opportunities during the half-day sessions were dedicated for teachers to collaborate and become more familiar with these curricular resources to meet the needs of their student learners. Norma Elementary School implemented the Zaner-Bloser Handwriting Program this year, while both Elmer and Olivet implemented the Lucy Calkins *Writer's Workshop* model into the language arts instruction.

Pittsgrove Township Middle School:

During the 2016-2017 school year, two new Exploratory courses were implemented: 6th Grade Music and 7th Grade European Culture and Conversation. Staff continued to receive professional development based on the Common Core State Standards, the Next Generation Science Standards, writing, assessments, and data analysis. Quarterly (formerly benchmark) assessments continue to be used to gauge student growth and identify areas in need of improvement to drive instruction. Staff members have revised their current assessments to align the questions with the revised curricula and the Common Core to best prepare students for PARCC testing. The Science Department is in the process of updating their curricula to align with the Next Generation Science Standards. They are reviewing various textbooks and anticipate piloting a program during the 2016-2017 school year.

Arthur P. Schalick High School:

Arthur P. Schalick High School strives to attain the highest level of academic achievement for all of its students. Academic rigor, high expectations, social and moral standards, and a commitment to excellence are embedded in all educational programs. During the 2016-2017 school year, Schalick entered into a Dual Credit Agreement with Salem Community College, where students may earn college credit for various courses completed at Schalick High School. The Academy is a joint venture with the Salem County Vocational Technical School District and is housed at Schalick High School. Each year, many students from the surrounding areas, as well as Schalick students, are accepted into the Academy Program. Through an Articulation Agreement with Rowan University, students in the Theater program can earn college credits.

The utilization of half-day in-service sessions has provided significant opportunities for additional professional development and support for curricular initiatives, assessment creation, and data analysis. This professional development will better enable teachers to use data from assessments to inform instruction. Curricular changes were made in the Math and Foreign Language Departments. Textbooks were purchased for Statistics. In addition, the curriculum was developed for a French I course, while revisions were made to the CP and Honors Geometry curricula.

#### **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). The internal control process 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 is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control process is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are being made to determine the adequacy of the internal control structure, including that portion related to federal 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 cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

#### **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. 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.

**8. 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.

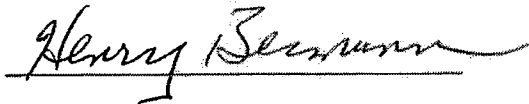
**9. OTHER INFORMATION:**

**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.

**10. ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the Pittsgrove Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the 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.

Respectfully submitted,



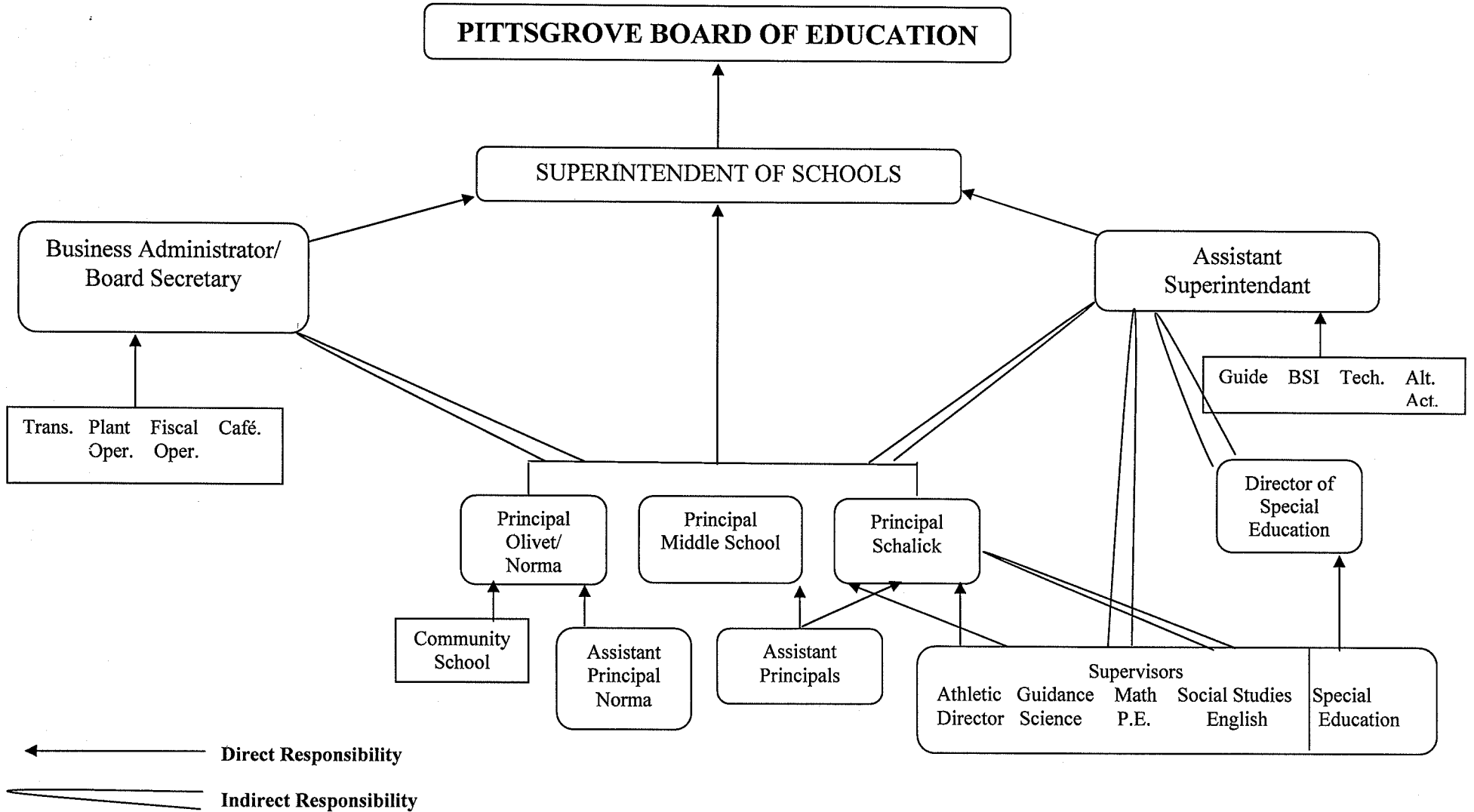
**Henry Bermann**  
Superintendent of Schools



**Darren Harris**  
Business Administrator/  
Board Secretary

**ADMINISTRATOR/SUPERVISOR**

**RESPONSIBILITY AND ORGANIZATION**



**PITTSGROVE TOWNSHIP BOARD OF EDUCATION**  
**PITTSGROVE, NEW JERSEY**

**ROSTER OF OFFICIALS**  
**JUNE 30, 2017**

<u>Board Members Name</u>	<u>Position</u>	<u>Term Expires</u>
Peter Lawlor	President	2019
Dominick J. Miletta, III	Vice President	2017
Susan Cushane-Miranda	Board Member	2018
Steven DiMatteo	Board Member	2017
Timothy Hack	Board Member	2018
Donna Yeagle	Board Member	2017
Shannon Morgan-Leonen	Board Member	2019
Joseph E. Wentzell	Board Member	2018
Samuel Wheaton	Board Member (Elmer Representative)	2017
<b><u>Other Officials</u></b>		<u>Amount of Bond</u>
Henry Bermann	Superintendent	\$ 250,000
Darren Harris	Business Administrator/ Board Secretary	250,000
Lipman, Antonelli, Batt, Gilson Rothman & Capasso	General Counsel	
Parker, McCay, PA	General Counsel	
Porzio, Bromberg & Newman, PC	General Counsel	
Simon, Schwarts, Edelstein, & Celso, LLC	General Counsel	

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

**ARCHITECT**

**Garrison Architects**  
14000F Commerce Parkway  
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**AUDIT FIRM**

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

**ATTORNEY**

**General Counsel**  
**Jane B. Capasso, Esquire**  
**Lipman, Antonelli, Batt, Gilson, Malestein, Rothman & Capasso**  
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Vineland, NJ 08362-0729

**General Counsel**  
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Mount Laurel, NJ 08054-5054

**General Counsel**  
Mr. Vito A Gagliardi, Jr.  
Porzio, Bromberg & Newman, P.C.  
100 Southgate Parkway  
Morristown, NJ 07962

**General Counsel/Labor Relations & Negotiations**

Mr. Paul C. Kalac  
Kalac, Barger & Bacigalupo, LLC  
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Woodbridge, NJ 08830

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

**ATTORNEY (Cont'd)**

**Bond Counsel**

Mr. Phillip A. Norcross  
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Three Greentree Center  
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**First National Bank of Elmer**

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Elmer, NJ 08318

**FISCAL AGENT**

**Parker, McCay & Criscuolo, P.C.**

Three Greentree Centre, Suite 401  
Marlton, NJ 08053



**FINANCIAL SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association  
Certified Public Accountants*

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Williamstown, NJ 08094

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November 17, 2017

## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Pittsgrove Township School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Pittsgrove Township School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Pittsgrove Township Board of Education in the County of Salem, State of New Jersey, as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pittsgrove Township School Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated November 17, 2017 on our consideration of the Pittsgrove Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Pittsgrove Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

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



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

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**