

SCHOOL DISTRICT
OF
TOWNSHIP OF MAURICE RIVER

COMPREHENSIVE ANNUAL
Financial Report

of the

Township of Maurice River Board of Education

Port Elizabeth, New Jersey

or the Fiscal Year Ended June 30, 2017

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Township of Maurice River Board of Education

Port Elizabeth, New Jersey

For the Fiscal Year Ended June 30, 2017

Prepared by

Maurice River Township Board of Education

Finance Department

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OF THE MAURICE RIVER TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION



MAURICE RIVER TOWNSHIP SCHOOL DISTRICT

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October 4, 2017

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Maurice River Township Public School 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. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: 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 Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control 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 Maurice River Township Public School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Maurice River Township Board of Education and its school constitute the District's reporting entity.

The District is limited in its ability to fund a full range of educational services appropriate to grade levels PK through 8. These limitations in programs and services apply to both regular as well as special education for handicapped children. The District completed the 2016-2017 fiscal year with a June enrollment of 415 students, which is 7 students more than the previous year. 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	415.0	1.17%
2015-16	408.0	(3.77)%
2014-15	424.0	.24%
2013-14	423.0	(2.34)%
2012-13	436.2	11.64%
2011-12	393.4	5.72%
2010-11	372.1	(3.97)%
2009-10	387.5	(2.64)%
2008-09	398.0	.63%
2007-08	395.5	.79%
2006-07	392.4	(3.35)%

2. ECONOMIC CONDITION AND OUTLOOK:

Maurice River Township is not experiencing any measurable growth in development or expansion. There are no large businesses located in the Township, but the small industry stores, restaurants, and antique stores continue to thrive. There is some potential for growth at the major intersections drawing traffic to the shore areas. The Township is seeking clean industry in harmony with the environmentally sensitive areas. It is significant to note that the Township is approximately 95 square miles, with about 50% of the land either state-owned or state-managed. This helps promote the appeal for water related activities, conservation activities with the bay area and pristine river ecosystem, and preserves the ruralness and provinciality unique to the Township. There are three prison sites located in the Township, which provide major employment for local residents. A state prison in nearby Fairfield Township provides employment opportunities at that site. The net valuation taxable of Maurice River Township for 2017 is \$298,845,716, which is less than the prior year by \$670,993.

Sand mining was a major industry in the Township through the 1970's, but because of the shift from glass bottles to plastic, the need for sand in glass manufacturing has been in steady decline since that time. Rail service connected to this industry has also declined. Other industry includes several marinas, one shipyard industry, and several cottage stores and restaurants. Developers who are interested in sites in the Township must seek state approval from various regulatory agencies, such as Pinelands, Wetlands, and/or the Department of Environmental Protection.

However, the District continues its "Choice" District status and will receive additional funding for students who choose to participate in this program. The District is hopeful that it will continue to attract choice students, thereby increasing its enrollment and state aid. The school district receives nearly \$2.00 in state aid for every \$1.00 levied by local taxes.

3. MAJOR INITIATIVES:

Maurice River Township School District prepares all students for success at the high school level. Technology, Professional Staff Development, Inter-district Collaboration and N.J. Common Core Standards play a major role in this initiative. Technology plays an increasingly important role in the curriculum, including Smartboard Technology for grades K-8 with laptops and professional development training for all teachers, influx of chromebooks at the middle school grade levels, two state of the art computer labs; a wireless network, and an IPOD Program. The district continues to implemented a "bring your own device"

3. MAJOR INITIATIVES (CONT'D):

program. Students may conduct research through controlled access to the Internet, enhancing research and writing skills.

In addition to Smartboard Technology, each classroom at the Maurice River Township Elementary School has its own television, VCR and communications system to enhance the curriculum in areas, such as, distance learning, science, geography, and foreign language. The students broadcast daily on the MRT-TV station.

The school district continues to implement "The Marzano Teaching Evaluation Method", a web-based teacher evaluation program required by the State of New Jersey; as well as the Aims web student assessment program in combination with the "RTI" program for struggling students.

The District is now beginning to once again update its curriculum through the purchase of new math, and science texts and resource materials, for implementation in the 2017-2018 school year. Additional cameras were added to the state of the art interior and exterior surveillance system. The transportation fleet was also expanded and equipped with an updated surveillance system. The Board of Education has succeeded in allocating resources to positively improve student achievement by focusing upon improvements in the delivery of instruction, professional development programs, and providing the most current instructional materials, technology and other resources for its teachers. The district has now begun to move in the direction of facility improvement to maintain the functionality of its current facility. With 2014-2015 surplus monies, the district seal coated and re-lined its parking lot, re-roofed the board office and shed, re-painted its playground equipment and landscaped the lawn area in front of the school building. During the 2015-2016, the District improved drainage areas at the front of its driveway and in its side parking lot. Roofing repairs were also made. During the 2016-2017 school year, the District replaced windows, ceiling tiles, upgraded the playground facility, and installed several new whiteboards. The District hopes to continue these facility/grounds improvements.

The district provides adequate medical services and student services, including guidance and counseling, programs for at-risk, special education and Title One students, and has a pre-school program. Special education services are provided through self-contained settings, In and Out of class placements and In and Out of class support. The district has trained two staff members in the FAST hands-on science program, for grades five through eight. Grades K-4 use a hands-on program. Peer mediation and conflict resolution are taught through leadership training activities in an on-going manner through the school year.

The Board of Education has established a mission and philosophy for the district and promotes a global, multi-curriculum. The mission includes the concept of community as it relates to students. The Board of Education attempts to plan budgets in a prudent fiscal manner, but the unknown variables are the future of school funding from the State of New Jersey and the payments of tuition to the Millville School District.

The District's "Choice" status has partially offset the effect of these variables. The limitations placed on Choice continues to be concerning.

In summary, the district, despite economic constraints, has succeeded in providing a state of the art innovative, integrated curriculum, with current technology and resources. The provision of these resources has positively and beneficially impacted student achievement. The district looks forward to continuing its "Choice District" status to increase enrollment and ensure its future existence.

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 also is 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 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 cancelled 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, 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. DEBT ADMINISTRATION:

On January 1, 1998 the District incurred bond indebtedness for \$1,950,000 for a facility project to be amortized over the next 15 years. The balance in bonds payable at June 30, 2017 is \$730,000.

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.

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 Maurice River Township School Board of Education 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.

Respectfully submitted,

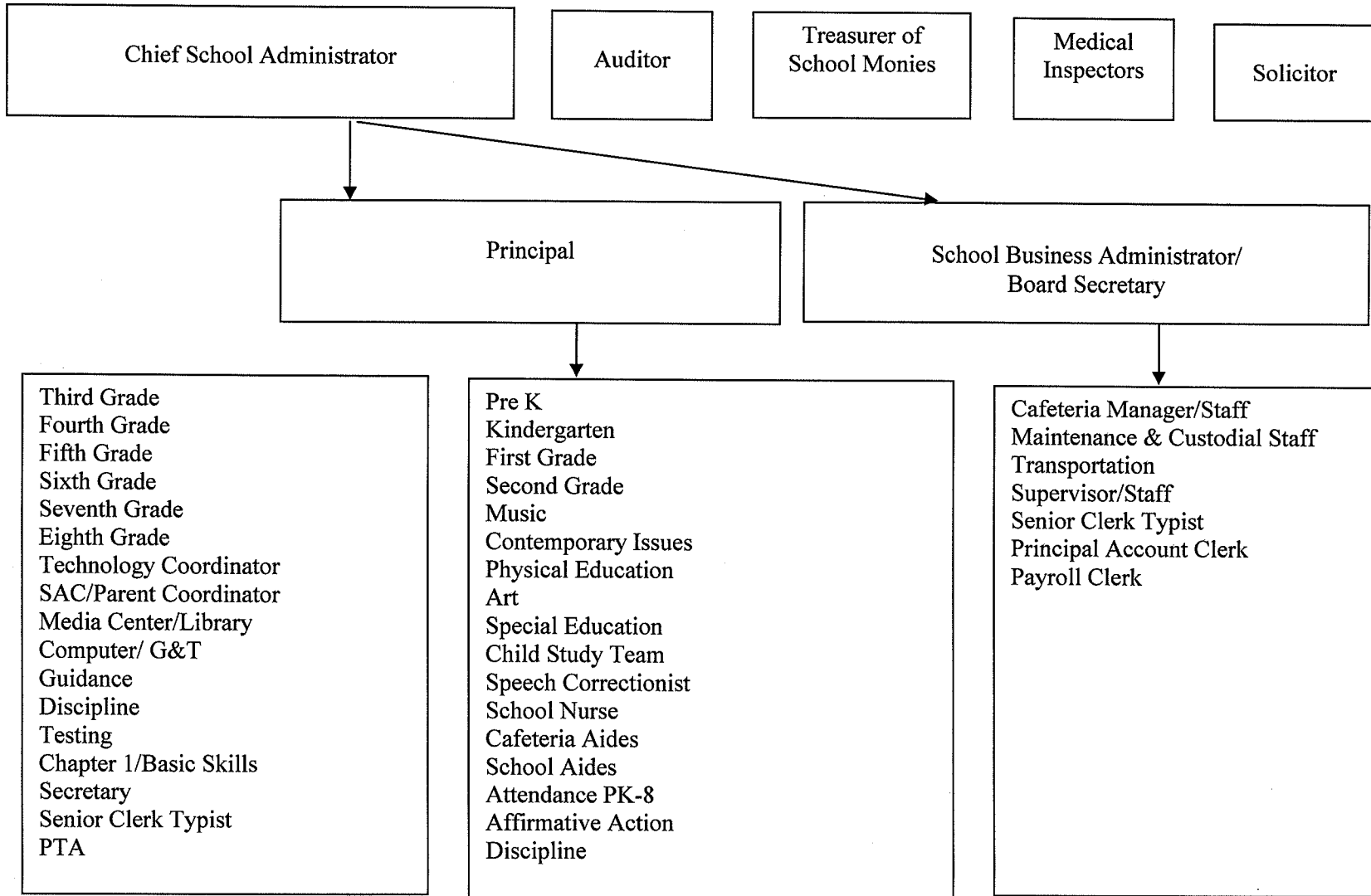


Mr. Walter Kappeler, Jr., Superintendent of Schools



Patricia Powell, School Business Administrator/Board Secretary

Township of Maurice River School District
Organizational Chart



TOWNSHIP OF MAURICE RIVER SCHOOL DISTRICT
PORT ELIZABETH, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2017

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Penny Wells, President	2018
Donna Justis, Vice President	2018
Robert Chard	2017
Charles Ciaurelli	2017
Stephen Kudia	2018
Brandy Woolson	2019

OTHER OFFICIALS

Mr. Walter Kappeler, Jr., Chief School Administrator

Patricia A. Powell, School Business Administrator/Board Secretary

Lynn Burshtin, Custodian of School Monies

Frank DiDomenico, Esq., Solicitor

TOWNSHIP OF MAURICE RIVER SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, C.P.A., R.M.A.
Nightlinger, Colavita and Volpa
Certified Public Accountants
991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

ATTORNEY

Frank DiDomenico, Esquire
8 LaSalle Drive
Vineland, NJ 08360

OFFICIAL DEPOSITORY

Bank of America
Commerce and Laurel Streets
Bridgeton, NJ 08302

Branch Offices in Millville, NJ 08332

INSURANCE AGENT

Conner Strong & Buckelew Companies, Inc.
40 Lake Center Executive Park
401 Rt. 73 North, Suite 300
Marlton, New Jersey 08053

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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Williamstown, NJ 08094

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October 4, 2017

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Maurice River Township School District in the County of Cumberland, 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 Maurice River 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 Maurice River Township Board of Education in the County of Cumberland, 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 Maurice River 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 October 4, 2017 on our consideration of the Maurice River 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 Maurice River 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