

**SCHOOL DISTRICT OF THE  
TOWN OF DOVER  
COUNTY OF MORRIS, NEW JERSEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

**PER THE INSTRUCTION OF THE DEPARTMENT OF EDUCATION, OFFICE OF FISCAL  
ACCOUNTABILITY AND COMPLIANCE, EXHIBIT E-3 HAS BEEN REVISED TO E-2 AND  
THE LOCAL SHARE HAS BEEN INCLUDED. THE TABLE OF CONTENTS HAS ALSO BEEN  
UPDATED AND CORRECTED AS OF APRIL 12, 2019**

**BOARD OF EDUCATION  
TOWN OF DOVER  
STATE OF NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2018**

PREPARED BY  
**DOVER BOARD OF EDUCATION  
FINANCE OFFICE**

**TOWN OF DOVER  
BOARD OF EDUCATION  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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## **INTRODUCTORY SECTION**



# Dover Board of Education

100 Grace Street  
Dover, New Jersey 07801



Ms. Catherine Jenisch, CPA  
School Business Administrator/Board Secretary

Honorable President and  
Members of the Dover Board of Education  
County of Morris, New Jersey

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Town of Dover School District (District) for the fiscal year ended June 30, 2018 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 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 District as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. 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 Independent Auditor's report, the Management's Discussion and Analysis, the Basic Financial Statements and Notes. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis. The District is required to undergo an annual single audit in conformity with the provisions of 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 the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". 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:** Town of Dover 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 Town of Dover 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 level K through 12. These include regular, vocational as well as special education for handicapped students. The District completed the 2017-2018 fiscal year with an average daily enrollment of 3,312 students, which is 88 students more 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>
2008-09	2,895.5	-.01%
2009-10	2,934.8	1.36%
2010-11	2,927.8	-.24%
2011-12	2,901.6	-.89%
2012-13	3,027.7	4.35%
2013-14	3,082.7	1.82%
2014-15	3,168.8	2.79%
2015-16	3,216.4	1.50%
2016-17	3,224.0	.24%
2017-18	3,311.8	2.72%

- 2) **ECONOMIC CONDITION AND OUTLOOK:** The Town of Dover area continued to experience a decrease in ratables. The Town has been attempting to attract businesses to relocate within its boundaries through several advertised programs. As a result, a slight increase is realized in the 2018/2019 school year. It is anticipated that such programs may continue to revitalize the Town and attract more businesses, which will assist in increasing the needed ratable base.
- 3) **MAJOR INITIATIVES:** The Dover Public School District remains committed to preparing students for 21st Century Life & Careers. All new initiatives implemented during the 2017-2018 are concomitant with the district goal of increasing student achievement for all students.

Dover High School is one of 447 school districts in the U.S. and Canada honored by the College Board with placement on the 8th Annual AP® District Honor Roll. To be included on the Honor Roll, Dover High School had to demonstrate an increase in the number of students participating in Advanced Placement (AP) courses while also increasing the percentage of students earning AP exam scores of 3 or higher. Reaching these goals shows that the Dover Public School District is successfully identifying motivated, academically prepared students who are ready for Advanced Placement courses.

All schools in the district have achieved the highest possible scores for technology readiness as measured by NJTRAX, the New Jersey Technology Readiness Tool. During the 2017-2018 school year, the district expanded its 1:1 laptop program. All students in grades 3 through 8 have their own Apple MacAir laptop to use throughout the school day.

Pursuant to State requirements, the Dover Public School District participated in Quality Single Accountability Continuum (QSAC) monitoring during the 2017-2018 school year. District performance in the five QSAC areas of Instruction & Program, Fiscal Management, Governance, Operations, and Personnel was evaluated. The Dover Public School District exceeded 80% of the weighted indicators in each of the five QSAC areas and has been designated by the New Jersey Department of Education as a “high performing” district.

- 4) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure 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 structure 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 and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws

and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the Districts single audit described earlier, tests are 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 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 fiscal year end.

- 6) **ACCOUNTING SYSTEM AND REPORTS:** The Districts 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 and account groups. These funds and account groups are explained in Notes to the Financial Statements, Note 1.

- 7) **DEBT ADMINISTRATION:** At June 30, 2018, the District's outstanding debt issues consisted of 2012 Refunded Bond issue in the amount of \$4,825,000, the proceeds of which were used to fund an addition to East Dover School and a Media Center and Wellness Center at Dover High School.

- 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 2. 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 carried 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 Ferraioli, Wielkotz, Cerullo & Cuva was selected by the Board to perform that service. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury Circular Letter 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 specific required supplemental information is included in the financial section of this report. The auditors’ reports 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 Town of Dover School Board 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,



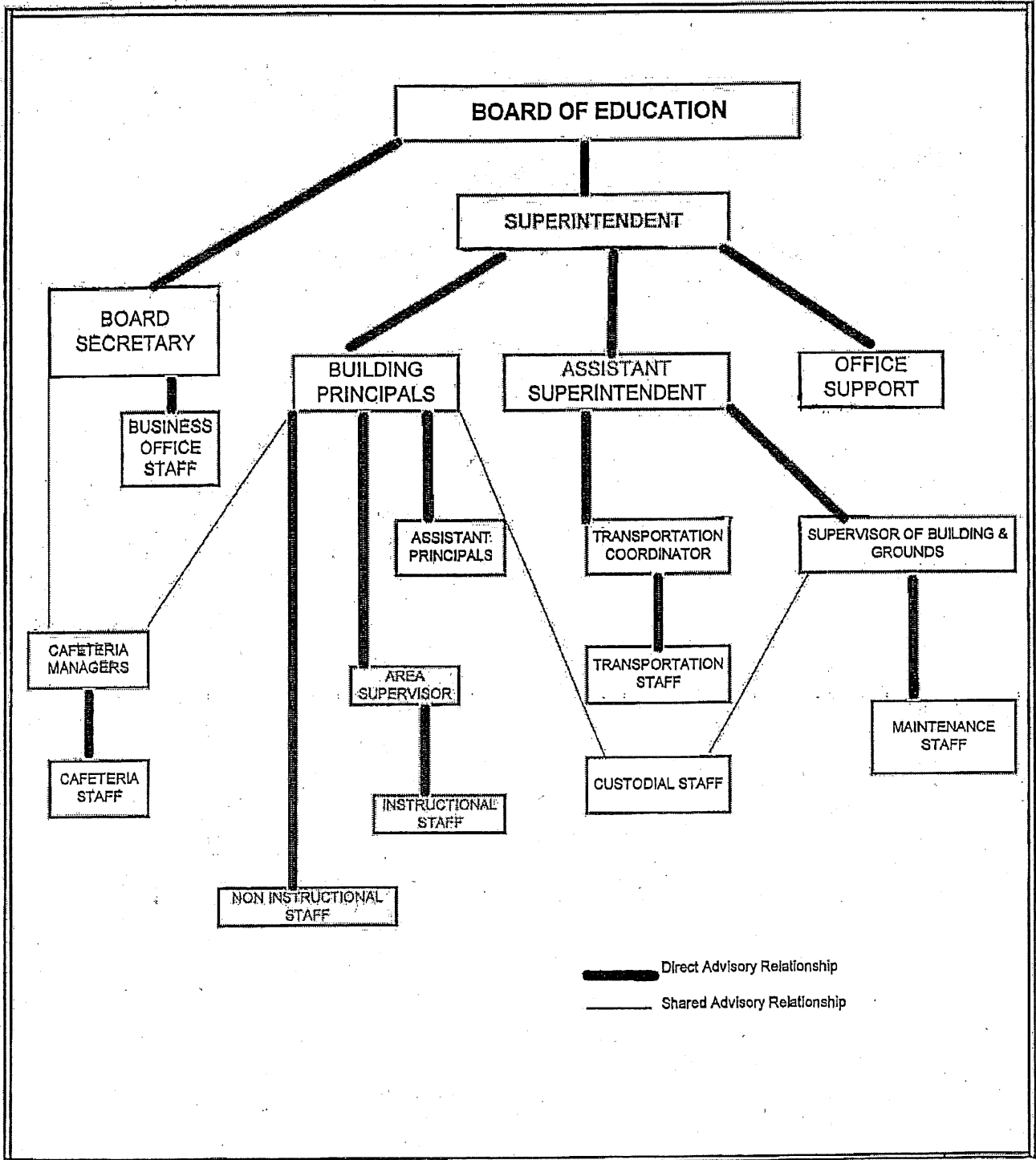
Beth A. Schoonmaker  
Acting Superintendent



Catherine M. Jenisch  
Business Administrator/  
Board Secretary

BAS/CMJ:evo

# DOVER BOARD OF EDUCATION Organizational Chart



**DOVER BOARD OF EDUCATION  
DOVER, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2018**

**Members of the Board of Education**

**Term Expires**

Monica Palestis, President	2020
Linda Mullin, Vice President	2018
Peter Bruseo	2018
Jo Ann Dodd	2019
Dahiana Grisales	2020
Kimberly Phillips	2019
Maria Rosario	2018
Karol Ruiz	2019
Michael Scarneo	2018
Krista Seanor	2020

**Superintendent**

Robert B. Becker

**Business Administrator/Board Secretary**

Catherine M. Jenisch

**Treasurer**

Kelly Toohey

**DOVER BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**Audit Firm**

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.  
100B Main Street  
Newton, New Jersey 07860

**Board Attorney**

Derlys Gutierrez, Esq  
Adams Gutierrez & Lattiboudere  
The Legal Center  
1037 Raymond Boulevard, Suite 900  
Newark, NJ 07012

**Official Depository**

Provident Bank  
340 Route 46 East  
Dover, New Jersey 07801

## **FINANCIAL SECTION**

# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkotz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
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100B Main Street  
Newton, NJ 07860  
973-579-3212  
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## INDEPENDENT AUDITOR'S REPORT

Honorable President and  
Members of the Board of Education  
Town of Dover School District  
County of Morris, New Jersey 07420

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 Town of Dover School District, in the County of Morris, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the 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 misstatements, 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, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.





Honorable President and  
Members of the Board of Education  
Page 2.

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 presentation of the financial statements.

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

### **Opinion**

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 Town of Dover Board of Education, in the County of Morris, State of New Jersey, as of June 30, 2018, 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.

### ***Emphasis of Matter***

#### ***Change in Accounting Principle***

As discussed in Note 1 to the basic financial statements in 2018, the Board adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). Our opinions are not modified to this matter.

### ***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, Schedules Related to Accounting and Reporting for Pensions and Schedules Related to Accounting and Reporting for Other Post-Employment Benefits identified in the table of contents, 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 the 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 Town of Dover Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08 and the statistical section are presented for purposes of additional analysis and are 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, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08 are the responsibility of management and were derived from and relates 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, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical data section has 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 it.

Honorable President and  
Members of the Board of Education  
Page 4.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2019 on our consideration of the Town of Dover Board of Education's internal control over financial reporting and on 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 of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Dover Board of Education's internal control over financial reporting and compliance.



Thomas M. Ferry, CPA  
Licensed Public School Accountant  
No. 20CS00209100

*Ferraioli, Wielkatz, Cerullo & Cuva, P.A.*  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

Newton, New Jersey

January 31, 2019



**REQUIRED SUPPLEMENTARY INFORMATION**

**PART I**



TOWN OF DOVER SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The discussion and analysis of the Town of Dover School District's ("District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the 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 District's financial performance.

Management's Discussion and Analysis ("MD&A") is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's ("GASB") Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Using this Comprehensive Annual Financial Report ("CAFR")**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole. The statements then provide an increasingly detailed look at specific financial activities. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Reporting the District as a Whole**

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting an aggregate view of the District's 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 the District, the General Fund is by far the most significant fund.

## **Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017/18?" The Statement of Net Position and the Statement of Activities help 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 consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the 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 District's property tax base, current laws in New Jersey restricting revenue growth, condition of facilities, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District's operations are divided into two distinct kinds of activities:

- ◆ Governmental activities – all of the 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.
- ◆ 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 funds are reported as a business activity.

## **Reporting the District's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the District's major funds. Although the District uses many funds to account for a multitude of financial transactions, these financial statements focus on the District's most significant funds. These funds include the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

### **Governmental Funds**

The 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 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. The governmental fund statements provide a detailed short-term view of the 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 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.

## **Financial Highlights**

Key financial highlights for 2017/18 are as follows:

- ◆ General revenues on the Schedule of Activities (Exhibit A-2) accounted for \$55,647,288 in revenue or 89.25% of all revenues. Program specific revenues in the form of operating grants and charges for services accounted for \$6,705,344 or 10.75% of total revenues of \$62,352,631.
- ◆ The District had \$61,758,318 in expenses related to Governmental Activities and Business-Type Activities; only \$6,705,344 of these expenses were offset by charges for services, grants or contributions. General revenues, comprised primarily of property taxes and federal and state aid in the amounts of \$14,246,172 and \$41,238,852, respectively, were adequate to provide for these programs.
- ◆ Among governmental funds, the General Fund had \$47,995,087 in revenues and other financing sources and \$48,512,405 in expenditures and transfers. As a result, the General Fund's balance decreased \$517,318 over 2018.
- ◆ In the year ended June 30, 2018, the District made scheduled principal and interest payments of \$714,962 on the debt issued pursuant to the April 1, 2012 Refunding Bond Sale.

## The District as a Whole

Recall that the Statement of Net Position provides a perspective of the District as a whole. The following provides a summary of the District's net position as of June 30, 2018, as compared to the prior year.

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Assets:</b>						
Current and Other Assets	7,319,133	9,331,843	841,724	830,100	8,160,858	10,161,943
Capital Assets, Net	<u>31,236,165</u>	<u>30,520,173</u>	<u>191,068</u>	<u>162,998</u>	<u>31,427,233</u>	<u>30,683,171</u>
Total Assets	<u>38,555,298</u>	<u>39,852,016</u>	<u>1,032,792</u>	<u>993,098</u>	<u>39,588,091</u>	<u>40,845,114</u>
<b>Deferred Outflows</b>						
Deferred Outflows of Resources Related to PERS	<u>2,918,240</u>	<u>4,014,700</u>	<u>-</u>	<u>-</u>	<u>2,918,240</u>	<u>4,014,700</u>
<b>Liabilities:</b>						
Current Liabilities	1,337,159	2,826,151	66,440	36,002	1,403,599	2,862,153
Noncurrent Liabilities	<u>15,117,229</u>	<u>18,465,321</u>	<u>2,448</u>	<u>3,696</u>	<u>15,119,677</u>	<u>18,469,017</u>
Total Liabilities	<u>16,454,388</u>	<u>21,291,472</u>	<u>68,888</u>	<u>39,698</u>	<u>16,523,276</u>	<u>21,331,170</u>
<b>Deferred Inflows</b>						
Deferred Inflows of Resources Related to PERS	<u>2,543,774</u>	<u>683,677</u>	<u>-</u>	<u>-</u>	<u>2,543,774</u>	<u>683,677</u>
<b>Net Position</b>						
Invested in Capital Assets	26,411,166	25,170,173	191,067	162,998	26,602,233	25,333,171
Restricted	7,898,901	8,279,010	-	-	7,898,901	8,279,010
Unrestricted	<u>(11,834,691)</u>	<u>(11,557,616)</u>	<u>772,837</u>	<u>790,402</u>	<u>(11,061,854)</u>	<u>(10,767,214)</u>
Total Net Position	<u>22,475,376</u>	<u>21,891,568</u>	<u>963,904</u>	<u>953,399</u>	<u>23,439,280</u>	<u>22,844,967</u>



The following shows the changes in net position in the fiscal years ended June 30, 2018 and 2017, respectively.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	1,518,023	1,706,144	334,529	322,335	1,852,552	2,028,479
Operating Grants and Contributions	3,269,549	20,283,781	1,583,242	1,623,500	4,852,791	21,907,281
<b>General Revenues:</b>						
Taxes:						
Property Taxes	14,246,172	14,299,982	-	-	14,246,172	14,299,982
Grants and Entitlements	41,238,852	22,318,614	-	-	41,238,852	22,318,614
Other	<u>253,728</u>	<u>223,095</u>	<u>2,694</u>	<u>2,263</u>	<u>256,422</u>	<u>225,358</u>
Total Revenues	<u>60,526,324</u>	<u>58,831,616</u>	<u>1,920,465</u>	<u>1,948,098</u>	<u>62,446,789</u>	<u>60,779,714</u>
<b>Functions/Programs:</b>						
<b>Instruction</b>	34,969,649	36,412,661	-	-	34,969,649	36,412,661
<b>Support Services:</b>						
Student & Instruction						
Related Services	10,905,485	9,588,871	-	-	10,905,485	9,588,871
Administration, Business and Other Support Services	5,984,281	5,916,977	-	-	5,984,281	5,916,977
Operations and Maintenance of Facilities	4,549,044	3,818,921	-	-	4,549,044	3,818,921
Pupil Transportation	3,138,060	2,020,345	-	-	3,138,060	2,020,345
Debt Service Assessment	72,816	72,816	-	-	72,816	72,816
Transfer to Charter School	42,997	66,000	-	-	42,997	66,000
Interest on Debt	186,025	197,837	-	-	186,025	197,837
Food Service	-	-	1,909,960	1,876,235	1,909,960	1,876,235
Transfer to Special Revenue Fund	<u>94,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,159</u>	<u>-</u>
Total Expenditures	<u>59,942,516</u>	<u>58,094,428</u>	<u>1,909,960</u>	<u>1,876,235</u>	<u>61,852,476</u>	<u>59,970,663</u>
<b>Special Item:</b>						
Loss on Disposal of Fixed Assets	<u>-</u>	<u>(63,668)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,668)</u>
Increase or (Decrease) In Net Position	<u>583,808</u>	<u>673,520</u>	<u>10,505</u>	<u>71,863</u>	<u>594,313</u>	<u>745,383</u>

## Governmental Activities

The unique nature of property taxes and school funding in New Jersey creates the need to periodically seek voter approval for District operations. Property taxes made up 27.79% percent of revenues for governmental activities for the District for the fiscal year ended June 30, 2018. Federal, state and local grants accounted for another 68.75%, while the balance came from interest and other sources. The District's total revenues were \$51,264,637 for the fiscal year ended June 30, 2018.

Exhibit A-2, "Statement of Activities", shows the cost of program services and the charges for services and grants offsetting those services, which are summarized below. The net cost reflects the net financial burden that was placed on the District's taxpayers for each of these functions.

	Total cost of services, Year ended June 30,		Net cost of services, Year ended June 30,	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction	\$34,969,649	\$36,412,661	\$(31,910,329)	\$(20,457,756)
Support services:				
Student and instruction related services	10,905,485	9,588,871	(9,177,232)	(6,453,419)
Administration, business and other support services	5,984,281	5,916,977	(5,062,588)	(4,056,395)
Operation and maintenance of facilities	4,549,044	3,818,921	(5,470,738)	(3,084,133)
Pupil transportation	3,138,060	2,020,345	(3,138,060)	(1,716,148)
Interest on Debt	186,025	197,837	(186,025)	(197,837)
Debt Service Assessment	72,816	72,816	(72,816)	(72,816)
Transfer to Charter School	42,997	66,000	(42,997)	(66,000)
Transfer to Special Revenue Fund	94,159	-	(94,159)	-
<b>Total expenses</b>	<u>\$59,942,516</u>	<u>\$58,094,428</u>	<u>\$(55,154,944)</u>	<u>\$(36,104,504)</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

Administrative, business and other support services 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 effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as provided by state law.

## Business-Type Activities

Revenues for the District's Food Service Program were comprised of charges for services and federal and state reimbursements.

- ◆ In the fiscal year ended June 30, 2018, food service revenues exceeded expenses by \$10,505. In the fiscal year ended June 30, 2017, revenues exceeded expenditures by \$71,863.
- ◆ Charges for services represented \$334,529 of revenue in the year ended June 30, 2018, compared to \$322,335 in the prior fiscal year. This represents amounts paid by patrons for daily food services.
- ◆ Federal and state reimbursement for meals, including payments for free and reduced lunches and donated commodities, was \$1,583,242 and \$1,623,044 in the fiscal years ended June 30, 2018 and 2017, respectively.

## The District's Funds

The District's funds are accounted for using a modified accrual basis of accounting. All governmental funds (i.e., general, special revenue and debt service funds presented in the fund-based statements) had total revenues of \$51,264,637, expenditures of \$51,684,719 and \$(94,159) of other financing sources and (uses) for the fiscal year ended June 30, 2018.

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 schedule presents a summary of the revenues of governmental funds for the fiscal years ended June 30, 2018 and 2017, respectively:

	Year ended June 30, 2018		Year ended June 30, 2017	
	Amount	% of total	Amount	% of total
Local sources	\$16,117,065	31.44%	\$16,229,221	32.72%
State sources	32,476,119	63.35%	30,677,883	61.84%
Federal sources	<u>2,671,453</u>	<u>5.21%</u>	<u>2,698,064</u>	<u>5.44%</u>
Total revenues	<u>\$51,264,637</u>	<u>100.00%</u>	<u>\$49,605,168</u>	<u>100.00%</u>

The following schedule presents a summary of the expenditures of governmental funds for the fiscal years ended June 30, 2018 and 2017, respectively:

	Year ended June 30, 2018		Year ended June 30, 2017	
	Amount	% of total	Amount	% of total
Instruction	\$19,627,603	38.66%	\$19,359,271	38.27%
Support services	29,370,779	52.60%	27,216,139	53.81%
Capital outlay	1,928,377	2.92%	3,212,913	6.35%
Transfer to Charter School	42,997	0.08%	66,000	0.13%
Debt service:				
Principal	525,000	1.02%	525,000	1.04%
Interest	189,963	0.37%	200,463	0.40%
<b>Total expenses</b>	<b><u>\$51,684,719</u></b>	<b><u>100.00%</u></b>	<b><u>\$50,579,786</u></b>	<b><u>100.00%</u></b>

### General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is accounted for using a modified accrual basis and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year, the District amended its General Fund budget as needed. The District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for financial management.

### Capital Assets

At the end of the fiscal year, the District had \$53,431,850 invested in land, construction in progress, buildings, furniture and equipment, and vehicles. The following shows capital asset balances, net of accumulated depreciation, as of June 30, 2018 and 2017, respectively:

	Capital Assets June 30,					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 497,100	\$ 497,100	\$ -	\$ -	\$ 497,100	\$ 497,100
Construction In Progress	-	411,158	-	-	-	411,158
Building and Improvements	27,936,652	27,612,532	-	-	27,936,652	27,612,532
Machinery and Equipment	<u>2,802,413</u>	<u>1,999,383</u>	<u>191,067</u>	<u>132,209</u>	<u>2,993,480</u>	<u>2,131,592</u>
	<b><u>\$31,236,165</u></b>	<b><u>\$30,520,173</u></b>	<b><u>\$191,067</u></b>	<b><u>\$132,209</u></b>	<b><u>\$31,427,232</u></b>	<b><u>\$30,652,382</u></b>

## **Debt Administration**

At year end, the district had \$4,825,000 in Bonds Outstanding. A reduction of \$525,000 from last year (more detailed information about the District's Long-Term Liabilities presented in Note 7 to the Basic Financial Statements.)

Other long-term debt includes liabilities for compensated absences of \$345,740 and \$379,883 as of June 30, 2018 and 2017, and net pension liability for PERS of \$9,946,489 and \$12,735,438 as of June 30, 2018 and 2017, respectively.

## **For the Future**

The Town of Dover School District is presently in good financial condition. Everyone associated with the Town of Dover School District is grateful for the community support.

The School Funding and Reform Act (SFRA) was enacted in 2008 and established a statewide, weighted student funding formula. The Funding Formula is being underfunded by the State and the shortfall is thereby absorbed by the taxpayers. A major concern of the District is its increasing reliance on property taxes.

The Town of Dover School District has committed itself to continue its system of financial planning, budgeting and internal financial controls to meet the challenges of the future.

## **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Catherine Jenisch, Business Administrator/Board Secretary at the Dover Board of Education, 100 Grace Street, Dover, New Jersey 07801.

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

**TOWN OF DOVER BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	36,153.23	683,991.34	720,144.57
Receivables, net	1,040,782.14	151,301.48	1,192,083.62
Inventory		6,431.87	6,431.87
Restricted assets:			
Capital reserve account - cash	5,667,197.46		5,667,197.46
Maintenance reserve account - cash	575,000.00		575,000.00
Capital assets:			
Land	497,100.00		497,100.00
Other capital assets, net	30,739,065.47	191,067.50	30,930,132.97
Total Assets	<u>38,555,298.30</u>	<u>1,032,792.19</u>	<u>39,588,090.49</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred Outflows of Resources Related to PERS	<u>2,918,239.65</u>		<u>2,918,239.65</u>
<b>LIABILITIES</b>			
Accounts payable	1,237,234.23	66,439.98	1,303,674.21
Accrued interest payable	43,553.13		43,553.13
Payable to state government	15,808.95		15,808.95
Unearned revenue	40,563.14	-	40,563.14
Noncurrent liabilities:			
Due within one year	540,000.00		540,000.00
Due beyond one year	14,577,229.00	2,448.00	14,579,677.00
Total liabilities	<u>16,454,388.45</u>	<u>68,887.98</u>	<u>16,523,276.43</u>
<b>DEFERRED INFLOWS</b>			
Deferred Inflows of Resources Related to PERS	<u>2,543,774.00</u>		<u>2,543,774.00</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	26,411,165.47	191,067.50	26,602,232.97
Restricted for:			
Other purposes	2,231,702.03	-	2,231,702.03
Debt service	1.14		1.14
Capital projects	5,667,197.46		5,667,197.46
Unrestricted	(11,834,690.60)	772,836.71	(11,061,853.89)
Total net position	<u><u>22,475,375.50</u></u>	<u><u>963,904.21</u></u>	<u><u>23,439,279.71</u></u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.



TOWN OF DOVER BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
Instruction:							
Regular	15,814,653.16	10,738,386.05	1,518,023.00	1,541,297.31	(23,493,718.90)		(23,493,718.90)
Special education	2,116,866.47	4,558,362.19			(6,675,228.66)		(6,675,228.66)
Other special instruction	966,169.90	-			(966,169.90)		(966,169.90)
Other instruction	729,913.46	45,298.00			(775,211.46)		(775,211.46)
Support services:							
Tuition	4,465,842.48	-			(4,465,842.48)		(4,465,842.48)
Student & instruction related services	4,143,836.16	2,295,805.70		1,728,252.16	(4,711,389.70)		(4,711,389.70)
General administrative services	951,128.18	424,409.14			(1,375,537.32)		(1,375,537.32)
School administrative service	1,915,369.05	1,771,682.01			(3,687,051.06)		(3,687,051.06)
Central services and Admin. Infor. Tech.	469,446.91	452,245.64			(921,692.55)		(921,692.55)
Plant operations and maintenance	2,830,478.00	1,718,567.34			(4,549,045.34)		(4,549,045.34)
Pupil transportation	1,834,368.83	1,303,691.49			(3,138,060.32)		(3,138,060.32)
Capital Outlay - Non-depreciable	72,816.00	-			(72,816.00)		(72,816.00)
Charter School	42,997.00	-			(42,997.00)		(42,997.00)
Interest on long-term debt	186,025.00	-			(186,025.00)		(186,025.00)
Total governmental activities	36,539,910.60	23,308,447.56	1,518,023.00	3,269,549.47	(55,060,785.69)		(55,060,785.69)
<b>Business-type activities:</b>							
Food Service	1,891,100.29	18,860.00	334,528.91	1,583,242.22	-	7,810.84	7,810.84
Total business-type activities	1,891,100.29	18,860.00	334,528.91	1,583,242.22	-	7,810.84	7,810.84
<b>Total primary government</b>	<b>38,431,010.89</b>	<b>23,327,307.56</b>	<b>1,852,551.91</b>	<b>4,852,791.69</b>	<b>(55,060,785.69)</b>	<b>7,810.84</b>	<b>(55,052,974.85)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes, net					14,246,172.00		14,246,172.00
Federal and State aid not restricted					41,238,852.39		41,238,852.39
Investment Earnings					32,308.85	2,694.22	35,003.07
Transferred to Special Revenue Fund					(94,159.00)		(94,159.00)
Miscellaneous Income					221,419.17		221,419.17
Total general revenues, special items, extraordinary items and transfers					55,644,593.41	2,694.22	55,647,287.63
<b>Change in Net Position</b>					583,807.72	10,505.06	594,312.78
<b>Net Position - Beginning</b>					21,891,567.78	953,399.15	22,844,966.93
<b>Net Position - ending</b>					22,475,375.50	963,904.21	23,439,279.71

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

**TOWN OF DOVER BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	36,152.09		1.14	36,153.23
Interfund Loan Receivables	480,383.39			480,383.39
Receivables from other governments	371,656.84	517,323.00		888,979.84
Other Accounts Receivable	151,802.30			151,802.30
Restricted cash and cash equivalents	6,242,197.46			6,242,197.46
<b>Total assets</b>	<u>7,282,192.08</u>	<u>517,323.00</u>	<u>1.14</u>	<u>7,799,516.22</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Interfund Loans Payables		480,383.39		480,383.39
Accounts Payable	815,504.56	6,105.02		821,609.58
Payable to State government		15,808.95		15,808.95
Unearned revenue		40,563.14		40,563.14
<b>Total liabilities</b>	<u>815,504.56</u>	<u>542,860.50</u>	<u>-</u>	<u>1,358,365.06</u>
<b>Fund Balances:</b>				
<b>Assigned to:</b>				
Other Purposes	1,656,702.03			1,656,702.03
<b>Restricted for:</b>				
Capital reserve account	5,667,197.46			5,667,197.46
Maintenance reserve account	575,000.00			575,000.00
<b>Unassigned:</b>				
General fund	(1,432,211.97)			(1,432,211.97)
Special Revenue Fund		(25,537.50)		(25,537.50)
Debt Service Fund			1.14	1.14
<b>Total fund balances (Deficit)</b>	<u>6,466,687.52</u>	<u>(25,537.50)</u>	<u>1.14</u>	<u>6,441,151.16</u>
<b>Total liabilities and fund balances</b>	<u>7,282,192.08</u>	<u>517,323.00</u>	<u>1.14</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.	(43,553.13)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$52,882,451.99 and the accumulated depreciation is \$21,646,286.52.	31,236,165.47
Accounts Payable for subsequent Pension payment is not a payable in the funds	(415,624.65)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.	
Deferred Outflows of Resources Related to PERS Pension Liability	2,918,239.65
Deferred Inflows of Resources Related to PERS Pension Liability	(2,543,774.00)
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.	(15,117,229.00)
<b>Net position of governmental activities</b>	<u>22,475,375.51</u>

**TOWN OF DOVER BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>				
Local sources:				
Local tax levy	14,246,172.00		-	14,246,172.00
Tuition charges	1,518,023.00			1,518,023.00
Local Grants		99,141.99		99,141.99
Miscellaneous	253,728.02			253,728.02
Total - Local Sources	16,017,923.02	99,141.99	-	16,117,065.01
State sources	31,940,668.35	535,450.48	-	32,476,118.83
Federal sources	36,496.04	2,634,957.00		2,671,453.04
Total revenues	47,995,087.41	3,269,549.47	-	51,264,636.88
<b>EXPENDITURES</b>				
Current:				
Regular instruction	14,273,355.85	1,541,297.31		15,814,653.16
Special education instruction	2,116,866.47			2,116,866.47
Other special instruction	966,169.90			966,169.90
Other instruction	729,913.46			729,913.46
Support services and undistributed costs:				
Tuition	4,465,842.48			4,465,842.48
Student & instruction related services	2,418,662.50	1,725,173.66		4,143,836.16
General administrative services	951,128.18			951,128.18
School administrative services	1,915,369.05			1,915,369.05
Central Services and Admin. Infor. Tech.	469,446.91			469,446.91
Plant operations and maintenance	2,830,478.00			2,830,478.00
Pupil transportation	1,834,368.83			1,834,368.83
Unallocated employee benefits	12,760,309.56			12,760,309.56
Capital outlay	1,928,377.24			1,928,377.24
Transfer to Charter School	42,997.00			42,997.00
Debt service:				
Principal			525,000.00	525,000.00
Interest and other charges			189,962.50	189,962.50
Total expenditures	47,703,285.43	3,266,470.97	714,962.50	51,684,718.90
Excess (Deficiency) of revenues over expenditures	291,801.98	3,078.50	(714,962.50)	(420,082.02)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer Capital Reserve to Debt Service	(714,961.00)		714,961.00	-
Transfer to Special Revenue - Regular - Local Contribution	(94,159.00)			(94,159.00)
Total other financing sources and uses	(809,120.00)	-	714,961.00	(94,159.00)
Net change in fund balances	(517,318.02)	3,078.50	(1.50)	(514,241.02)
Fund balance—July 1	6,984,005.54	(28,616.00)	2.64	6,955,392.18
Fund balance—June 30	6,466,687.52	(25,537.50)	1.14	6,441,151.16

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**TOWN OF DOVER 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, 2018**

**Total net change in fund balances - governmental funds (from B-2)** (514,241.02)

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, on 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 current fiscal year.

	Depreciation expense	(1,139,569.00)	
	Capital outlay	<u>1,855,561.24</u>	715,992.24

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

In the current year, these amounts consist of:

	Principal Payments on Bonds Payable		525,000.00
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In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount exceeds the earned amount the difference is an addition to the reconciliation (+).

	(Increase) Decrease in Compensated Absences Payable		34,143.00
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District pension contributions are reported as expenditures in the governmental funds when made.

However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

	District Pension Contributions	395,833.00	
	Less: Pension Expense	<u>(576,857.00)</u>	(181,024.00)
	Increase/(Decrease) in Pension Expense		

Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements

	Increase in On-behalf State Aid TPAF Pension		5,804,165.00
	Increase in On-behalf TPAF Pension Expense		(5,804,165.00)

Per GASB No. 75 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF post employment medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements

	Increase in On-behalf State Aid TPAF Post Employment Medical Revenue		3,457,523.00
	Increase in On-behalf State Aid TPAF Post Employment Medical Expense		(3,457,523.00)

In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an (increase)/decrease in the reconciliation.

			<u>3,937.51</u>
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**Change in net position of governmental activities**

			<u><u>583,807.72</u></u>
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**TOWN OF DOVER BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	<b>Business-type Activities -</b>	
	<b>Enterprise Funds</b>	
	<b>Food Service</b>	<b>Total Enterprise Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	683,991.34	683,991.34
Intergovernmental receivables:		
State	2,180.95	2,180.95
Federal	149,120.53	149,120.53
Inventories	6,431.87	6,431.87
Total current assets	<u>841,724.69</u>	<u>841,724.69</u>
Noncurrent assets:		
Furniture, machinery & equipment	549,398.50	549,398.50
Less accumulated depreciation	<u>(358,331.00)</u>	<u>(358,331.00)</u>
Total noncurrent assets	<u>191,067.50</u>	<u>191,067.50</u>
Total assets	<u><u>1,032,792.19</u></u>	<u><u>1,032,792.19</u></u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts Payable	<u>66,439.98</u>	<u>66,439.98</u>
Total current liabilities	<u>66,439.98</u>	<u>66,439.98</u>
Noncurrent liabilities:		
Compensated Absences	<u>2,448.00</u>	<u>2,448.00</u>
Total Noncurrent liabilities:	<u>2,448.00</u>	<u>2,448.00</u>
Total liabilities	<u>68,887.98</u>	<u>68,887.98</u>
<b>NET POSITION</b>		
Invested in Capital Assets Net of		
Related Debt	191,067.50	191,067.50
Unreserved retained earnings	<u>772,836.71</u>	<u>772,836.71</u>
Total net position	<u>963,904.21</u>	<u>963,904.21</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**TOWN OF DOVER BOARD OF EDUCATION  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Food Service</b>	<b>Total Enterprise Fund</b>
Operating revenues:		
Charges for services:		
Daily sales - reimbursable lunch programs	65,599.84	65,599.84
Daily sales - non-reimbursable programs	260,306.00	260,306.00
Special functions	3,250.75	3,250.75
Program Fees	5,372.32	5,372.32
Total operating revenues	<u>334,528.91</u>	<u>334,528.91</u>
Operating expenses:		
Cost of sales- reimbursable	827,437.04	827,437.04
Cost of sales- non-reimbursable	74,905.00	74,905.00
Salaries	573,643.46	573,643.46
Employers share of Social Security	6,757.91	6,757.91
Employee benefits	133,006.61	133,006.61
Payroll Taxes	73,485.70	73,485.70
Purchased Technical Services	5,425.74	5,425.74
Repairs	20,422.34	20,422.34
General supplies	61,379.79	61,379.79
Depreciation	18,860.00	18,860.00
Management fees	103,136.50	103,136.50
Miscellaneous	11,500.20	11,500.20
Total operating expenses	<u>1,909,960.29</u>	<u>1,909,960.29</u>
Operating Income (loss)	<u>(1,575,431.38)</u>	<u>(1,575,431.38)</u>
Non-operating revenues (expenses):		
State sources:		
State school lunch program	21,752.19	21,752.19
Federal sources:		
National school lunch program	1,161,894.04	1,161,894.04
Special milk program	945.53	945.53
School breakfast program	176,266.48	176,266.48
Fresh fruits and vegetables program	68,295.11	68,295.11
Food distribution program	154,088.87	154,088.87
Interest and investment revenue	2,694.22	2,694.22
Total non-operating revenues (expenses)	<u>1,585,936.44</u>	<u>1,585,936.44</u>
Income (loss) before contributions & transfers	<u>10,505.06</u>	<u>10,505.06</u>
Total Net Position - Beginning	<u>953,399.15</u>	<u>953,399.15</u>
Total Net Position—Ending	<u><u>963,904.21</u></u>	<u><u>963,904.21</u></u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**TOWN OF DOVER BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-type Activities - Enterprise Funds	
	Food Service	Total Enterprise Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	334,528.91	334,528.91
Receipts / (payments) for interfunds	6,049.21	6,049.21
Payments to employees	(573,643.46)	(573,643.46)
Payments to suppliers	(1,289,648.75)	(1,289,648.75)
Net cash provided by (used for) operating activities	<u>(1,522,714.09)</u>	<u>(1,522,714.09)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	21,318.53	21,318.53
Federal Sources	1,523,457.09	1,523,457.09
Net cash provided by (used for) non-capital financing activities	<u>1,544,775.62</u>	<u>1,544,775.62</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(46,930.00)	(46,930.00)
Net cash provided by (used for) capital and related financing activities	<u>(46,930.00)</u>	<u>(46,930.00)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends	2,694.22	2,694.22
Net cash provided by (used for) investing activities	<u>2,694.22</u>	<u>2,694.22</u>
Net increase (decrease) in cash and cash equivalents	(22,174.25)	(22,174.25)
Balances—beginning of year	706,165.59	706,165.59
Balances—end of year	<u>683,991.34</u>	<u>683,991.34</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	(1,575,431.38)	(1,575,431.38)
Adjustments to reconcile operating loss to net cash provided (used for) operating activities:		
Depreciation	18,860.00	18,860.00
(Increase) / decrease in interfund receivable	6,049.21	6,049.21
(Increase) / decrease Compensated Absences	(1,248.00)	(1,248.00)
(Increase) / decrease in inventories	(1,381.54)	(1,381.54)
Increase / (decrease) in accounts payable	30,437.62	30,437.62
Total adjustments	<u>52,717.29</u>	<u>52,717.29</u>
Net cash provided by (used for) operating activities	<u>(1,522,714.09)</u>	<u>(1,522,714.09)</u>

Noncash Noncapital Financing Activities:

During the year, the district received \$ 154,088.87 of food commodities from the U.S. Department of Agriculture.

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.



**TOWN OF DOVER BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	33,714.39	168,425.41	519,932.11
Interfund Accounts Receivable:			
Agency Fund	190,089.44		
Total assets	<u>223,803.83</u>	<u>168,425.41</u>	<u>519,932.11</u>
<b>LIABILITIES</b>			
Interfund accounts payable:			
Unemployment Trust			190,089.44
Payable to student groups			156,330.31
Payroll deductions and withholdings			173,512.36
Total liabilities	<u>-</u>	<u>-</u>	<u>519,932.11</u>
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	<u>223,803.83</u>		
Reserved for other purposes		<u>168,425.41</u>	

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**TOWN OF DOVER BOARD OF EDUCATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Unemployment Compensation Trust</b>	<b>Scholarship Fund</b>
<b>ADDITIONS</b>		
Contributions	100,154.12	67,154.00
Total Contributions	100,154.12	67,154.00
Investment earnings:		
Interest	52.75	539.23
Net investment earnings	52.75	539.23
Total additions	100,206.87	67,693.23
<b>DEDUCTIONS</b>		
Unemployment claims	67,383.49	
Scholarships awarded		57,334.10
Total deductions	67,383.49	57,334.10
Change in net position	32,823.38	10,359.13
Net position—beginning of the year	190,980.45	158,066.28
Net position—end of the year	223,803.83	168,425.41

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Board of Education (“Board”) of the Town of Dover School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Town of Dover School District is a Type II district located in the County of Morris, 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-12. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, “Defining the Financial Reporting Entity” establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include three elementary, one middle and one senior high school located in the Town of Dover. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

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

The financial statements of the Board of Education of the Town of Dover School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board’s accounting policies are described below.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**A. Basis of Presentation**

The Board'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 Financial Statements**

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

**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 - *government*, *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 models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

**General Fund** - The General Fund is the general operating fund of the Board. 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 noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America 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 fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

**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.

**Town of Dover School District**  
**Notes to the Basic Financial Statements**  
**for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**PROPRIETARY FUNDS**

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

**Enterprise 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 Board 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 Board 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 Board's Enterprise Fund is comprised of the Food Service Fund operations.

**Fiduciary Fund** - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include the Student Activities Fund and Payroll Agency Fund.

**B. Measurement Focus**

**District-wide Financial Statements**

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018.**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Fund Financial Statements** (continued)

of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

**C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

**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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that 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.

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which



**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Revenues - Exchange and Non-exchange Transactions** (continued)

the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**D. Budgets/Budgetary Control**

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendent's office for approval. 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:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education made material supplemental budgetary appropriations during the fiscal year, \$2,314,106.23 for transportation and capital outlay.

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 accounting principles generally accepted in the United States of America with the

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Budgets/Budgetary Control** (continued)

exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and 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.

**E. Encumbrances**

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 year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Board 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. Cash, 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 districts.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**F. Cash, Cash Equivalents and Investments** (continued)

Additionally, the Board has adopted a cash management plan that 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.

*N.J.S.A. 17:9-41 et seq.* establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**G. Tuition Revenues/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.

**H. Tuition Payable**

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

**I. Inventories**

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**K. Short-Term Interfund Receivables/Payables**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund” receivables/payables. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**L. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All 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. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-Type Activity</u>
	<u>Estimated Lives</u>	<u>Estimated Lives</u>
Sites and Improvements	20 years	N/A
Building and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**M. 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 Board 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 Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**N. Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

**O. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**P. Accounting and Financial Reporting for Pensions**

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**P. Accounting and Financial Reporting for Pensions** (continued)

the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

**Q. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, which is deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

**R. Fund Balances:**

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**R. Fund Balances:** (continued)

- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**S. Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.



**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**T. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**U. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

**V. 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 reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, medical and dental benefits and TPAF on-behalf contributions were allocated based on salaries of that program. Changes in compensating absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. 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 as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**W. Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

**X. Recent Accounting Pronouncements:**

The Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017 and was implemented by the District for the year ended June 30, 2018.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**X. Recent Accounting Pronouncements: (continued)**

March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District does not believe this Statement will have any effect on future financial statements.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The District does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District is currently evaluating the effects, if any, this Statement may have on future financial statements.

In March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The District implemented this statement for the year ended June 30, 2018.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, Certain Debt Extinguishment Issues, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The District had no transactions of this type for the year ended June 30, 2018.

In June 2017, the Government Accounting Standards Board issued GASB Statement 87, Leases, which improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**X. Recent Accounting Pronouncements: (continued)**

It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The District is currently reviewing what effect, if any, this Statement may have on future financial statements.

In March 2018, the Government Accounting Standards Board issued GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This Statement is effective for reporting periods beginning after June 15, 2018. The District believes this may impact the disclosures relating to debt in the notes to the financial statements.

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

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2018, \$-0- of the District's bank balance of \$8,968,55.28 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investment to 397 days.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS(continued)**

**Credit Risk**

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The district places no limit on the amount the District may invest in any one issuer.

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2018 consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial <u>Activities</u>	Enterprise <u>Fund</u>	District Wide Financial <u>Statements</u>
State Aid	\$371,656.84	\$2,180.95	\$373,837.79
Federal Aid	517,323.00	149,120.53	666,443.53
Other	151,802.30	-	151,802.30
Interfunds	480,383.39	-	-
	<u>1,521,165.53</u>	<u>151,301.48</u>	<u>1,192,083.62</u>
Gross Receivables			
	<u>1,521,165.53</u>	<u>151,301.48</u>	<u>1,192,083.62</u>
Less Allowance for Uncollectables	-	-	-
Total Receivables Net	<u>1,521,165.53</u>	<u>151,301.48</u>	<u>1,192,083.62</u>

**NOTE 5. INTERFUND BALANCES AND ACTIVITY**

Due to General Fund from Special Revenue Fund for expenditures made in General Fund. \$480,383.39

It is anticipated that all interfunds will be liquidated within the fiscal year.

The General Fund is owed \$480,383.39 from the Special Revenue Fund for a cash deficit which will be reimbursed when grant money is received from federal grantors.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance <u>6/30/17</u>	Additions	Deductions	Adjustments	Balance <u>6/30/18</u>
Governmental Activities:					
Capital Assets that are not being depreciated:					
Land	497,100.00	-	-	-	497,100.00
Construction in Progress	<u>411,158.23</u>	-	-	<u>(411,158.23)</u>	-
Total Capital Assets not being depreciated	<u>908,258.23</u>	-	-	<u>(411,158.23)</u>	<u>497,100.00</u>
Building and Building Improvements	46,312,544.00	1,223,434.76	-	-	47,535,978.76
Machinery and Equipment	<u>4,442,283.00</u>	<u>632,126.48</u>	<u>(636,194.48)</u>	<u>411,158.23</u>	<u>4,849,373.23</u>
Totals at historical costs	<u>50,754,827.00</u>	<u>1,855,561.24</u>	<u>(636,194.48)</u>	<u>411,158.23</u>	<u>52,385,351.99</u>
Less accumulated depreciation for:					
Building and Improvements	(18,700,012.00)	(899,314.00)	-	-	(19,599,326.00)
Equipment	<u>(2,442,900.00)</u>	<u>(240,255.00)</u>	<u>636,194.48</u>	-	<u>(2,046,960.52)</u>
Total accumulated depreciation	<u>(21,142,912.00)</u>	<u>(1,139,569.00)</u> (1)	<u>636,194.48</u>	-	<u>(21,646,286.52)</u>
Total capital assets being depreciated, Net of accumulated depreciation	<u>29,611,915.00</u>	<u>715,992.24</u>	-	<u>411,158.23</u>	<u>30,739,065.47</u>
<b>Governmental activities capital assets, net</b>	<u><u>30,520,173.23</u></u>	<u><u>715,992.24</u></u>	-	-	<u><u>31,236,165.47</u></u>
Business-type activities:					
Equipment:					
Food Service	<u>519,595.50</u>	<u>46,930.00</u>	<u>(17,127.00)</u>	-	<u>549,398.50</u>
	<u>519,595.50</u>	<u>46,930.00</u>	<u>(17,127.00)</u>	-	<u>549,398.50</u>
Less accumulated depreciation for:					
Equipment:					
Food Service	<u>(356,598.00)</u>	<u>(18,860.00)</u>	<u>17,127.00</u>	-	<u>(358,331.00)</u>
	<u>(356,598.00)</u>	<u>(18,860.00)</u>	<u>17,127.00</u>	-	<u>(358,331.00)</u>
<b>Business-type activities capital assets, net</b>	<u><u>162,997.50</u></u>	<u><u>28,070.00</u></u>	-	-	<u><u>191,067.50</u></u>

(1) Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 385,520.00
Special Education	352,926.00
Other Instruction	45,298.00
Support Services:	
Student and Instruction Related Services	140,991.00
School Administrative Services	18,124.00
General and Business Administrative Services	78,575.00
Plant Operations and Maintenance	35,949.00
Pupil Transportation	<u>82,186.00</u>
	<u><u>\$1,139,569.00</u></u>

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 7. LONG-TERM OBLIGATION ACTIVITY**

Changes in long-term obligations for the fiscal year ended June 30, 2018 are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
<b>Long - Term Debt:</b>					
Serial Bonds	\$ 5,350,000.00	\$ -	\$(525,000.00)	\$4,825,000.00	\$540,000.00
Total Debt Payable	<u>5,350,000.00</u>	<u>-</u>	<u>(525,000.00) (1)</u>	<u>4,825,000.00</u>	<u>540,000.00</u>
<b>Other Liabilities:</b>					
Compensated Absences	379,883.00	-	(34,143.00) (3)	345,740.00	-
Net Pension Liability	<u>12,735,438.00</u>	<u>-</u>	<u>(2,788,949.00)</u>	<u>9,946,489.00</u>	<u>-</u>
Total Other Liabilities	<u>123,115,321.00</u>	<u>-</u>	<u>(2,823,092.00) (2)</u>	<u>10,292,229.00</u>	<u>-</u>
<b>Governmental Activities</b>					
Long - Term Liabilities	<u>\$18,465,321.00</u>	<u>\$ -</u>	<u>\$(3,348,000.00)</u>	<u>\$15,117,229.00</u>	<u>\$540,000.00</u>

(1) Paid by Debt Service Fund

(2) Paid by General Fund

(3) Net of days allowed and days used.

**A. Bonds Payable:**

The Board issued General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets.

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.

Outstanding Bonds Payable at June 30, 2018 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Refunding Bonds of 2012	Various	4/1	2026	\$7,040,000.00	\$4,825,000.00

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 7. LONG-TERM OBLIGATION ACTIVITY** (continued)

Principal and interest due on Serial Bonds Outstanding is as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$540,000.00	\$174,212.50	\$714,212.50
2020	555,000.00	158,012.50	713,012.50
2021	570,000.00	141,362.50	711,362.50
2022	580,000.00	126,400.00	706,400.00
2023	605,000.00	103,200.00	708,200.00
2024	630,000.00	79,000.00	709,000.00
2025	660,000.00	53,800.00	713,800.00
2026	<u>685,000.00</u>	<u>27,400.00</u>	<u>712,400.00</u>
	<u>4,825,000.00</u>	<u>863,387.50</u>	<u>5,688,387.50</u>

**NOTE 8. PENSION PLANS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at:

[http://www.state.nj.us/treasury/pensions/annrpts\\_archive.htm](http://www.state.nj.us/treasury/pensions/annrpts_archive.htm).

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, 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.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS: (continued)**

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are 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:

<u>Tier</u>	<u>Definition</u>
1	Members who were 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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>a</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years 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 50 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.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.



**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS: (continued)**

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were 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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years 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 50 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.

Defined Contribution Retirement Program

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS: (continued)**

Contributions Requirements Fund Based Statements

The Board's contribution to PERS and DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

<u>Year Ending</u>	<u>PERS</u>	<u>DCRP</u>
6/30/18	\$395,833.00	\$24,981.07
6/30/17	384,149.00	20,012.36
6/30/16	356,396.00	17,573.98

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

<u>Year Ending</u>	<u>Pension Contributions</u>	<u>Post-Retirement Medical Contributions</u>	<u>NCGI Premium</u>	<u>Long Term Disability</u>
6/30/18	\$2,695,642.00	\$1,783,309.00	\$65,417.00	\$4,062.00
6/30/17	1,990,536.00	1,718,663.00	72,122.00	3,662.00
6/30/16	1,456,620.00	1,820,829.00	72,559.00	-

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,312,469.85 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68**

**Public Employees Retirement System (PERS)**

At June 30, 2018, the District had a liability of \$9,946,489.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE  
STATEMENTS PER - GASB NO. 68, (continued)**

**Public Employees Retirement System (PERS)**

of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District's proportion was 0.0427284008 percent, which was a decrease of 0.0002718403 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$576,857.00. At June 30, 2018, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$234,205.00	\$ -
Changes of assumptions	2,003,875.00	1,996,528.00
Net difference between projected and actual earnings on pension plan investments	67,729.00	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	196,806.00	547,246.00
District contributions subsequent to the measurement date	<u>415,624.65</u>	<u>-</u>
Total	<u>\$2,918,239.65</u>	<u>\$2,543,774.00</u>

The \$415,624.65 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

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

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Public Employees Retirement System (PERS)**

Year ended June 30:	
2018	\$234,150.00
2019	353,338.00
2020	214,105.00
2021	(284,760.00)
2022	(207,552.00)

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for 2017, 2016, 2015 and 2014 amounts, respectively.

**Additional Information**

Local Group Collective balances at June 30, 2017 and June 30, 2016 are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$6,424,455,842	\$ 8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
District s Proportion	0.0427284008%	0.04300024110%

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-  
WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Public Employees Retirement System (PERS)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plans actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Public Employees Retirement System (PERS)**

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. 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 real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U. S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U. S. Equity	30.00%	8.19%
Non-U. S. Developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Public Employees Retirement System (PERS)**

**Discount Rate**

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% and as of June 30, 2017 and 2016, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date 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, 2017, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	<u>June 30, 2017</u>		
	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
District's proportionate share of the pension liability	\$12,339,294	\$9,946,489	\$7,952,985

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Teachers Pensions and Annuity Fund (TPAF)**

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 non-employer 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 non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2018 was as follows:

Net Pension Liability:

District's proportionate share	\$	-
State's proportionate share associated with the District		<u>\$123,641,020.00</u>
		<u>\$123,641,020.00</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the proportion of the TPAF net pension liability associated with the District was 0.1833794238%.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue of \$8,565,224.00 for contributions provided by the State in the District-Wide Financial Statements.



**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-  
WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Teachers Pensions and Annuity Fund (TPAF) (continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

**Mortality Rates**

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**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, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. 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 real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Teachers Pensions and Annuity Fund (TPAF) (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U. S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U. S. Equity	30.00%	8.19%
Non-U. S. Developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Discount Rate**

The discount rate used to measure the total pension liability was 4.25% and 3.22% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuary determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 8. PENSION PLANS: (continued)**

**ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-  
WIDE STATEMENTS PER - GASB NO. 68, (continued)**

**Teachers Pensions and Annuity Fund (TPAF) (continued)**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

**NOTE 9. POST-RETIREMENT BENEFITS:**

**General Information about the OPEB Plan**

**Plan Description and Benefits Provided**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 9. POST-RETIREMENT BENEFITS:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75.

Employees covered by benefits terms. At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees:

As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State Contributed \$1.39 billion on their behalf.

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

**Total OPEB Liability**

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level for the State Health Benefit Local Education Retired Employee's Plan and is not specific to the board of education/board of trustees, and could be found at <https://www.state.nj.us/treasury/pensions/GASBnotices> OPEB.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2018 was as follows:

OPEB Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>91,012,966</u>
	<u>\$91,012,966</u>

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 9. POST-RETIREMENT BENEFITS (continued)**

*Actual Assumptions and Other Imputes*

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. 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:

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PFRS, respectively.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 9. POST-RETIREMENT BENEFITS (continued)**

**(a) *Health Care Trend Assumptions***

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**(b) *Discount Rate***

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. 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.

***Sensitivity of Total Nonemployer OPEB Liability to Changes in the Discount Rate***

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

***Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:***

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

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

For the year ended June 30, 2018, the board of education/board of trustees recognized on-behalf OPEB expense of \$5,240,832 in the district-wide financial statements as determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Town of Dover School District proportionate share of school retirees OPEB is zero; therefore, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 10. DEFERRED COMPENSATION**

The Board offers its employees a choice of the following 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:

Metlife	Financial Resource & Retirement Advisory, Inc.
The Equitable	Siracusa Benefits Program
Lincoln Financial Group	AIH Valic

**NOTE 11. RISK MANAGEMENT**

The District is exposed to various risks of loss related to general liability, automobile coverage; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur.

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

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The table below is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal</u> <u>Year</u>	<u>School</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017-2018	45,590.28	54,616.59	67,383.49	223,803.83
2016-2017	166,993.18	44,811.37	166,993.18	190,980.45
2015-2016	62,625.09	48,000.00	62,625.09	146,154.75

**NOTE 12. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Town of Dover Board of Education by inclusion of \$208,000.00 on October 17, 2000 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.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 12. CAPITAL RESERVE ACCOUNT (continued)**

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). A district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfers 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 of the capital reserve for July 1, 2017 to June 30, 2018 fiscal year, is as follows:

Beginning balance July 1, 2017	\$7,047,175.01
Deposit per Board Resolution	455,527.68
Withdrawal for Debt Service	(714,961.00)
Withdrawal for Capital Outlay	<u>(1,120,544.23)</u>
Ending balance June 30, 2018	<u>\$5,667,197.46</u>

The balance in the capital reserve account at June 30, 2018 does not exceed the balance of local support costs of uncompleted capital projects in its LRFP. Withdrawals from the capital reserve, where applicable, are for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

**NOTE 13. MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve account was established by the Board of Education resolution adopted on June 23, 2011 in the amount of \$1,000,000.00. The account is maintained in the general fund. The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.S.A. 18A:7G-9*). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

The activity of the maintenance reserve account for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$575,000.00
Deposit per Board Resolution	342,000.00
Withdrawal	<u>(342,000.00)</u>
Ending balance, June 30, 2018	<u>\$575,000.00</u>



**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 14. INVENTORY**

Inventory on the Food Service Fund at June 30, 2018 consisted of the following:

Food	\$3,586.69
Supplies	<u>2,845.18</u>
	<u>\$6,431.87</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as unearned revenue.

**NOTE 15: CALCULATION OF EXCESS SURPLUS**

In accordance with *N.J.S.A.* 18A:7F-7, as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in the subsequent years' budget. The excess fund balance at June 30, 2018 is \$-0-.

**NOTE 16. DEFICIT FUND BALANCES**

The District has a deficit fund balance of \$1,432,211.97 in the General Fund and \$25,537.50 in the Special Revenue Fund as of June 30, 2018 as reported in the fund statements (modified accrual basis). *N.J.S.A.* 18A:22-44.2 provides that in the event a state school aid payment is not made until the following budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes as asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to timing the June state aid payment(s), the General and Special Revenue fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-4.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payment(s) 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 deficit in the GAAP funds statements of \$1,457,749.47 is less than the last state aid payment.

**Town of Dover School District  
Notes to the Basic Financial Statements  
for the fiscal year ended June 30, 2018**

**NOTE 17. FUND BALANCE APPROPRIATED**

**General Fund (B-1)** - Of the \$6,466,687.52 General Fund fund balance at June 30, 2018, \$1,656,702.03 is reserved for encumbrances, \$5,667,197.46 has been reserved in the Capital Reserve Account, \$575,000.00 has been reserved in the Maintenance Reserve Account; and \$1,432,211.97 is unreserved and undesignated.

**Debt Service Fund** - \$1.14 is unreserved and undesignated.

**NOTE 18. CONTINGENT LIABILITIES**

**Grant Programs** - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**Litigation** - The Board's attorney is unaware of any potential claims against the District that would materially affect the financial condition of the District.

**NOTE 19: SUBSEQUENT EVENT**

The District has evaluated subsequent events through January 31, 2019, the date which the financial statements were available to be issued and no other items were noted for disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

## **BUDGETARY COMPARISON SCHEDULE**

**TOWN OF DOVER BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	14,246,172.00		14,246,172.00	14,246,172.00	-
Tuition - From Other LEAs within State	1,518,023.00		1,518,023.00	1,518,023.00	-
Interest Earned on Capital Reserve Funds	1,000.00		1,000.00		(1,000.00)
Other Restricted Miscellaneous Revenues	175,000.00		175,000.00	253,728.02	78,728.02
<b>Total - Local Sources</b>	<u>15,940,195.00</u>	<u>-</u>	<u>15,940,195.00</u>	<u>16,017,923.02</u>	<u>77,728.02</u>
<b>State Sources:</b>					
Equalization Aid	21,912,473.00	1,193,562.00	23,106,035.00	23,106,035.00	-
Categorical Special Education Aid	1,739,730.00		1,739,730.00	1,739,730.00	-
Categorical Security Aid	358,459.00		358,459.00	358,459.00	-
Categorical Transportation Aid	73,021.00		73,021.00	73,021.00	-
Extraordinary Aid	-		-	305,737.00	305,737.00
Under Adequacy Aid	536,632.00		536,632.00	536,632.00	-
PARCC Readiness Aid	29,260.00		29,260.00	29,260.00	-
Per Pupil Growth Aid	29,260.00		29,260.00	29,260.00	-
Professional Learning Comm Aid	31,300.00		31,300.00	31,300.00	-
Host District Support Aid	2,201.00		2,201.00	2,201.00	-
On-behalf TPAF Pension (non-budgeted)	-		-	2,695,642.00	2,695,642.00
On-behalf TPAF NCGI Premium (non-budgeted)	-		-	65,417.00	65,417.00
On-behalf TPAF Post Retirement Medical (non-budgeted)	-		-	1,783,309.00	1,783,309.00
On-Behalf TPAF Long-Term Disability Insurance (non-budgeted)	-		-	4,062.00	4,062.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-		-	1,312,469.85	1,312,469.85
<b>Total State Sources</b>	<u>24,712,336.00</u>	<u>1,193,562.00</u>	<u>25,905,898.00</u>	<u>32,072,534.85</u>	<u>6,166,636.85</u>
<b>Federal Sources:</b>					
Medicaid Reimbursement	65,033.00		65,033.00	36,496.04	(28,536.96)
<b>Total Federal Sources</b>	<u>65,033.00</u>	<u>-</u>	<u>65,033.00</u>	<u>36,496.04</u>	<u>(28,536.96)</u>
<b>TOTAL REVENUES</b>	<u>40,717,564.00</u>	<u>1,193,562.00</u>	<u>41,911,126.00</u>	<u>48,126,953.91</u>	<u>6,215,827.91</u>
<b>EXPENDITURES:</b>					
<b>GENERAL CURRENT EXPENSES:</b>					
<b>Regular Programs - Instruction</b>					
Preschool - Salaries of Teachers	-	13,296.52	13,296.52	13,296.52	-
Kindergarten - Salaries of Teachers	865,612.00	40,214.74	905,826.74	854,853.41	50,973.33
Grades 1-5 - Salaries of Teachers	4,564,715.00	34,629.35	4,599,344.35	4,272,334.81	327,009.54
Grades 6-8 - Salaries of Teachers	2,784,676.00	(129,644.69)	2,655,031.31	2,477,828.51	177,202.80
Grades 9-12 - Salaries of Teachers	4,741,350.00	(55,000.41)	4,686,349.59	4,440,440.88	245,908.71
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	36,720.00	240.88	36,960.88	36,960.88	-
Purchased Professional-Educational Services	21,000.00	14,925.00	35,925.00	34,460.86	1,464.14
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	242,668.00	(20,634.00)	222,034.00	222,034.00	-
Purchased Technical Services	6,600.00	710.00	7,310.00	7,309.22	0.78
Other Purchased Services (400-500 series)	265,428.00	(52,352.89)	213,075.11	212,990.49	84.62
General Supplies	1,117,124.52	423,898.79	1,541,023.31	1,525,156.56	15,866.75
Textbooks	325,255.00	(136,268.77)	188,986.23	188,986.23	-
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>14,971,148.52</u>	<u>134,014.52</u>	<u>15,105,163.04</u>	<u>14,273,355.85</u>	<u>831,807.19</u>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	695,443.00	31,896.54	727,339.54	690,447.26	36,892.28
Other Salaries for Instruction	577,371.00	(125,508.42)	451,862.58	438,791.10	13,071.48
Purchased Professional-Educational Services	346,000.00	260,129.50	606,129.50	606,129.50	-
General Supplies	57,016.00	(34,188.85)	22,827.15	22,782.05	45.10
<b>Total Learning and/or Language Disabilities</b>	<u>1,675,830.00</u>	<u>132,328.77</u>	<u>1,808,158.77</u>	<u>1,758,149.91</u>	<u>50,008.86</u>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	521,289.00	(151,014.28)	370,274.72	354,559.60	15,715.12
General Supplies	15,170.00	(11,013.04)	4,156.96	4,156.96	-
<b>Total Resource Room/Resource Center</b>	<u>536,459.00</u>	<u>(162,027.32)</u>	<u>374,431.68</u>	<u>358,716.56</u>	<u>15,715.12</u>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<u>2,212,289.00</u>	<u>(29,698.55)</u>	<u>2,182,590.45</u>	<u>2,116,866.47</u>	<u>65,723.98</u>
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	990,192.00	28,414.07	1,018,606.07	966,169.90	52,436.17
<b>Total Bilingual Education - Instruction</b>	<u>990,192.00</u>	<u>28,414.07</u>	<u>1,018,606.07</u>	<u>966,169.90</u>	<u>52,436.17</u>
<b>School-Spon. Co/Extra Curr. Actvts. - Instruction</b>					
Salaries	128,584.00	(13,315.83)	115,268.17	115,268.17	-
Other Objects	8,000.00	33,711.31	41,711.31	41,711.31	-
<b>Total School-Spon. Co/Extra Curr. Actvts. - Instruction</b>	<u>136,584.00</u>	<u>20,395.48</u>	<u>156,979.48</u>	<u>156,979.48</u>	<u>-</u>
<b>School-Sponsored Athletics - Instruction</b>					
Salaries	595,823.00	(232,889.55)	362,933.45	358,423.89	4,509.56
Supplies and Materials	124,099.00	(21,540.01)	102,558.99	102,558.07	0.92
Transfer to Cover Deficit (Agency Funds)	78,669.00	-	78,669.00	78,669.00	-
<b>Total School-Sponsored Athletics - Instruction</b>	<u>798,591.00</u>	<u>(254,429.56)</u>	<u>544,161.44</u>	<u>539,650.96</u>	<u>4,510.48</u>
<b>Summer School - Instruction</b>					
Salaries of Teachers	29,125.00	4,158.02	33,283.02	33,283.02	-
General Supplies	2,900.00	(2,900.00)	-	-	-
<b>Total Summer School - Instruction</b>	<u>32,025.00</u>	<u>1,258.02</u>	<u>33,283.02</u>	<u>33,283.02</u>	<u>-</u>

**TOWN OF DOVER BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

**Exhibit C-1  
Page 2 of 4**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Total Instruction</b>	19,140,829.52	(100,046.02)	19,040,783.50	18,086,305.68	954,477.82
<b>Undistributed Expenditures - Instruction (Tuition)</b>					
Tuition to Other LEAS Within the State - Regular	64,000.00	(39,611.87)	24,388.13	24,388.13	-
Tuition to Other LEAS Within the State - Special	1,200,276.00	(17,869.74)	1,182,406.26	1,182,406.26	-
Tuition to County Voc. School Dist.- Regular	220,800.00	16,100.00	236,900.00	236,900.00	-
Tuition to County Voc. School Dist.- Special	35,000.00	35,000.00	70,000.00	70,000.00	-
Tuition to CSSD & Reg. Day Schools	306,837.00	(8,111.00)	298,726.00	298,726.00	-
Tuition to Priv.Sch. for the Disabled W/ State	2,544,080.00	(84,921.26)	2,459,158.74	2,459,158.74	-
Tuition - State Facilities	37,452.00	-	37,452.00	37,452.00	-
Tuition - Other	37,000.00	119,811.35	156,811.35	156,811.35	-
<b>Total Undistributed Expenditures - Instruction (Tuition)</b>	4,445,445.00	20,397.48	4,465,842.48	4,465,842.48	-
<b>Undist. Expend.-Attendance and Social Work</b>					
Salaries	358,995.00	(9,255.05)	349,739.95	349,739.95	-
<b>Total Undist. Expend. - Attendance and Social Work</b>	358,995.00	(9,255.05)	349,739.95	349,739.95	-
<b>Undist. Expenditures- Health Services</b>					
Salaries	311,583.00	(3,306.37)	308,276.63	288,745.43	19,531.20
Other Purchased Services (400-500 Series)	45,000.00	(6,582.81)	38,417.19	35,316.52	3,100.67
Supplies and Materials	18,508.00	(2,191.86)	16,316.14	15,747.71	568.43
<b>Total Undist. Expenditures- Health Services</b>	375,091.00	(12,081.04)	363,009.96	339,809.66	23,200.30
<b>Undist. Expend.-Speech, OT, PT and Related SVCS</b>					
Salaries	153,238.00	58,055.16	211,293.16	204,084.12	7,209.04
Purchased Professional - Educational Services	120,000.00	(51,522.45)	68,477.55	64,287.55	4,190.00
Supplies and Materials	2,604.00	(156.67)	2,447.33	2,397.84	49.49
<b>Total Undist. Expend.-Speech, OT, PT and Related SVCS</b>	275,842.00	6,376.04	282,218.04	270,769.51	11,448.53
<b>Undist. Expenditures - Guidance</b>					
Salaries of Other Professional Staff	696,352.00	97,755.14	794,107.14	743,879.42	50,227.72
Salaries of Secretarial and Clerical Assistants	81,029.00	181.00	81,210.00	81,210.00	-
Other Purchased Services (400-500 Series)	2,984.00	(2,984.00)	-	-	-
Supplies and Materials	19,142.00	(575.25)	18,566.75	18,527.28	39.47
<b>Total Undist. Expenditures - Guidance</b>	799,507.00	94,376.89	893,883.89	843,616.70	50,267.19
<b>Undist. Expenditures -Child Study Teams</b>					
Salaries of Other Professional Staff	70,489.00	(29,914.75)	40,574.25	20,128.76	20,445.49
Salaries of Secretarial and Clerical Assistants	93,083.00	(13,555.36)	79,527.64	79,527.64	-
Misc. Pur. Serv. (400-500 series O/than Resid Costs)	3,600.00	(3,150.00)	450.00	450.00	-
Supplies and Materials	8,000.00	(161.09)	7,838.91	7,838.91	-
<b>Total Undist. Expenditures -Child Study Teams</b>	175,172.00	(46,781.20)	128,390.80	107,945.31	20,445.49
<b>Undist. Expend.-Edu. Media Serv./Library</b>					
Salaries	465,679.00	(29,373.21)	436,305.79	425,368.79	10,937.00
Salaries of Technology Coordinators	95,000.00	(95,000.00)	-	-	-
Supplies and Materials	22,515.00	(2,729.04)	19,785.96	18,575.97	1,209.99
<b>Total Undist. Expend.-Edu. Media Serv./Library</b>	583,194.00	(127,102.25)	456,091.75	443,944.76	12,146.99
<b>Undist. Expend.-Instr. Staff Training Serv.</b>					
Salaries of Other Professional Staff	3,500.00	(2,127.65)	1,372.35	1,372.35	-
Other Purchased Services (400-500 Series)	91,700.00	(5,818.26)	85,881.74	61,464.26	24,417.48
<b>Total Undist. Expend.-Instr. Staff Training Serv.</b>	95,200.00	(7,945.91)	87,254.09	62,836.61	24,417.48
<b>Undist. Expend.-Support Serv.-Gen. Admin</b>					
Salaries	474,982.00	(2,629.27)	472,352.73	444,765.00	27,587.73
Legal Services	51,495.00	6,508.71	58,003.71	52,848.89	5,154.82
Audit Fees	68,200.00	1,100.00	69,300.00	34,800.00	34,500.00
Other Purchased Professional Services	10,000.00	(1,978.00)	8,022.00	8,022.00	-
Purchased Technical Services	7,630.00	1,128.61	8,758.61	8,758.61	-
Communications / Telephone	91,783.00	16,299.78	108,082.78	108,082.78	-
Miscellaneous Purchased Services (400-500) [Other than 530 & amp; 585]	173,971.00	(5,985.85)	167,985.15	167,891.84	93.31
General Supplies	75,000.00	2,665.17	77,665.17	69,770.05	7,895.12
Judgment Against The School District	-	10,000.00	10,000.00	10,000.00	-
Miscellaneous Expenditures	30,000.00	1,185.92	31,185.92	26,593.03	4,592.89
BOE Membership Dues and Fees	22,583.05	(2,987.07)	19,595.98	19,595.98	-
<b>Total Undist. Expend.-Support Serv.-Gen. Admin.</b>	1,005,644.05	25,308.00	1,030,952.05	951,128.18	79,823.87
<b>Undist. Expend. - Support Serv. - School Admin.</b>					
Salaries of Principals/Asst. Principals/Prog. Dir	1,644,455.00	(21,056.44)	1,623,398.56	1,619,814.77	3,583.79
Salaries of Secretarial and Clerical Assistants	297,626.00	(1,812.23)	295,813.77	295,554.28	259.49
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>	1,942,081.00	(22,868.67)	1,919,212.33	1,915,369.05	3,843.28
<b>Undist. Expend. - Central Services</b>					
Salaries	340,435.00	(733.00)	339,702.00	339,702.00	-
Purchased Technical Services	86,540.00	(32,550.86)	53,989.14	53,989.14	-
Supplies and Materials	5,000.00	(3,506.15)	1,493.85	1,493.85	-
<b>Total Undist. Expend. - Central Services</b>	431,975.00	(36,790.01)	395,184.99	395,184.99	-
<b>Undist. Expend. - Admin. Info. Technology</b>					
Salaries	74,262.00	-	74,262.00	74,261.92	0.08
Other Purchased Services (400-500 Series)	3,600.00	(3,600.00)	-	-	-
<b>Total Undist. Expend. - Admin. Info. Technology</b>	77,862.00	(3,600.00)	74,262.00	74,261.92	0.08

**TOWN OF DOVER BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

**Exhibit C-1  
Page 3 of 4**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend.-Required Maint For Sch Fac.</b>					
Salaries	342,010.00	(28,606.29)	313,403.71	309,925.05	3,478.66
Cleaning, Repair and Maintenance Services	45,000.00	171,076.40	216,076.40	205,540.76	10,535.64
<b>Total Undist. Expend.-Required Maint For Sch Fac.</b>	<b>387,010.00</b>	<b>142,470.11</b>	<b>529,480.11</b>	<b>515,465.81</b>	<b>14,014.30</b>
<b>Undist. Expend. - Custodial Services</b>					
Salaries	1,020,035.00	(171,219.78)	848,815.22	848,815.22	-
Other Purchased Property Services	109,000.00	(60,298.89)	48,701.11	41,737.90	6,963.21
Insurance	85,892.00	1,823.00	87,715.00	87,715.00	-
Miscellaneous Purchased Services	6,200.00	(4,283.73)	1,916.27	1,916.27	-
General Supplies	243,398.13	7,650.40	251,048.53	247,550.60	3,497.93
Energy ( Natural Gas)	210,000.00	4,801.41	214,801.41	214,801.41	-
Energy ( Electricity)	500,000.00	150,882.63	650,882.63	650,882.63	-
<b>Total Undist. Expend. - Custodial Services</b>	<b>2,174,525.13</b>	<b>(70,644.96)</b>	<b>2,103,880.17</b>	<b>2,093,419.03</b>	<b>10,461.14</b>
<b>Undist. Expend. - Care and Upkeep of Grounds</b>					
Salaries	73,248.00	(43,619.89)	29,628.11	28,350.41	1,277.70
<b>Total Care and Upkeep of Grounds</b>	<b>73,248.00</b>	<b>(43,619.89)</b>	<b>29,628.11</b>	<b>28,350.41</b>	<b>1,277.70</b>
<b>Security</b>					
Salaries	214,667.00	(25,223.65)	189,443.35	189,443.35	-
Cleaning, Repair and Maintenance Services	5,000.00	(1,200.00)	3,800.00	3,799.40	0.60
<b>Total Security</b>	<b>219,667.00</b>	<b>(26,423.65)</b>	<b>193,243.35</b>	<b>193,242.75</b>	<b>0.60</b>
<b>Total Undist. Expend.-Oper. And Maint. Of Plant Serv.</b>	<b>2,854,450.13</b>	<b>1,781.61</b>	<b>2,856,231.74</b>	<b>2,830,478.00</b>	<b>25,753.74</b>
<b>Undist. Expend.-Student Transportation Serv.</b>					
Salaries of Non-Instructional Aides	27,897.00	21,499.00	49,396.00	49,396.00	-
Sal. For Pupil Trans(Bet Home & Sch)-Reg	323,014.00	(142,690.80)	180,323.20	179,411.47	911.73
Sal. For Pupil Trans(Bet Home & Sch)-Sp Ed	-	94,946.61	94,946.61	94,946.61	-
Other Purchased Prof. and Technical Serv.	3,600.00	(3,600.00)	-	-	-
Cleaning, Repair, & Maint. Services	39,100.00	2,268.53	41,368.53	41,178.38	190.15
Contract Serv. - Aid in Lieu Pymts-NonPub Sch	53,040.00	7,470.89	60,510.89	60,510.89	-
Contracted Services - (Bet. Home and Sch) - Joint Agreements	268,450.00	19,992.08	288,442.08	288,442.08	-
Contract. Serv.(Spl. Ed. Students)-Joint Agreements	640,625.00	407,178.93	1,047,803.93	1,047,803.93	-
Misc. Purchased Services - Transportation	25,682.00	(2,475.00)	23,207.00	23,207.00	-
General Supplies	11,173.00	(11,173.00)	-	-	-
Transportation Supplies	77,971.76	(28,339.05)	49,632.71	49,332.70	300.01
Miscellaneous Expenditures	-	139.77	139.77	139.77	-
<b>Total Undist. Expend.-Student Transportation Serv.</b>	<b>1,470,552.76</b>	<b>365,217.96</b>	<b>1,835,770.72</b>	<b>1,834,368.83</b>	<b>1,401.89</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	367,000.00	76,914.78	443,914.78	443,629.02	285.76
Other Retirement Contributions - PERS	431,644.00	(7,848.23)	423,795.77	420,438.76	3,357.01
Unemployment Compensation	202,000.00	(156,462.47)	45,537.53	45,537.53	-
Workmen's Compensation	307,992.00	-	307,992.00	307,992.00	-
Health Benefits	5,409,678.00	(16,968.88)	5,392,709.12	5,388,563.37	4,145.75
Tuition Reimbursement	65,000.00	-	65,000.00	54,985.93	10,014.07
Other Employee Benefits	208,323.00	29,940.10	238,263.10	238,263.10	-
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>6,991,637.00</b>	<b>(74,424.70)</b>	<b>6,917,212.30</b>	<b>6,899,409.71</b>	<b>17,802.59</b>
<b>ON-BEHALF CONTRIBUTIONS:</b>					
On-behalf TPAF Pension (non-budgeted)	-	-	-	2,695,642.00	(2,695,642.00)
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	65,417.00	(65,417.00)
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	1,783,309.00	(1,783,309.00)
On-Behalf TPAF Long-Term Disability Insurance (non-budgeted)	-	-	-	4,062.00	(4,062.00)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	1,312,469.85	(1,312,469.85)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,860,899.85</b>	<b>(5,860,899.85)</b>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<b>6,991,637.00</b>	<b>(74,424.70)</b>	<b>6,917,212.30</b>	<b>12,760,309.56</b>	<b>(5,843,097.26)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>21,882,647.94</b>	<b>172,609.15</b>	<b>22,055,257.09</b>	<b>27,645,605.51</b>	<b>(5,590,348.42)</b>
<b>TOTAL GENERAL CURRENT EXPENSES</b>	<b>41,023,477.46</b>	<b>72,563.13</b>	<b>41,096,040.59</b>	<b>45,731,911.19</b>	<b>(4,635,870.60)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
<b>Special Education - Instruction:</b>					
Undist. Expend. - Instruction	28,226.60	205,229.33	233,455.93	213,524.40	19,931.53
Undist. Expend. - Required Maint for School Fac.	45,707.52	557,294.74	603,002.26	177,590.07	425,412.19
School Buses - Regular	-	241,012.01	241,012.01	241,012.01	-
<b>Total Equipment</b>	<b>73,934.12</b>	<b>1,003,536.08</b>	<b>1,077,470.20</b>	<b>632,126.48</b>	<b>445,343.72</b>
<b>Facilities Acquisition and Const. Serv.</b>					
Architectural/Engineering Services	-	48,920.00	48,920.00	24,420.00	24,500.00
Other Purchased Services and Technical Services	-	12,480.00	12,480.00	12,480.00	-
Construction Services	32,149.47	1,158,833.06	1,190,982.53	1,106,241.13	84,741.40
Land and Improvements	69,450.67	10,842.96	80,293.63	80,293.63	-
Assessment for Debt Service on SDA Funding	72,816.00	-	72,816.00	72,816.00	-
<b>Total Facilities Acquisition and Const. Serv.</b>	<b>174,416.14</b>	<b>1,231,076.02</b>	<b>1,405,492.16</b>	<b>1,296,250.76</b>	<b>109,241.40</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>248,350.26</b>	<b>2,234,612.10</b>	<b>2,482,962.36</b>	<b>1,928,377.24</b>	<b>554,585.12</b>
Transfer of Funds to Charter Schools	36,066.00	6,931.00	42,997.00	42,997.00	-
<b>TOTAL EXPENDITURES</b>	<b>41,307,893.72</b>	<b>2,314,106.23</b>	<b>43,621,999.95</b>	<b>47,703,285.43</b>	<b>(4,081,285.48)</b>

**TOWN OF DOVER BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

Exhibit C-1  
Page 4 of 4

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(590,329.72)	(1,120,544.23)	(1,710,873.95)	423,668.48	2,134,542.43
<b>Other Financing Sources (Uses):</b>					
Capital Reserve - Transfer to Debt Service for Repayment of Debt	(714,961.00)	-	(714,961.00)	(714,961.00)	-
Transfer to Special Revenue - Regular - Local Contribution	(94,159.00)	-	(94,159.00)	(94,159.00)	-
<b>Total Other Financing Sources:</b>	(809,120.00)	-	(809,120.00)	(809,120.00)	-
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(1,399,449.72)	(1,120,544.23)	(2,519,993.95)	(385,451.52)	2,134,542.43
<b>Fund Balance, July 1</b>	9,425,052.54	-	9,425,052.54	9,425,052.54	
<b>Fund Balance, June 30</b>	<u>8,025,602.82</u>	<u>(1,120,544.23)</u>	<u>6,905,058.59</u>	<u>9,039,601.02</u>	<u>2,134,542.43</u>
<b>Recapitulation of excess (deficiency) of revenues under expenditures:</b>					
Adjustment for prior year encumbrances	(303,048.72)		(303,048.72)	(303,048.72)	-
Budgeted Fund Balance	(40,440.00)		(40,440.00)	1,297,574.75	1,338,014.75
Budgeted Withdrawal from Capital Reserve for Debt Service	(714,961.00)		(714,961.00)	(714,961.00)	-
Budgeted Withdrawal from Capital Reserve for Capital Outlay		(1,120,544.23)	(1,120,544.23)	(1,120,544.23)	-
Budgeted Transfer from Maintenance Reserve	(342,000.00)		(342,000.00)	(342,000.00)	-
Increase in maintenance reserve:					
Principal				342,000.00	342,000.00
Increase in capital reserve:					
Principal				455,527.68	455,527.68
Interest	1,000.00		1,000.00	(1,000.00)	(1,000.00)
	<u>(1,399,449.72)</u>	<u>(1,120,544.23)</u>	<u>(2,519,993.95)</u>	<u>(385,451.52)</u>	<u>2,134,542.43</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve -				5,667,197.46	
Maintenance Reserve				575,000.00	
<b>Assigned Fund Balance:</b>					
Year End Encumbrances				1,656,702.03	
<b>Unassigned Fund Balance</b>				<u>1,140,701.53</u>	
				9,039,601.02	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>(2,572,913.50)</u>	
				<u>6,466,687.52</u>	



**TOWN OF DOVER BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources		5,000.00	5,000.00	99,141.99	94,141.99
State Sources	349,534.00	283,395.25	632,929.25	532,371.98	(100,557.27)
Federal Sources	2,018,346.00	617,602.00	2,635,948.00	2,634,957.00	(991.00)
<b>Total Revenues</b>	<b>2,367,880.00</b>	<b>905,997.25</b>	<b>3,273,877.25</b>	<b>3,266,470.97</b>	<b>(7,406.28)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Personal Services - Salaries	1,590,010.00	(73,281.83)	1,516,728.17	1,516,728.17	-
Instructional supplies	10,644.00	13,941.46	24,585.46	24,569.14	16.32
<b>Total Instruction</b>	<b>1,600,654.00</b>	<b>(59,340.37)</b>	<b>1,541,313.63</b>	<b>1,541,297.31</b>	<b>16.32</b>
<b>Support Services</b>					
Personal Services - Salaries	690,720.00	100,920.62	791,640.62	788,546.82	3,093.80
Employee Benefits	76,506.00	689,278.60	765,784.60	765,784.60	-
Professional and Technical Services		132,428.00	132,428.00	131,397.00	1,031.00
Supplies and Materials		7,291.40	7,291.40	6,367.67	923.73
Other Objects		35,419.00	35,419.00	33,077.57	2,341.43
<b>Total Support Services</b>	<b>767,226.00</b>	<b>929,918.62</b>	<b>1,732,563.62</b>	<b>1,725,173.66</b>	<b>7,389.96</b>
<b>Total Expenditures</b>	<b>2,367,880.00</b>	<b>870,578.25</b>	<b>3,273,877.25</b>	<b>3,266,470.97</b>	<b>7,406.28</b>
<b>Total Outflows</b>	<b>2,367,880.00</b>	<b>870,578.25</b>	<b>3,273,877.25</b>	<b>3,266,470.97</b>	<b>7,406.28</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**TOWN OF DOVER BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET COMPARISON SCHEDULE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

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

		General Fund		Special Revenue Fund
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	48,126,953.91	[C-2]	3,266,470.97
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Add: Prior Year Encumbrances		N/A		
Less: Current Year Encumbrances		N/A		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognized the related expense (GASB 33).				
				(25,537.50)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.				
		(2,572,913.50)		28,616.00
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.				
		2,441,047.00		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	47,995,087.41	[B-2]	3,269,549.47
 <b>Uses / outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	47,703,285.43	[C-2]	3,266,470.97
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.				
Add: Prior Year Encumbrances		N/A		N/A
Less: Current Year Encumbrances		N/A		N/A
Total revenues as reported on the statement of revenues expenditures, and changes in fund balances - governmental funds				
	[B-2]	47,703,285.43	[B-2]	3,266,470.97

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**TOWN OF DOVER BOARD OF EDUCATION**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Proportionate Share of Net Pension Liability - PERS**  
**Last 10 Fiscal Years\***

Fiscal Year Ending June30,	District's Proportion Share of the Net Pension Liability (Asset)	District's Proportion Share of the Net Pension Liability (Asset)	District's Covered Payrol -PERS Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a perecentage of its Covered Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2015	0.0465142781%	\$ 8,708,745	\$ 2,961,272	294.09%	52.08%
2016	0.0414543231%	9,305,665	2,867,239	324.55%	47.93%
2017	0.0430002411%	12,735,438	2,795,630	455.55%	59.86%
2018	0.0427284008%	9,946,489	2,754,039	361.16%	48.10%

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**TOWN OF DOVER BOARD OF EDUCATION**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Contributions - PERS**  
**Last 10 Fiscal Years\***

Fiscal Year Ending June30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's PERS Covered- Employee Payroll	Contributions as a Percentage of PERS Covered- Employee Payroll
2015	\$ 383,457	\$ 383,457	\$ -	\$2,961,272	12.95%
2016	356,396	356,396	-	2,867,239	12.43%
2017	384,149	384,149	-	2,795,630	13.74%
2018	395,833	395,833	-	2,754,039	14.37%

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**TOWN OF DOVER BOARD OF EDUCATION**  
**Schedules of Required Supplementary Information**  
**Schedule of District's Proportionate Share of Net Pension Liability - TPAF**  
**Last 10 Fiscal Years\***

Fiscal Year Ending June30,	District's Proportion Share of the Net Pension Liability (Asset)	District's Proportion Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability Associated with the District (Asset)	District's Covered Payrol -TPAF Employee's	District's Proportion Share of the Net Pension Liability (Asset) as a perccentage of its Covered Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2015	0.1962557103%	\$ -	\$ 104,892,290	\$ 19,019,821	0.00%	33.64%
2016	0.1920754159%	-	121,399,865	18,683,886	0.00%	28.71%
2017	0.1990994950%	-	150,248,789	18,755,594	0.00%	22.33%
2018	0.1833794238%	-	123,641,020	18,748,017	0.00%	25.41%

\* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
PART III**



**TOWN OF DOVER BOARD OF EDUCATION**  
**Note to Required Schedules of Supplementary Information - Part III**  
**For the fiscal year ended June 30, 2018**

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (2.85%) to the current measurement date (3.58%), resulting in a change in the discount rate from 3.98% to 5.00%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (2.85%) to the current measurement date (3.58%), resulting in a change in the discount rate from 3.22% to 4.25%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

**TOWN OF DOVER BOARD OF EDUCATION**  
**Schedule of Required Supplementary Information**  
**Schedule of Changes in the District's Proportionate Share of the State OPEB Liability**  
**Last 10 Fiscal Years\***

	2018
<b>Total OPEB Liability</b>	
Service Costs	\$ 3,663,631
Interest on Total OPEB Liability	2,886,408
Changes in Assumptions	(12,128,571)
Gross Benefit Payments	(2,108,053.00)
Contribution from the Member	77,624
<b>Net Changes in total Share of OPEB Liability</b>	(7,608,961)
<b>Total OPEB Liability - Beginning</b>	98,621,927
<b>Total OPEB Liability - Ending</b>	\$ 91,012,966
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	91,012,966
<b>Total OPEB Liability - Ending</b>	\$ 91,012,966
District's Covered Employee Payroll	\$ 21,502,056
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%

**Notes to Schedule:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Change in benefit terms                      None

Change in assumptions                      Assumptions used in calculating the OPEB liability are presented in Note 8.

\* GASB requires that ten years of information be presented. However, since fiscal year 2018 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

## **OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF DOVER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2018**

	Title I Part - A Improving Basic Programs	Title I Part - A Improving Basic Programs Carryover	Title II Part - A Teacher/Principal Training & Recruiting	Title III Language Acquisition / Enhancement	Title III Lang. Inst. For Limited English Proficient & Immigrant Students	Total 2018
<b>REVENUES:</b>						
Federal sources	805,183.00	21,272.00	132,783.00	77,009.00	19,447.00	2,634,957.00
State sources	532,371.98					532,371.98
Local sources	99,141.99					99,141.99
<b>Total Revenues</b>	<b>1,436,696.97</b>	<b>21,272.00</b>	<b>132,783.00</b>	<b>77,009.00</b>	<b>19,447.00</b>	<b>3,266,470.97</b>
<b>EXPENDITURES:</b>						
Instruction:						
Personal Services - Salaries	221,161.00	21,272.00	63,998.00	62,149.06	13,444.00	1,516,728.17
Instructional supplies	9,170.70	15,398.44				24,569.14
<b>Total instruction</b>	<b>230,331.70</b>	<b>21,272.00</b>	<b>63,998.00</b>	<b>62,149.06</b>	<b>13,444.00</b>	<b>1,541,297.31</b>
Support Services:						
Personal Services - Salaries	788,546.82					788,546.82
Employee Benefits	315,224.88		17,921.00	14,811.94	6,003.00	765,784.60
Professional and Technical Services	69,516.00		50,864.00			131,397.00
Supplies and Materials	-	6,319.67		48.00		6,367.67
Other Objects	33,077.57					33,077.57
<b>Total support services</b>	<b>1,206,365.27</b>	<b>429,160.45</b>	<b>68,785.00</b>	<b>14,859.94</b>	<b>6,003.00</b>	<b>1,725,173.66</b>
<b>Total Expenditures</b>	<b>1,436,696.97</b>	<b>21,272.00</b>	<b>132,783.00</b>	<b>77,009.00</b>	<b>19,447.00</b>	<b>3,266,470.97</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>						

**TOWN OF DOVER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2018**

	Total Brought Forward from (Ex. E-1b)	I.D.E.A. Part B		Preschool Aid	School Based Youth Service	H & R Block Business Grant	Total Carried Forward to (Ex. E-1)
		Basic	Preschool				
<b>REVENUES:</b>							
Federal sources	-	789,710.00	15,473.00	252,281.68	280,090.30	4,982.99	805,183.00
State sources	-	-	-	94,159.00	-	-	532,371.98
Local sources	-	-	-	-	-	-	99,141.99
<b>Total Revenues</b>	-	789,710.00	15,473.00	346,440.68	280,090.30	4,982.99	1,436,696.97
<b>EXPENDITURES:</b>							
Instruction:							
Personal Services - Salaries	-	-	-	221,161.00	-	-	221,161.00
Instructional supplies	-	-	-	4,187.71	-	-	9,170.70
<b>Total instruction</b>	-	-	-	225,348.71	-	-	230,331.70
<b>Support Services:</b>							
Personal Services - Salaries	-	516,118.50	-	43,910.59	228,517.73	-	788,546.82
Employee Benefits	-	238,043.50	-	77,181.38	-	-	315,224.88
Professional and Technical Services	-	35,548.00	15,473.00	-	18,495.00	-	69,516.00
Supplies and Materials	-	-	-	-	-	-	-
Other Objects	-	-	-	-	33,077.57	-	33,077.57
<b>Total support services</b>	-	789,710.00	15,473.00	121,091.97	280,090.30	-	1,206,365.27
<b>Total Expenditures</b>	-	789,710.00	15,473.00	346,440.68	280,090.30	4,982.99	1,436,696.97
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	-	-	-	-	-	-	-

**TOWN OF DOVER BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
PRESCHOOL - ALL PROGRAMS  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2018**

**District-Wide Total**

	<b><u>Budgeted</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
<b>EXPENDITURES:</b>			
<b>Instruction:</b>			
Personal Services - Salaries	\$ 221,161.00	\$ 221,161.00	\$ -
Instructional Supplies	4,187.75	4,187.71	0.04
<b>Total Instruction</b>	<u>225,348.75</u>	<u>225,348.71</u>	<u>0.04</u>
<b>Support Services:</b>			
Personal Services - Salaries	47,003.87	43,910.59	3,093.28
Personal Services - Employee Benefits	77,181.38	77,181.38	-
<b>Total Support Services</b>	<u>124,185.25</u>	<u>121,091.97</u>	<u>3,093.28</u>
<b>Total Expenditures</b>	<u>\$ 349,534.00</u>	<u>\$ 346,440.68</u>	<u>\$ 3,093.32</u>

**CALCULATION OF BUDGET & CARRYOVER**

Total 2017-2018 Preschool Aid Allocation	\$ 255,375.00
Add: Actual Preschool Aid Carryover June 30, 2017	
Add: Budgeted Transfer From General Fund	<u>94,159.00</u>
Total Preschool Aid Funds Available for 2017-2018 Budget	349,534.00
Less: 2017-2018 Budgeted Preschool Aid (Including prior year budgeted carryover)	<u>(349,534.00)</u>
Available & Unbudgeted Preschool Aid Funds as of June 30, 2018	-
Add: 2017-2018 Unexpended Preschool Aid	<u>3,093.32</u>
2018-2019 Actual Carryover	<u>\$ 3,093.32</u>
2017-2018 Preschool Aid Carryover Budgeted in 2018-2019	<u>\$ 3,093.32</u>

**TOWN OF DOVER BOARD OF EDUCATION  
COMBINING STATEMENT OF NET POSITION  
ENTERPRISE FUNDS  
JUNE 30, 2018**

<b>ASSETS</b>	<b>Food Service Program</b>	<b>Totals</b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	683,991.34	683,991.34
Accounts receivable:		
State	2,180.95	2,180.95
Federal	149,120.53	149,120.53
Inventories	6,431.87	6,431.87
	<u>841,724.69</u>	<u>841,724.69</u>
<b>Noncurrent Assets:</b>		
Capital Assets:		
Equipment	549,398.50	549,398.50
Less Accumulated Depreciation	(358,331.00)	(358,331.00)
Total Capital Assets (Net of Accumulated Depreciation)	<u>191,067.50</u>	<u>191,067.50</u>
	<u>1,032,792.19</u>	<u>1,032,792.19</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	66,439.98	66,439.98
Total Current Liabilities	<u>66,439.98</u>	<u>66,439.98</u>
<b>NONCURRENT LIABILITIES:</b>		
Compensated Absences	2,448.00	2,448.00
Total Noncurrent Liabilities	<u>2,448.00</u>	<u>2,448.00</u>
	<u>68,887.98</u>	<u>68,887.98</u>
<b>NET POSITION</b>		
Invested in Capital Assets Net of Related Debt	191,067.50	191,067.50
Unrestricted	772,836.71	772,836.71
Total Net Position	<u>963,904.21</u>	<u>963,904.21</u>

**TOWN OF DOVER BOARD OF EDUCATION  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	Food Service Program	Totals
<b>OPERATING REVENUES:</b>		
Local sources:		
Daily sales - reimbursable programs	65,599.84	65,599.84
Daily sales - non-reimbursable programs	260,306.00	260,306.00
Special functions/Miscellaneous	3,250.75	3,250.75
Miscellaneous	5,372.32	5,372.32
Total operating revenues	334,528.91	334,528.91
 <b>OPERATING EXPENSES:</b>		
Salaries	573,643.46	573,643.46
Cost of sales- reimbursable	827,437.04	827,437.04
Cost of sales- non-reimbursable	74,905.00	74,905.00
Insurance	6,757.91	6,757.91
Employee Benefits	133,006.61	133,006.61
Payroll Taxes	73,485.70	73,485.70
Outside Services	5,425.74	5,425.74
General Supplies	61,379.79	61,379.79
Repairs	20,422.34	20,422.34
Depreciation	18,860.00	18,860.00
Management fees	103,136.50	103,136.50
Miscellaneous	11,500.20	11,500.20
Total operating expenses	1,909,960.29	1,909,960.29
Operating Income (Loss)	(1,575,431.38)	(1,575,431.38)
 <b>NON-OPERATING REVENUES (EXPENSES):</b>		
State sources:		
State school lunch program	21,752.19	21,752.19
Federal sources:		
School breakfast program	176,266.48	176,266.48
National school lunch program	1,161,894.04	1,161,894.04
Special milk program	945.53	945.53
Fresh fruits and vegetables program	68,295.11	68,295.11
Food distribution program	154,088.87	154,088.87
Interest and investment revenue	2,694.22	2,694.22
Total non-operating revenues (expenses)	1,585,936.44	1,585,936.44
Change in Net Position	10,505.06	10,505.06
Total Net Position - Beginning	953,399.15	953,399.15
Total Net Position - Ending	963,904.21	963,904.21



**TOWN OF DOVER BOARD OF EDUCATION  
COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Food Service Program	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	334,528.91	334,528.91
Receipts / (payments) for interfunds	6,049.21	6,049.21
Payments to employees for services	(573,643.46)	(573,643.46)
Payments to suppliers	(1,289,648.75)	(1,289,648.75)
Net cash provided by (used for) Operating Activities	(1,522,714.09)	(1,522,714.09)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
State Sources	21,318.53	21,318.53
Federal Sources	1,523,457.09	1,523,457.09
Net cash provided by (used for) non-capital financing activities	1,544,775.62	1,544,775.62
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of Capital Assets	(46,930.00)	(46,930.00)
Net Cash Provided by ( used for ) Capital and Related Financing Activities	(46,930.00)	(46,930.00)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Interest on cash equivalents	2,694.22	2,694.22
Net Cash Provided by (used for) Investing Activities	2,694.22	2,694.22
Net Increase (Decrease) in Cash and Cash Equivalents	(22,174.25)	(22,174.25)
Balances-Beginning of Year	706,165.59	706,165.59
Balances-End of Year	683,991.34	683,991.34
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	(1,575,431.38)	(1,575,431.38)
Adjustments to reconcile operating income (loss) to cash provided (used for) operating activities:		
Depreciation	18,860.00	18,860.00
Changes in assets and liabilities:		
(Increase)/decrease in interfund receivable	6,049.21	6,049.21
(Increase)/decrease in inventory	(1,381.54)	(1,381.54)
Increase/(decrease) in Compensated Absences	(1,248.00)	(1,248.00)
Increase/(decrease) in accounts payable	30,437.62	30,437.62
Total adjustments	52,717.29	52,717.29
Net cash provided by (used for) operating activities	(1,522,714.09)	(1,522,714.09)

**Noncash Noncapital Financing Activities:**

During the year, the district received \$ 154,088.87 of food commodities from the U.S. Department of Agriculture.

**TOWN OF DOVER BOARD OF EDUCATION  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018**

	Unemployment Compensation Trust Fund	Scholarship	Agency Fund
<b>ASSETS:</b>			
Cash and cash equivalents	33,714.39		519,932.11
Interfund Accounts Receivable - Agency Fund	190,089.44	168,425.41	
<b>TOTAL ASSETS</b>	<b>223,803.83</b>	<b>168,425.41</b>	<b>519,932.11</b>
<b>LIABILITIES:</b>			
Payable to Student Groups			156,330.31
Payroll Deductions and Withholdings			173,512.36
Interfund Accounts Payable:			
Unemployment Account	-	-	190,089.44
Total liabilities	-	-	519,932.11
<b>NET POSITION:</b>			
Held in Trust for unemployment Claims and Other Purposes	223,803.83		
Reserved for Other Purposes		168,425.41	

**TOWN OF DOVER BOARD OF EDUCATION  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarship</u>
OPERATING REVENUES:		
Local sources:		
Interest on Investments	52.75	539.23
Contributions	100,154.12	67,154.00
	<u>100,206.87</u>	<u>67,693.23</u>
Total operating revenues	<u>100,206.87</u>	<u>67,693.23</u>
OPERATING EXPENSES:		
Scholarships		57,334.10
Unemployment Claims	67,383.49	
	<u>67,383.49</u>	<u>57,334.10</u>
Total operating expenses	<u>67,383.49</u>	<u>57,334.10</u>
OPERATING INCOME (LOSS)	32,823.38	10,359.13
Net Position, July 1	<u>190,980.45</u>	<u>158,066.28</u>
Net Position, June 30	<u><u>223,803.83</u></u>	<u><u>168,425.41</u></u>

**TOWN OF DOVER BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
<b>ELEMENTARY SCHOOLS:</b>				
North Dover	15,297.54	15,878.82	12,903.00	18,273.36
East Dover	14,051.82	3,925.53	3,252.30	14,725.05
Academy Street	18,566.78	21,412.36	15,988.42	23,990.72
				-
Middle School	10,025.16	49,179.92	45,952.40	13,252.68
Senior High School	60,910.01	123,574.70	103,485.36	80,999.35
Athletic Fund	1,948.65	86,743.12	86,856.00	1,835.77
Meld/Tiger R.A.P.	3,146.86	4,850.14	4,743.62	3,253.38
	<u>123,946.82</u>	<u>305,564.59</u>	<u>273,181.10</u>	<u>156,330.31</u>

**TOWN OF DOVER BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Assets:				
Cash and Cash Equivalents	379,984.20	26,823,687.23	26,840,069.63	363,601.80
Total Assets	379,984.20	26,823,687.23	26,840,069.63	363,601.80
Liabilities and Reserves:				
Net Payroll		14,830,869.90	14,830,869.90	-
Payroll Deductions and Withholdings	189,894.76	11,992,817.33	12,009,199.73	173,512.36
Interfund Accounts Payable: Unemployment Account	190,089.44			190,089.44
Total Liabilities and Reserves	379,984.20	26,823,687.23	26,840,069.63	363,601.80

**TOWN OF DOVER BOARD OF EDUCATION  
GENERAL LONG TERM DEBT ACCOUNT GROUP  
STATEMENT OF SERIAL BONDS  
JUNE 30, 2018**

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2017	Retired	Balance June 30, 2018
Refunding Bonds	4/1/2012	\$ 7,040,000.00	4/1/2019	\$ 540,000.00	3.000%	\$ 5,350,000.00	\$ 525,000.00	\$ 4,825,000.00
			4/1/2020	555,000.00	3.000%			
			4/1/2021	570,000.00	2.625%			
			4/1/2022	580,000.00	4.000%			
			4/1/2023	605,000.00	4.000%			
			4/1/2024	630,000.00	4.000%			
			4/1/2025	660,000.00	4.000%			
			4/1/2026	685,000.00	4.000%			
						<u>5,350,000.00</u>	<u>525,000.00</u>	<u>4,825,000.00</u>

**TOWN OF DOVER BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES</b>				
Regular debt service:				
Interest	189,963.00	189,963.00	189,962.50	0.50
Redemption of principal	525,000.00	525,000.00	525,000.00	-
Total regular debt service	<u>714,963.00</u>	<u>714,963.00</u>	<u>714,962.50</u>	<u>0.50</u>
<b>Total Expenditures</b>	<u>714,963.00</u>	<u>714,963.00</u>	<u>714,962.50</u>	<u>0.50</u>
<b>Other Financing Sources (Uses):</b>				
Capital Reserve - Transfer to Debt Service for Repayment of Debt	714,961.00	714,961.00	714,961.00	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2.00)	(2.00)	(1.50)	0.50
Fund Balances, July 1	2.64	2.64	2.64	
Fund Balances, June 30	<u>0.64</u>	<u>0.64</u>	<u>1.14</u>	<u>0.50</u>
<b>Recapitulation of excess (deficiency) of revenues under expenditures:</b>				
Budgeted Fund Balance	<u>(2.00)</u>	<u>(2.00)</u>	<u>(1.50)</u>	<u>0.50</u>

## **STATISTICAL SECTION**



## OUTLINE OF NJ DOE STATISTICAL TABLES SECTION (GASB 44)

Exhibit #

### **Financial Trends Information/Schedules**

- J-1 Net Position by Component
- J-2 Changes in Net Position
- J-3 Fund Balances-Governmental Funds
- J-4 Changes in Fund Balances, Governmental Funds
- J-5 General Fund Other Local Revenue by Source

### **Revenue Capacity Information**

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers (Current year and nine years ago)
- J-9 Property Tax Levies and Collections

### **Debt Capacity Information**

- J-10 Ratios of Outstanding Debt by Type
- J-11 Ratios of General Bonded Debt Outstanding
- J-12 Direct and Overlapping Governmental Activities Debt
- J-13 Legal Debt Margin Information

### **Demographic and Economic Information**

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers, Current and Nine Years Ago

### **Operating Information**

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information
- J-19 Schedule of Allowable Maintenance Expenditures by School
- J-20 Insurance Schedule

BOARD OF EDUCATION  
TOWN OF DOVER

Net Assets/Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Net Investment in Capital Assets	\$ 13,987,524.08	\$ 15,471,506.22	\$ 16,564,659.86	\$ 20,485,773.71	\$ 16,374,174.00	\$ 17,885,060.00	\$ 19,379,517.00	\$ 22,854,493.00	\$ 25,170,173.23	\$ 26,411,165.47
Restricted	9,985,326.23	7,900,469.34	9,532,456.98	8,565,205.94	8,375,173.69	9,980,820.92	9,762,641.10	9,378,478.28	8,279,010.37	7,898,900.63
Unrestricted	(1,576,102.51)	(1,892,254.75)	(1,776,833.74)	(1,730,627.62)	(1,867,742.46)	(10,502,968.37)	(10,547,529.82)	(11,014,923.06)	(11,557,615.82)	(11,834,690.60)
<b>Total Governmental Activities Net Assets/Position</b>	<b>\$ 22,396,747.80</b>	<b>\$ 21,479,710.81</b>	<b>\$ 24,320,283.10</b>	<b>\$ 27,320,352.03</b>	<b>\$ 22,881,605.23</b>	<b>\$ 17,362,922.55</b>	<b>\$ 18,594,628.28</b>	<b>\$ 21,218,048.22</b>	<b>\$ 21,891,567.78</b>	<b>\$ 22,475,375.50</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 27,767.46	\$ 23,123.89	\$ 30,540.82	\$ 126,482.00	\$ 112,604.00	\$ 101,101.00	\$ 85,347.00	\$ 82,450.00	\$ 162,897.50	\$ 191,067.50
Unrestricted	94,380.57	164,522.65	273,539.24	375,642.66	437,806.76	547,104.10	649,344.97	714,629.77	790,401.65	772,836.71
<b>Total Business-Type Activities Net Assets/Position</b>	<b>\$ 122,148.03</b>	<b>\$ 187,646.54</b>	<b>\$ 304,080.06</b>	<b>\$ 502,124.66</b>	<b>\$ 550,410.76</b>	<b>\$ 648,205.10</b>	<b>\$ 734,691.97</b>	<b>\$ 797,079.77</b>	<b>\$ 953,399.15</b>	<b>\$ 963,904.21</b>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 14,015,291.54	\$ 15,494,630.11	\$ 16,595,200.68	\$ 20,612,255.71	\$ 16,486,778.00	\$ 17,986,161.00	\$ 19,464,864.00	\$ 22,936,943.00	\$ 25,333,170.73	\$ 26,602,232.97
Restricted	9,985,326.23	7,900,459.34	9,532,456.98	8,565,205.94	8,375,173.69	9,980,820.92	9,762,641.10	9,378,478.28	8,279,010.37	7,898,900.63
Unrestricted	(1,481,721.94)	(1,727,732.10)	(1,503,294.50)	(1,354,984.96)	(1,429,835.70)	(9,955,854.27)	(9,898,184.85)	(10,300,293.29)	(10,767,214.17)	(11,061,853.89)
<b>Total District Net Assets/Position</b>	<b>\$ 22,518,895.83</b>	<b>\$ 21,667,357.35</b>	<b>\$ 24,624,363.16</b>	<b>\$ 27,822,476.69</b>	<b>\$ 23,432,015.99</b>	<b>\$ 18,011,127.65</b>	<b>\$ 19,329,320.25</b>	<b>\$ 22,015,127.99</b>	<b>\$ 22,844,966.93</b>	<b>\$ 23,439,279.71</b>

Source: District Records

BOARD OF EDUCATION  
TOWN OF DOVER

Changes in Net Assets/Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental Activities:										
Instruction	\$ 19,519,612.87	\$ 19,900,141.07	\$ 19,793,754.56	\$ 20,620,740.83	\$ 20,935,273.11	\$ 20,735,416.63	\$ 24,512,706.15	\$ 27,371,930.31	\$ 29,583,414.21	\$ 26,553,039.21
Regular	3,170,166.39	4,233,326.41	3,012,418.87	3,022,564.54	3,549,381.22	3,419,290.35	3,561,628.72	3,459,092.91	3,867,804.22	7,641,398.56
Special Education	1,860,064.44	2,472,708.60	2,150,739.92	2,190,945.49	2,451,939.22	2,420,813.35	2,532,490.76	2,867,642.52	2,961,442.96	775,211.46
Other Instruction	1,874,168.82	2,728,173.68	2,674,383.28	3,194,155.97	3,053,506.35	3,382,631.19	3,345,619.71	3,600,882.19	3,990,060.25	4,465,842.48
Support Services:	5,301,791.05	4,454,838.84	4,968,688.47	4,819,831.37	4,863,071.88	4,717,295.43	4,629,839.25	5,442,880.21	5,598,811.17	6,439,641.86
Tuition	2,162,394.26	2,942,418.51	2,884,729.03	3,018,423.09	3,037,546.37	3,088,860.31	3,465,746.41	3,439,351.92	3,573,861.27	3,687,051.06
Student and Instruction Related Services	1,590,970.31	1,684,567.30	1,618,222.67	1,831,947.14	1,781,130.63	1,718,171.71	1,915,911.16	2,188,840.82	2,343,115.67	1,375,537.32
School Administrative Services	3,955,898.08	4,364,706.40	3,925,798.82	3,615,016.17	3,718,828.76	3,715,722.57	3,847,427.87	3,949,708.90	3,818,920.86	4,549,045.34
General and Business Administrative Services	1,050,797.05	1,582,351.95	1,354,721.34	1,564,947.95	1,568,546.48	1,561,011.19	1,717,386.69	1,942,125.07	2,020,344.90	3,138,060.32
Central Services	57,725.00	44,335.00	55,829.00	41,616.00	7,130.00	14,296.00	43,632.00	66,535.00	66,000.00	42,997.00
Plant Operations and Maintenance	511,185.19	470,361.04	427,677.86	28,857.00	39,604.00	72,816.00	72,816.00	72,816.00	72,816.00	72,816.00
Pupil Transportation	41,055,773.46	44,877,929.80	42,916,585.82	366,628.51	240,775.81	238,342.21	222,025.00	208,112.50	197,837.50	186,025.00
Charter Schools				44,315,674.06	45,246,733.83	45,085,666.94	49,867,229.72	54,610,018.35	56,094,429.01	59,848,358.16
Debt Service Assessment										
Interest on Long-Term Debt										
Total Governmental Activities Expenses	1,267,601.25	1,273,480.57	1,278,809.00	1,363,104.33	1,540,339.90	1,510,308.59	1,670,727.20	1,843,802.52	1,876,234.63	1,909,960.29
Business-Type Activities:	42,323,374.71	46,151,410.37	44,195,394.82	46,678,778.39	46,787,073.73	46,595,975.53	51,537,956.92	56,453,820.87	59,970,663.64	61,756,318.45
Food Service										
Total Business-Type Activities Expense	4,216,162.00	1,773,687.40	2,515,690.60	2,684,226.00	2,276,971.00	2,118,825.00	2,195,060.57	2,069,694.00	1,706,144.00	1,518,023.00
Total District-Wide Expenses	7,986,971.97	11,180,035.88	9,252,534.47	9,017,166.74	8,890,733.05	9,167,315.66	12,807,143.85	18,024,879.69	20,283,781.27	3,269,549.47
<b>Program Revenues</b>	12,203,133.97	12,953,723.28	11,768,225.07	11,701,392.74	11,167,704.05	11,286,140.66	15,002,204.42	20,094,573.69	21,989,925.27	4,787,572.47
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)										
Operating Grants and Contributions										
Total Governmental Activities Program Revenues										

BOARD OF EDUCATION  
TOWN OF DOVER

Changes in Net Assets/Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Business-Type Activities:</b>										
Charges for Services	\$ 291,400.27	\$ 309,370.48	\$ 295,139.89	\$ 307,932.51	\$ 297,973.03	\$ 315,525.67	\$ 317,496.90	\$ 336,978.92	\$ 322,335.42	\$ 334,528.91
Food Service	848,335.08	1,029,608.60	1,100,102.63	1,139,893.24	1,289,329.45	1,290,925.28	1,437,867.88	1,562,604.99	1,623,499.95	1,583,242.22
Operating Grants and Contributions	1,139,735.35	1,338,979.08	1,395,242.52	1,447,815.75	1,587,302.48	1,606,450.95	1,755,364.78	1,899,583.91	1,945,835.37	1,917,771.13
Total Business-Type Activities Program Revenues	13,342,869.32	14,292,702.36	13,163,467.59	13,149,208.49	12,755,006.53	12,892,591.61	16,757,569.20	21,994,157.60	23,935,760.64	6,705,343.60
<b>Net (Expense)/Revenue</b>	(28,852,639.49)	(31,924,206.52)	(31,148,360.75)	(32,614,281.32)	(34,079,029.78)	(33,799,526.28)	(34,865,025.30)	(34,515,444.66)	(36,104,503.74)	(55,060,785.69)
Governmental Activities	(127,865.90)	65,498.51	116,433.52	84,711.42	46,962.58	96,142.36	84,637.58	55,781.39	69,600.74	7,810.84
Total District-Wide Net Expense	(28,980,505.39)	(31,858,708.01)	(31,031,927.23)	(32,529,569.90)	(34,032,067.20)	(33,703,383.92)	(34,780,387.72)	(34,459,663.27)	(36,034,903.00)	(55,052,974.85)
<b>General Revenues and Other Changes in Net Assets/Position</b>										
Governmental Activities:										
Taxes:										
Property Taxes, Levied for General Purposes	11,886,478.00	12,709,480.00	12,709,480.00	12,709,480.00	13,070,480.00	13,070,480.00	13,106,480.00	13,106,480.00	13,574,519.00	14,246,172.00
Property Taxes, Levied for Debt Service Principal	744,151.81	691,411.96	739,014.14	773,541.49	498,047.18	446,507.79	508,788.00	512,550.50	725,463.00	41,238,852.39
Federal and State Aid Not Restricted	19,324,179.91	18,820,331.13	20,615,709.32	21,893,923.72	23,061,029.56	22,711,170.40	22,783,397.85	22,266,015.98	22,318,614.08	32,308.85
Investment Earnings	42,657.07	266.00	-	-	25,496.24	34,492.93	35,130.37	36,811.74	31,790.58	221,419.17
Miscellaneous Income	177,983.66	171,025.20	95,797.10	239,134.91	288,552.17	236,148.32	162,622.98	405,857.17	191,304.64	-
Special Item - Prior Year Receivable Canceled	-	(1,385,344.76)	(171,067.52)	(525,507.77)	(7,303,322.17)	382,207.14	(499,688.17)	811,149.21	(63,688.00)	-
Prior Year Adj. to Fixed Assets	(122,422.17)	-	-	(830,222.10)	-	-	-	-	-	(94,159.00)
Refunding Bond Proceeds	32,053,028.28	31,007,169.53	33,988,933.04	35,614,350.25	29,640,282.98	36,881,006.58	36,096,731.03	37,138,864.60	36,778,023.30	55,644,593.41
Total Governmental Activities	90,435.17	-	-	113,333.18	1,323.52	1,651.98	1,849.29	2,129.41	2,262.64	2,694.22
Business-Type Activities:										
Investment Earnings	90,435.17	-	-	113,333.18	1,323.52	1,651.98	1,849.29	2,129.41	2,262.64	2,694.22
Prior Year Adj. to Fixed Assets	32,143,463.45	31,007,169.53	33,988,933.04	35,727,683.43	29,641,606.50	36,882,658.56	36,098,580.32	37,145,471.01	36,780,285.94	55,647,287.63
Total Business-Type Activities	32,233,900.62	31,007,169.53	33,988,933.04	35,727,683.43	29,641,606.50	36,882,658.56	36,098,580.32	37,145,471.01	36,780,285.94	55,647,287.63
<b>Change in Net Assets/Position</b>	3,200,388.79	(917,036.99)	2,840,572.29	3,000,068.93	(4,438,746.80)	3,081,480.30	1,231,705.73	2,623,419.94	673,519.56	563,807.72
Governmental Activities	(37,430.73)	65,498.51	116,433.52	198,044.60	48,286.10	97,794.34	86,486.87	62,387.80	71,863.38	10,505.06
Business-Type Activities	\$ 3,162,958.06	\$ (881,538.48)	\$ 2,957,005.81	\$ 3,198,113.53	\$ (4,390,460.70)	\$ 3,179,274.64	\$ 1,318,192.60	\$ 2,685,807.74	\$ 745,382.94	\$ 594,312.78
Total District-Wide Change in Net Assets/Position										

BOARD OF EDUCATION  
TOWN OF DOVER

Fund Balances - Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Assigned	\$ 5,028,119.54	\$ 5,083,647.66	\$ 7,196,678.54	\$ 8,606,227.22	\$ 8,378,260.09	\$ 10,028,830.28	\$ 9,796,348.96	\$ 9,417,293.14	\$ 8,307,623.73	\$ 1,656,702.03
Reserved	(1,155,269.51)	(1,469,753.75)	(1,294,548.49)	(1,287,404.42)	(1,375,079.77)	(1,388,953.24)	(1,416,677.19)	(1,448,468.43)	(1,323,618.19)	6,242,197.46
Unreserved	\$ 3,872,850.03	\$ 3,613,893.91	\$ 5,902,130.05	\$ 7,318,822.80	\$ 7,003,180.32	\$ 8,639,877.04	\$ 8,379,671.77	\$ 7,968,824.71	\$ 6,984,005.54	\$ 6,466,687.52
Total General Fund										
All Other Governmental Funds										
Reserved	\$ 5,100,078.46	\$ 2,954,542.69	\$ 2,325,227.66	\$ -	\$ 47,669.00	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Special Revenue Fund	(31,191.20)	(32,234.40)	(39,072.00)	(41,022.00)	(50,756.30)	(48,010.50)	(33,709.50)	(38,817.00)	(28,616.00)	(25,537.50)
Debt Service Fund	815.68	0.60	49,622.78	0.72	0.90	1.14	1.64	2.14	2.64	1.14
Total all Other Governmental Funds	\$ 5,069,702.94	\$ 2,922,308.89	\$ 2,335,778.44	\$ (41,021.28)	\$ (3,086.40)	\$ (48,009.36)	\$ (33,707.86)	\$ (38,814.86)	\$ (28,613.36)	\$ (25,536.36)
Total Fund Balances	\$ 8,942,552.97	\$ 6,536,202.80	\$ 8,237,908.49	\$ 7,277,801.52	\$ 7,000,093.92	\$ 8,591,867.68	\$ 8,345,963.91	\$ 7,930,009.85	\$ 6,955,392.18	\$ 6,441,151.16

Source: District Records

BOARD OF EDUCATION  
TOWN OF DOVER

Changes in Fund Balances - Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax Levy	\$ 13,141,815.00	\$ 13,871,253.00	\$ 13,876,172.00	\$ 13,723,430.00	\$ 13,808,722.00	\$ 13,755,330.00	\$ 13,837,293.00	\$ 13,827,143.00	\$ 14,299,982.00	\$ 14,246,172.00
Tuition Charges	4,216,162.00	1,773,687.40	2,515,690.60	2,684,226.00	2,276,971.00	2,118,825.00	2,195,060.57	2,069,694.00	1,706,144.00	1,518,023.00
Local Grants		266.00			25,496.24	34,492.93	35,130.37	36,811.74	31,790.58	99,141.99
Interest Earnings	42,657.07	171,025.20	95,797.10	239,134.91	286,952.17	236,148.32	162,622.98	405,857.17	191,304.64	253,728.02
Miscellaneous	177,983.66	22,182,306.41	25,780,760.10	27,058,369.10	28,928,335.34	29,060,140.68	29,515,432.03	30,025,424.50	30,677,883.03	32,476,118.83
State Sources	24,210,087.75	7,347,699.56	3,659,805.83	3,612,312.85	2,783,232.45	2,580,003.17	2,627,345.67	2,644,803.67	2,698,064.32	2,671,453.04
Federal Sources	2,589,878.94	45,346,237.57	45,928,225.63	47,317,472.86	48,111,309.20	47,784,940.10	48,372,884.62	49,009,734.08	49,605,166.57	51,264,636.88
Total Revenues	44,378,584.42	13,871,253.00	13,876,172.00	13,723,430.00	13,808,722.00	13,755,330.00	13,837,293.00	13,827,143.00	14,299,982.00	14,246,172.00
<b>Expenditures</b>										
Instruction										
Regular Instruction	14,677,781.82	15,024,575.74	14,367,851.15	14,403,141.32	14,488,392.61	14,767,949.96	16,229,085.81	15,662,455.73	16,047,692.96	15,814,653.16
Special Education Instruction	2,366,977.42	3,133,207.74	2,031,537.59	1,860,469.25	2,057,579.92	1,756,531.69	1,764,371.57	1,638,742.11	1,786,375.09	3,083,036.37
Other Instruction	1,426,548.15	1,861,782.28	1,585,198.45	1,552,667.32	1,623,421.86	1,581,921.97	1,544,251.11	1,540,042.44	1,525,203.70	729,913.46
Support Services:										
Tuition	1,874,168.82	2,728,173.68	2,674,383.28	3,194,155.97	3,053,506.35	3,382,631.19	3,345,619.71	3,600,982.19	3,990,060.25	4,465,842.48
Student and Instruction Related Services	4,005,473.42	3,204,319.17	3,976,849.06	3,695,703.62	3,533,339.54	3,536,842.01	3,302,928.39	3,368,253.36	3,321,665.17	4,143,836.16
School Administrative Services	1,570,435.54	2,203,450.81	2,032,580.49	2,032,816.67	1,972,854.13	2,087,791.03	2,093,097.65	1,791,239.52	1,756,054.26	1,915,369.05
General and Business										
Administrative Services	1,257,267.48	1,436,039.12	1,260,268.26	1,374,984.23	1,346,549.59	1,269,690.49	1,317,803.91	1,370,709.93	1,377,541.05	951,128.18
Central Services	3,378,537.87	3,489,010.86	3,278,371.12	3,008,905.36	2,847,081.16	3,100,885.48	3,048,958.98	2,913,441.56	2,722,224.71	2,830,478.00
Plant Operations and Maintenance	853,452.36	1,309,121.35	1,175,665.33	1,371,569.78	1,346,909.69	1,344,022.15	1,454,842.45	1,577,998.36	1,595,339.60	1,834,368.83
Pupil Transportation	8,206,006.89	9,272,013.01	9,422,418.23	10,693,116.53	11,660,887.67	10,883,644.76	11,193,467.14	11,818,693.65	12,453,253.72	12,760,309.56
Employee Benefits	57,725.00	44,335.00	55,829.00	41,616.00	7,130.00	14,296.00	43,632.00	66,535.00	66,000.00	42,997.00
Charter Schools	1,963,780.51	1,228,854.14	845,264.64	2,474,054.85	3,671,565.46	1,661,624.86	2,477,101.17	3,283,055.79	3,140,097.23	1,928,377.24
Capital Outlay			49,622.00	28,857.00	39,604.00	72,816.00	72,816.00	72,816.00	72,816.00	
Debt Service Assessment										
Debt Service:										
Principal	1,070,729.88	955,000.00	865,000.00	740,000.00	500,000.00	490,000.00	505,000.00	510,000.00	525,000.00	525,000.00
Interest and Other Charges	520,864.75	477,360.08	434,613.82	400,170.06	240,194.82	242,518.76	225,812.50	210,662.50	200,462.50	189,962.50
Total Expenditures	43,229,749.91	46,367,242.98	44,055,452.42	46,872,227.96	48,389,016.80	46,193,166.35	48,618,788.39	49,425,688.14	50,579,786.24	51,684,718.90
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,148,834.51	(1,021,005.41)	1,821,723.21	445,244.90	(277,707.60)	1,591,773.75	(245,903.77)	(415,954.06)	(974,617.67)	(420,082.02)

BOARD OF EDUCATION  
TOWN OF DOVER

Changes in Fund Balances - Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Other Financing sources (uses)</b>										
Prior Year State Grant Canceled	\$ -	\$ -	\$ -	\$ (525,507.77)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Item - Prior Year Receivable Canceled		(1,385,344.76)	(171,067.52)							
Transfers In	843,455.00		16,269.19	477,800.67						
Transfers Out	(965,877.17)		(16,269.19)	(1,308,022.77)						
Total Other Financing Sources (Uses)	(122,422.17)	(1,385,344.76)	(171,067.52)	(1,355,729.87)						(94,159.00)
Net Change in Fund Balances	\$ 1,026,412.34	\$ (2,406,350.17)	\$ 1,701,705.69	\$ (910,484.97)	\$ (277,707.60)	\$ 1,591,773.75	\$ (245,903.77)	\$ (415,954.06)	\$ (974,617.67)	\$ (514,241.02)
Debt Service as a Percentage of Noncapital Expenditures	3.86%	3.17%	3.01%	2.57%	1.66%	1.64%	1.58%	1.56%	1.53%	1.44%

Source: District Records

**BOARD OF EDUCATION  
TOWN OF DOVER**

**General Fund - Other Local Revenue by Source**

**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**Unaudited**

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>	<u>Tuition</u>	<u>Interest</u>	<u>Other Miscellaneous</u>
2009	4,436,802.73	4,216,162.00	42,657.07	177,983.66
2010	1,944,978.60	1,773,687.40	266.00	171,025.20
2011	2,604,901.40	2,515,690.60	-	89,210.80
2012	2,922,106.67	2,684,226.00	-	237,880.67
2013	2,572,290.85	2,276,971.00	25,496.24	269,823.61
2014	2,389,466.25	2,118,825.00	34,492.93	236,148.32
2015	2,387,900.18	2,195,060.57	35,130.37	157,709.24
2016	2,508,223.16	2,069,694.00	36,811.74	401,717.42
2017	1,929,239.22	1,706,144.00	31,790.58	191,304.64
2018	1,771,751.02	1,518,023.00	32,308.85	221,419.17

**Source: District Records**



BOARD OF EDUCATION  
TOWN OF DOVER

Assessed Value and Estimated Actual Value of Taxable Property,  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2008	6,847,800	481,322,400	110,579,800	60,546,800	22,078,100	681,374,900	2,890,760	684,265,660	1,703,051,456	1.886
2009	11,291,000	1,049,892,500	283,806,100	153,885,300	54,752,500	1,553,627,400	-	1,553,627,400	1,642,176,617	0.842
2010	10,738,100	1,048,446,200	279,436,500	150,896,900	49,572,900	1,539,090,600	-	1,539,090,600	1,538,134,911	0.845
2011	10,522,400	1,049,532,400	270,133,200	139,459,700	47,369,500	1,517,017,200	-	1,517,017,200	1,515,002,067	0.850
2012	10,384,100	1,031,676,100	266,090,900	136,959,700	47,325,000	1,492,435,800	-	1,492,435,800	1,472,075,505	0.870
2013	9,628,200	1,028,952,800	265,697,700	126,669,100	47,262,500	1,478,210,300	-	1,478,210,300	1,340,652,204	0.874
2014	9,783,600	1,022,593,100	263,599,400	125,539,100	49,856,000	1,471,371,200	-	1,471,371,200	1,294,957,930	0.880
2015	12,316,100	1,017,614,600	261,198,000	122,426,200	50,906,000	1,464,460,900	-	1,464,460,900	1,296,442,015	0.886
2016	10,864,600	852,915,100	270,637,400	112,159,700	45,449,200	1,292,026,000	-	1,292,026,000	1,330,065,884	1.019
2017	10,926,200	851,294,000	270,267,400	112,159,700	45,800,400	1,290,447,700	-	1,290,447,700	1,354,658,514	1.037

(1) Revaluation Year

Source: Municipal Tax Assessor

BOARD OF EDUCATION  
TOWN OF DOVER

Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(rate per \$100 of assessed value)  
Unaudited

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	County		
2008	1.653	0.233	1.886	1.546	0.580	4.012	
2009	0.740	0.102	0.842	0.724	0.241	1.807	
2010	0.752	0.093	0.845	0.764	0.229	1.838	
2011	0.764	0.086	0.850	0.800	0.230	1.880	
2012	0.794	0.076	0.870	0.850	0.240	1.957	
2013	0.829	0.045	0.874	0.886	0.230	1.990	
2014	0.830	0.050	0.880	0.919	0.235	2.034	
2015	0.836	0.050	0.886	0.949	0.220	2.055	
2016	0.969	0.050	1.019	1.150	0.268	2.437	
2017	1.037	-	1.037	1.155	0.268	2.460	

Source: Municipal Tax Collector

BOARD OF EDUCATION  
TOWN OF DOVER

Principal Property Taxpayers  
Current Year and Nine Years Ago  
Unaudited

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
MPT of Morris LLC	\$ 43,460,500	1	3.37%			
Piret(Dover) Holdings, LLC	\$ 17,932,200	2	1.39%			
Home Depot USA Inc.	16,388,800	3	1.27%			
AHIP NJ Dover Properties LLC	10,060,000	4	0.78%			
Casio, Inc.	10,020,200	5	0.78%			
Dover Hills Prop	9,689,000	6	0.75%			
Briad Lodging Group Dover II, LLC	9,000,000	7	0.70%			
Denville-Morris Properties LLC	6,780,800	8	0.53%			
Fox Dover Tenant Cor	6,250,000	9	0.48%			
Ayres-Chevrolet-Oldsmobile Inc	6,162,600	10	0.48%			
					NOT AVAILABLE	
Total	\$ 135,744,100		10.52%	\$ -		0.00%

Source: Municipal Tax Assessor

BOARD OF EDUCATION  
TOWN OF DOVER

Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	13,141,815	13,141,815	100.00%	-
2010	13,871,253	13,871,253	100.00%	-
2011	13,876,172	13,876,172	100.00%	-
2012	13,723,430	13,723,430	100.00%	-
2013	13,808,722	13,808,722	100.00%	-
2014	13,755,330	13,755,330	100.00%	-
2015	13,837,293	13,837,293	100.00%	-
2016	13,827,143	13,827,143	100.00%	-
2017	14,299,982	14,299,982	100.00%	-
2018	14,246,172	14,246,172	100.00%	-

Source: Municipal Tax Collector

BOARD OF EDUCATION  
TOWN OF DOVER

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases				
2009	10,419,000.00	1,375,000.00	-	-	11,794,000.00	0.93%	663
2010	10,034,000.00	805,000.00	-	-	10,839,000.00	0.80%	596
2011	9,639,000.00	335,000.00			9,974,000.00	0.71%	546
2012	7,880,000.00	-			7,880,000.00	0.54%	430
2013	7,380,000.00				7,380,000.00	0.50%	402
2014	6,890,000.00				6,890,000.00	0.45%	376
2015	6,385,000.00				6,385,000.00	0.40%	349
2016	5,875,000.00				5,875,000.00	0.36%	322

BOARD OF EDUCATION  
TOWN OF DOVER

Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years  
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	10,419,000		10,419,000	0.67%	586
2010	10,034,000		10,034,000	0.65%	552
2011	9,639,000		9,639,000	0.64%	528
2012	7,880,000		7,880,000	0.53%	430
2013	7,380,000		7,380,000	0.50%	402
2014	6,890,000		6,890,000	0.47%	376
2015	6,385,000		6,385,000	0.44%	349
2016	5,875,000		5,875,000	0.45%	322

**DOVER BOARD OF EDUCATION**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2018**  
**Unaudited**

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Town of Dover	23,959,583	100.000%	23,959,583
<b>Other debt</b>			
Morris County	217,187,521	1.439%	<u>3,125,328</u>
Subtotal, overlapping debt			27,084,911
<b>Borough of Butler School District Direct Debt</b>			<u>4,825,000</u>
<b>Total direct and overlapping debt</b>			<u>\$ 31,909,911</u>

**Sources:** Town of Dover Finance Officer, Morris 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 Dover. 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.

(1) Debt Information as of December 31, 2017.

**BOARD OF EDUCATION  
TOWN OF DOVER**

**Legal Debt Margin Information  
Last Ten Fiscal Years  
Unaudited**

**Legal Debt Margin Calculation for Fiscal Year 2017**

Equalized Valuation Basis	
2015	1,296,442,015.00
2016	1,330,065,884.00
2017	1,354,658,514.00
	<u>3,981,166,413.00</u>
Average Equalized Valuation of Taxable Property	<u>\$1,327,055,471.00</u>
Debt limit (3 % of average equalization value)	\$ 39,811,664.13
Total Net Debt Applicable to Limit	<u>4,825,000.00</u>
Legal Debt Margin	<u>\$ 34,986,664.13</u>

	Fiscal Year				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 41,638,854.68	\$ 39,783,933.15	\$ 39,363,278.86	\$ 39,214,658.29	\$ 39,811,664.13
Total Net Debt Applicable to Limit	<u>6,890,000.00</u>	<u>6,385,000.00</u>	<u>5,875,000.00</u>	<u>5,350,000.00</u>	<u>4,825,000.00</u>
Legal Debt Margin	<u>34,748,854.68</u>	<u>33,398,933.15</u>	<u>33,488,278.86</u>	<u>33,864,658.29</u>	<u>34,986,664.13</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.55%	16.05%	14.93%	13.64%	12.12%

	Fiscal Year				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 46,373,557.67	\$ 48,380,819.12	\$ 46,679,062.01	\$ 45,306,570.91	\$ 43,339,595.94
Total net debt applicable to limit	<u>10,419,000.00</u>	<u>10,034,000.00</u>	<u>9,639,000.00</u>	<u>7,880,000.00</u>	<u>7,380,000.00</u>
Legal debt margin	<u>35,954,557.67</u>	<u>38,346,819.12</u>	<u>37,040,062.01</u>	<u>37,426,570.91</u>	<u>35,959,595.94</u>
Total net debt applicable to the limit as a percentage of debt limit	22.47%	20.74%	20.65%	17.39%	17.03%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation



**BOARD OF EDUCATION  
TOWN OF DOVER**

**Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited**

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2008	17,774	1,319,008,540	74,210	7.70%
2009	17,789	1,269,440,829	71,361	16.50%
2010	18,174	1,353,236,040	74,460	16.60%
2011	18,263	1,410,031,441	77,207	16.20%
2012	18,319	1,466,014,613	80,027	16.80%
2013	18,363	1,484,979,084	80,868	6.40%
2014	18,311	1,532,392,657	83,687	4.70%
2015	18,314	1,609,727,344	87,896	4.30%
2016	18,264	1,626,683,160	89,065	3.80%
2017	18,232	Not Available	Not Available	3.50%

Population information provided by the NJ Dept of Labor and Workforce Development  
 Personal income has been estimated based upon the municipal population and per capita personal income presented.  
 Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.  
 Unemployment data provided by the NJ Dept of Labor and Workforce Development.

BOARD OF EDUCATION  
TOWN OF DOVER

Principal Employers  
Current Year and Ten Years Ago  
Unaudited

Employer	2018		2009		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Rank [Optional]	Percentage of Total Municipal Employment

No data is available to complete this schedule.

BOARD OF EDUCATION  
TOWN OF DOVER

Full-time Equivalent District Employees by Function/Program  
Last Ten Fiscal Years  
Unaudited

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction	235	229	245	239	242	221	221	229	225	226
Regular	19	21	42	37	43	39	46	42	41	49
Special Education										
Support Services:										
Student and Instruction Related Services	33	21	27	47	44	39	28	28	30	27
School Administrative Services	20	22	29	29	27	29	28	26	26	25
General and Business Administrative Services	6	6	6	6	6	6	6	6	6	6
Plant Operations and Maintenance	32	32	39	33	30	39	40	39	40	36
Pupil Transportation	4	4	5	5	5	6	5	6	5	5
Total	<u>349</u>	<u>335</u>	<u>393</u>	<u>395.5</u>	<u>397.2</u>	<u>377.9</u>	<u>373.6</u>	<u>376.3</u>	<u>372.7</u>	<u>373.7</u>

Source: District Personnel Records

BOARD OF EDUCATION  
TOWN OF DOVER

Operating Statistics  
Last Ten Fiscal Years  
Unaudited

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2008-2009	2895.50	39,865,679.43	13,768	1.83%	264	1:14	1:13	1:11	2895.5	2,762.0	-0.12%	95.39%
2009-2010	2934.80	43,706,028.76	14,892	8.17%	251	1:14	1:12	1:10	2934.8	2,803.7	1.36%	95.53%
2010-2011	2927.80	41,860,951.86	14,298	-3.99%	243	1:14	1:13	1:10	2927.8	2,791.1	-0.24%	95.33%
2011-2012	3021.00	43,229,146.05	14,310	0.08%	246	1:13	1:11	1:09	2901.6	2,768.7	-0.89%	95.42%
2012-2013	3009.00	43,937,652.52	14,602	2.04%	256	1:12	1:11	1:09	3027.7	2,895.3	4.35%	95.63%
2013-2014	3083.00	41,072,118.82	13,322	-8.77%	260	1:14	1:13	1:10	3082.7	2,958.9	1.82%	95.98%
2014-2015	3169.00	41,426,489.17	13,072	-1.87%	260	1:15	1:13	1:11	3168.8	3,064.3	2.79%	96.70%
2015-2016	3196.00	45,385,128.04	14,201	8.63%	265	1:15	1:14	1:12	3216.4	3,102.3	1.50%	96.45%
2016-2017	3058.00	41,592,611.71	13,601	-4.22%	240	1:15	1:14	1:12	3224.0	3,094.6	0.24%	95.99%
2017-2018	3096.00	49,041,379.16	15,840	16.46%	240	1:14	1:14	1:12	3311.8	3,179.4	2.72%	96.00%

Source: District records

Note: Enrollment based on annual October district count.

BOARD OF EDUCATION  
TOWN OF DOVER

School Building Information  
Last Ten Fiscal Years  
Unaudited

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>District Building</b>										
<u>Elementary</u>										
Academy Street		52,364	52,364	52,364	52,364	52,364	52,364	52,364	52,364	52,364
Square Feet		559.8	559.8	559.8	559.8	559.8	559.8	559.8	559.8	559.8
Capacity (students)		445	490	513	573	561	601	558	551	555
Enrollment										
East Dover										
Square Feet	98,790	98,790	98,790	98,790	98,790	98,790	98,790	98,790	98,790	98,790
Capacity (students)	883.7	883.7	883.7	883.7	883.7	883.7	883.7	883.7	883.7	883.7
Enrollment	533	556	450	466	459	476	479	489	523	480
North Dover										
Square Feet	56,705	56,705	56,705	56,705	56,705	56,705	56,705	56,705	56,705	56,705
Capacity (students)	613.55	613.55	613.55	613.55	613.55	613.55	613.55	613.55	613.55	613.55
Enrollment	543	644	667	706	740	751	757	737	704	682
Middle School										
Dover Middle School										
Square Feet	63,790	63,790	63,790	63,790	63,790	63,790	63,790	63,790	63,790	63,790
Capacity (students)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Enrollment	503	504	467	471	461	482	457	495	530	488
High School										
Dover High School										
Square Feet	157,500	157,500	157,500	157,500	157,500	157,500	157,500	157,500	157,500	157,500
Capacity (students)	1065.9	1065.9	1065.9	1065.9	1065.9	1065.9	1065.9	1065.9	1065.9	1065.9
Enrollment	902	883	850	804	789	813	875	917	956	891

Number of Schools at June 30, 2017

Elementary = 3

Middle School = 1

Senior High School = 1

Source: District Facilities Office

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

**BOARD OF EDUCATION  
TOWN OF DOVER**

**General Fund  
Schedule of Required Maintenance for School Facilities  
Last Ten Fiscal Years  
Unaudited**

*School Facility	Pending Projects (w/DOE Project #)	Gross Building Area (SF)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Dover High School	N/A	157,500	\$247,423.59	\$ 227,548.80	\$300,113.56	\$259,723.20	\$256,491.33	\$ 270,532.17	\$249,183.21	\$222,234.33	\$297,982.19	\$207,706.92
Academy Street	N/A	52,364	82,474.53	75,653.11	100,037.86	84,561.04	85,497.11	92,096.06	82,845.90	75,654.24	103,325.52	69,056.29
Dover Middle School	N/A	63,790	97,938.50	92,160.87	118,794.95	163,082.01	101,527.82	109,364.07	100,923.15	89,839.41	122,699.06	84,124.60
North Dover Middle School	N/A	56,705	87,629.19	81,924.79	106,290.22	96,641.19	90,840.68	97,852.06	89,713.87	80,382.63	109,783.37	74,781.09
Blackwell Academy	N/A	3,452	-	-	-	-	-	5,756.00	5,461.46	4,728.39	6,457.86	4,552.40
<b>District Total</b>			<b>515,465.81</b>	<b>477,287.57</b>	<b>625,236.60</b>	<b>604,007.45</b>	<b>534,356.94</b>	<b>575,600.37</b>	<b>528,127.59</b>	<b>472,839.01</b>	<b>640,248.00</b>	<b>440,221.30</b>
			<b>\$ 515,465.81</b>	<b>\$ 477,287.57</b>	<b>\$ 625,236.60</b>	<b>\$ 604,007.45</b>	<b>\$ 534,356.94</b>	<b>\$ 575,600.37</b>	<b>\$ 528,127.59</b>	<b>\$ 472,839.01</b>	<b>\$ 640,248.00</b>	<b>\$ 440,221.30</b>

\*School facilities as defined under EFCFA  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

**BOARD OF EDUCATION**  
**TOWN OF DOVER**

**Insurance Schedule**  
**As of June 30, 2018**  
**Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Selective Ins. Co.		
Property - Blanket Building & Contents	\$ 124,648,352	\$ 2,500
Artificial Turf	\$ 2,622,202	\$ 2,500
Fences	\$ 85,684	\$ 2,500
Computer Coverage	\$ 789,748	\$ 500
Band Uniforms	\$ 42,254	\$ 250
Audio Visual	\$ 36,750	\$ 500
		\$ 500
Comprehensive General Liability - Each Occurrence	\$ 1,000,000	
- General Aggregate	\$ 2,000,000	
Products - Completed Operations	\$ 2,000,000	
Personal and Advertising Injury Limit	\$ 1,000,000	
Comprehensive Auto liability	\$ 1,000,000	
Employee Benefits Liability - Each Occurrence	\$ 1,000,000	\$ 1,000
- General Aggregate	\$ 2,000,000	
Boiler & Machinery - Selective Ins. Co.		
Property Damage	Unlimited	\$ 500
Umbrella Liability - Selective Ins. Co.		
Umbrella Policy - Each Occurrence	\$ 10,000,000	
- General Aggregate	\$ 10,000,000	
Abuse & Molestation		
School Board Legal Liability - Selective Ins. Co.		
Directors & Officers Policy - Per Claim	\$ 1,000,000	\$ 10,000
- General Aggregate	\$ 2,000,000	
Position Bond - Selective Ins. Co.		
Kelly Toohey - Treasurer of School Moneys	\$ 300,000	
Catherine M. Jenisch - Board Secretary	\$ 14,000	
Athletic Student Accident - Arch Insurance Group		
Accidental Death	\$ 10,000	
Single/Double Dismemberment	\$25,000/\$50,000	
Catastrophic Coverage (all sports activities)	\$ 1,000,000	
Aggregate Limit of Liability	\$ 500,000	
Accident Medical & Dental Max Benefit	\$ 25,000	
United State Fire Insurance Co.		
Accident Medical Benefits	\$ 50,000	
Accidental Dismemberment Benefit	\$ 50,000	

Source: District's Records.

# **SINGLE AUDIT SECTION**



# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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## INDEPENDENT AUDITOR'S 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

Honorable President and  
Members of the Board of Education  
Town of Dover School District  
County of Morris  
Dover, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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 and each major fund and the aggregate remaining fund information of the Board of Education of the Town of Dover School District, in the County of Morris, New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 31, 2019.

### *Internal Control Over Financial Reporting*

In planning and performing our audit of the financial statements, we considered the Town of Dover Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Dover Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Dover 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.

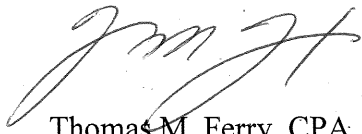
***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Town of Dover Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Town of Dover School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated January 31, 2019.

***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.



Thomas M. Ferry, CPA  
Licensed Public School Accountant  
No. 20CS00209100

*Ferraioli, Wielkocz, Cerullo & Cova, P.A.*  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

Newton, New Jersey

January 31, 2019

# Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

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

Honorable President and  
Members of the Board of Education  
Town of Dover School District  
County of Morris  
Dover, New Jersey

### Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Town of Dover School District in the County of Morris, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Town of Dover Board of Education's major federal and state programs for the year ended June 30, 2018. The Town of Dover Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Dover Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those statutes, the Uniform Guidance and N.J. OMB 15-08 require that we plan and perform



the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Town of Dover Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Town of Dover Board of Education's compliance.

### ***Opinion on Each Major Federal and State Program***

In our opinion, the Town of Dover Board of Education 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, 2018.

### **Report on Internal Control Over Compliance**

Management of the Town of Dover Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Dover Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Dover Board of Education's internal control over compliance.

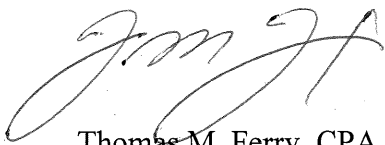
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Honorable President and  
Members of the Board of Education

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Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



Thomas M. Ferry, CPA  
Licensed Public School Accountant  
No. 20CS00209100

*Ferraioli, Wielkotz, Cerullo & Cuva, P.A.*  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

Newton, New Jersey

January 31, 2019

BOARD OF EDUCATION  
TOWN OF DOVER  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year Ending June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From / To	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2018 (Accounts Receivable)	MEMO Cumulative Total Expenditures
						(Accounts Receivable)	Deferred Revenue					
<b>U.S. Department of Education:</b>												
<b>Passed-Through State Department Of Education:</b>												
<b>General Fund:</b>												
Medicaid Assistance Program	93.778	1605NJ5MAP	N/A	36,496.04	7/1/17-6/30/18			378.08	(36,496.04)			
Medicaid Assistance Program	93.778	1605NJ5MAP	N/A	88,565.32	7/1/16-6/30/17	(378.08)		378.08	(36,496.04)			
Total General Fund												
<b>U.S. Department of Agriculture</b>												
<b>Passed-Through State Department Of Education:</b>												
<b>Enterprise Fund:</b>												
Food Distribution Program	10.550	16161NJ304N1099	N/A	153,514.17	7/1/17-6/30/18		574.70	153,514.17	(154,088.87)			153,514.17
National School Lunch Program	10.555	16161NJ304N1099	N/A	1,187,754.60	7/1/16-6/30/17	(94,438.22)		94,438.22	(1,161,894.04)			1,187,754.60
National School Lunch Program	10.555	16161NJ304N1099	N/A	1,161,894.04	7/1/17-6/30/18			1,044,396.69	(1,161,894.04)	(117,487.35)		1,161,894.04
School Breakfast Program	10.583	16161NJ304N1099	N/A	176,266.48	7/1/17-6/30/18			157,268.90	(176,266.48)	(18,997.58)		176,266.48
School Breakfast Program	10.583	16161NJ304N1099	N/A	186,597.04	7/1/16-6/30/17	(16,515.39)		16,515.39	(88,295.11)	(12,514.00)		186,597.04
Fresh Fruits and Vegetables	10.582	16161NJ304N1099	N/A	68,295.11	7/1/17-6/30/18			55,781.11	(945.53)	(111.60)		68,295.11
Special Milk Program	10.556	16161NJ304N1099	N/A	945.53	7/1/17-6/30/18	(133.98)		133.98				945.53
Special Milk Program	10.556	16161NJ304N1099	N/A	1,465.66	7/1/16-6/30/17	(111,087.59)	574.70	1,522,882.39	(1,561,490.03)	(149,120.53)		2,936,732.63
Total Enterprise Fund												
<b>U.S. Department of Education</b>												
<b>Passed-Through State Department Of Education:</b>												
<b>Special Revenue Fund:</b>												
Title I - Improving Basic Programs	84.010	S010A150030	NCLB111017	1,595,532.00	7/1/16-6/30/17	(521,704.00)		542,876.00	(21,272.00)			1,595,532.00
Title I - Improving Basic Programs	84.010	S010A150030	NCLB111018	1,590,294.00	7/1/17-6/30/18			1,353,867.00	(1,579,263.00)	(225,396.00)		1,590,294.00
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	S367A150029	NCLB111018	105,632.00	7/1/16-6/30/17	(42,248.00)		42,248.00				105,632.00
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	S367A150029	NCLB111018	132,783.00	7/1/17-6/30/18			117,396.00	(132,783.00)	(15,385.00)		132,783.00
Emergency Immigrant Education	84.365	S365A160030	NCLB111018	81,481.00	7/1/16-6/30/17	(31,827.00)		31,827.00				81,481.00
Emergency Immigrant Education	84.365	S365A170030	NCLB111018	96,456.00	7/1/17-6/30/18			84,180.00	(96,456.00)	(12,276.00)		96,456.00
I.D.E.A. Part B - Basic Regular	84.027	H027A150100	IDEA111017	808,870.00	7/1/15-6/30/16		1,131.00	260,830.00				807,739.00
I.D.E.A. Part B - Basic Regular	84.027	H027A150100	IDEA111017	780,942.00	7/1/16-6/30/17	(260,830.00)		525,444.00	(789,710.00)	(264,266.00)		789,710.00
I.D.E.A. Part B - Basic Regular	84.027	H027A150100	IDEA544018	789,710.00	7/1/17-6/30/18			15,473.00	(15,473.00)			789,710.00
I.D.E.A. Part B - Preschool	84.173	H173A150114	IDEA544018	15,473.00	7/1/17-6/30/18	(656,609.00)		2,974,243.00	(2,634,957.00)	(1,131.00)		15,473.00
Total Special Revenue Fund												5,999,295.00
Total Federal Financial Awards								4,497,503.47	(4,232,943.07)	(1,131.00)		8,936,027.63

See accompanying notes to schedules of federal awards and state financial assistance.

**BOARD OF EDUCATION  
TOWN OF DOVER**  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year Ending June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From / To	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO Cumulative Total Expenditures	
				(Accounts Receivable)	Deferred Revenue				(Accounts Receivable)	Deferred Revenue		
<b>State Department of Education:</b>												
<b>General Fund:</b>												
Reimbursed TPAF Social Security	18-495-034-5095-003	1,312,469.85	7/1/17-6/30/18			1,246,550.01	(1,312,469.85)			(65,919.84)		1,312,469.85
Reimbursed TPAF Social Security	17-495-034-5095-003	1,318,065.39	7/1/16-6/30/17	(66,417.23)		66,417.23						551,148.42
Equalization Aid	18-495-034-5120-078	23,106,035.00	7/1/17-6/30/18			20,811,216.50	(23,106,035.00)			(2,294,818.50)		23,106,035.00
Special Education Categorical Aid	18-495-034-5120-089	1,739,730.00	7/1/17-6/30/18			1,566,933.00	(1,739,730.00)			(172,797.00)		1,739,730.00
Transportation Aid	18-495-034-5120-014	73,021.00	7/1/17-6/30/18			65,768.00	(73,021.00)			(7,253.00)		73,021.00
Security Aid	18-495-034-5120-084	358,459.00	7/1/17-6/30/18			322,655.00	(358,459.00)			(35,804.00)		358,459.00
PARCC Readiness Aid	18-495-034-5120-098	29,260.00	7/1/17-6/30/18			26,354.00	(29,260.00)			(2,906.00)		29,260.00
Per Pupil Growth Aid	18-495-034-5120-097	29,260.00	7/1/17-6/30/18			26,354.00	(29,260.00)			(2,906.00)		29,260.00
Under Adequacy Aid	18-495-034-5120-096	536,632.00	7/1/17-6/30/18			483,331.00	(536,632.00)			(53,301.00)		536,632.00
Professional Learning Community Aid	18-495-034-5120-101	31,300.00	7/1/17-6/30/18			28,191.00	(31,300.00)			(3,109.00)		31,300.00
Host District Support Aid	18-495-034-5120-102	2,201.00	7/1/17-6/30/18			1,982.00	(2,201.00)			(219.00)		2,201.00
Extraordinary Special Education Costs Aid	18-100-034-5120-473	305,737.00	7/1/16-6/30/17	(285,218.00)		285,218.00	(305,737.00)			(305,737.00)		215,209.00
Extraordinary Special Education Costs Aid	17-100-034-5120-473	285,218.00	7/1/16-6/30/17			2,695,642.00	(2,695,642.00)					161,014.00
On-behalf TPAF Pension	18-495-034-5094-002	2,695,642.00	7/1/17-6/30/18			2,695,642.00						2,695,642.00
On-behalf TPAF NCSI Premium	18-495-034-5094-007	65,417.00	7/1/17-6/30/18			65,417.00						65,417.00
On-behalf TPAF Post Retirement Medical	18-495-034-5094-001	1,783,309.00	7/1/17-6/30/18			1,783,309.00						1,783,309.00
On-behalf TPAF Long-Term Disability Ins.	18-495-034-5094-004	4,062.00	7/1/17-6/30/18	(348.00)		348.00	(4,062.00)					4,062.00
Non Public Transportation Aid	17-495-034-5120-014	348.00	7/1/16-6/30/17	(348.00)		29,479,947.74	(32,072,634.85)			(2,572,913.50)		11,764.00
Total General Fund				(351,983.23)						(371,656.84)		32,722,753.27
<b>Special Revenue Fund:</b>												
Preschool Aid	18-495-34-5120-86	255,375.00	7/1/17-6/30/18			229,837.50	(252,281.68)					252,281.68
School Based Youth Services	1630-100-016-1630-013	257,859.00	7/1/16-6/30/17			15,690.00		(3,186.00)				12,504.00
School Based Youth Services	1630-100-016-1630-013	283,395.25	7/1/17-6/30/18			283,395.25	(280,090.30)					3,304.95
Total Special Revenue Fund						513,232.75	(532,371.98)	(3,186.00)				25,537.50
<b>State Department of Agriculture</b>												
<b>Enterprise Fund:</b>												
State School Lunch Program	18-100-010-3350-023	21,752.19	7/1/17-6/30/18			19,571.24	(21,752.19)					3,350.46
State School Lunch Program	17-100-010-3350-023	22,161.51	7/1/16-6/30/17	(1,747.29)		1,747.29				(2,180.95)		3,175.82
Total Enterprise Fund				(1,747.29)		21,318.53	(21,752.19)					6,526.28
<b>Total State Financial Assistance</b>												
				(353,730.52)		30,014,499.02	(32,626,659.02)	(3,186.00)		(373,837.79)		32,981,561.23
<b>Less: On-Benefit Pension and Annuity Aid</b>												
						4,548,430.00	4,548,430.00					
<b>Total For State Financial Assistance Determination</b>												
				(353,730.52)		25,466,069.02	(28,078,229.02)	(3,186.00)		(373,837.79)		32,981,561.23

**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all Federal and State Award programs of the Board of Education, Town of Dover 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 Schedule 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 Notes 2 (C) and 2(D) to the Board's basic financial statements. The information in this schedule is presented in accordance with the 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 N.J. OMB Circular 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.

**NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE 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, those 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 last state aid payment 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*.



**NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS**  
(continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,078.50 for the general fund and \$131,866.50 for the special revenue fund. See Note for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Additionally, as discussed further in Note 6, the State of New Jersey makes contributions on-behalf of the District for TPAF post-retirement medical and pension contributions. The total amount of these contributions during 2018 fiscal year was \$4,548,430.00.

Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$36,496.04	\$31,940,668.35	\$31,977,164.39
Special Revenue Fund	2,634,957.00	535,450.48	3,170,407.48
Food Service Fund	<u>1,561,490.03</u>	<u>21,752.19</u>	<u>1,583,242.22</u>
Total Awards and Financial Assistance	<u>\$4,232,943.07</u>	<u>\$32,497,871.02</u>	<u>\$36,730,814.09</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. 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, 2018. The amount reported as 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, 2018.

**NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**NOTE 7. SCHOOLWIDE PROGRAM FUNDS**

School wide programs are not separate federal programs as defined in Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grant Guidance); amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditure of Federal Awards. The following funds by program are included in schoolwide programs in the school district.

<u>Program</u>	<u>Total</u>
Title I, Part A: Grants to Local Educational Agencies	\$1,600,535.00
Title II, Part A: Improving Teacher Quality State Grants	132,783.00
Title III: English Language Acquisition State Grants	<u>96,456.00</u>
Total	<u>\$1,829,774.00</u>

**NOTE 8. INDIRECT COST RATE**

The Town of Dover School District has elected not to use the 10 percent de minimis Indirect Cost Rate as allowed under the Uniform Guidance.

**TOWN OF DOVER DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

***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 financial statements noted?            yes   X   no

**Federal Awards**

D) Dollar threshold used to determine Type A programs           \$750,000.00          

E) Auditee qualified as low-risk auditee?   X   yes            no

F) Type of auditor's report on compliance for major programs           Unmodified          

G) Internal Control over compliance:

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

2) Were significant deficiencies identified that were not considered to be material weaknesses?            yes   X   no

H) Any audit findings disclosed that are required to be reported in accordance with Federal Uniform Guidance?            yes   X   no

I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	N.C.L.B. Title I



**TOWN OF DOVER SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

***Section II - Schedule of Financial Statement Findings***

NONE

***Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs***

No matters were reported.

**TOWN OF DOVER SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Status of Prior Year Findings**

There were no prior audit findings.