

**AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
SCHOOL DISTRICT OF THE
TOWN OF DOVER
COUNTY OF MORRIS, NEW JERSEY
JUNE 30, 2018**

SCHOOL DISTRICT OF THE TOWN OF DOVER
COUNTY OF MORRIS, NEW JERSEY

AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
- FINANCIAL, COMPLIANCE AND PERFORMANCE

	Page <u>No.</u>
Independent Auditors' Report	1
Scope of Audit	2
Administrative Practices and Procedures	2
Insurance	2
Official Bonds	2
Tuition Charges	2
Financial Planning, Accounting and Reporting	2
Examination of Claims	2
Payroll Account and Position Control Roster	3
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	3
Board Secretary's Records	4
Fixed Assets	4
Elementary and Secondary Education (E.S.E.A.) as Amended by the Every Student Succeeds Act (ESSA)	4
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	4
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures	5
School Purchasing Programs	5
School Food Service	6
Student Body/Athletic Account Activities	8
Application for State School Aid	8
Pupil Transportation	9
Testing for Lead of All Drinking Water in Educational Facilities	9
Follow-up on Prior Years' Finding	10
Acknowledgment	10
Net Cash Resource Schedule	11
Schedule of Audited Enrollments	12 - 14
Excess Surplus Calculation	15 - 17

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REPORT OF INDEPENDENT AUDITORS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Town of Dover School District in the County of Morris for the year ended June 30, 2018, and have issued our report thereon dated January 31, 2019.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Town of Dover Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



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Newton, New Jersey

January 31, 2019

TOWN OF DOVER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

YEAR ENDED JUNE 30, 2018

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Catherine M. Jenish	School Business Administrator/Board Secretary	\$ 14,000.00
Kelly Toohey	Treasurer of School Moneys	300,000.00

Treasurer of School Moneys was bonded in accordance with provisions of Title 18A:17-32 with the minimum limits of State Board promulgated schedules.

There is a Public Employees' Faithful Performance Blanket Position Bond with the Selective Insurance Company covering all other employees with multiple coverage of \$10,000.00.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for the decrease/increase in pupil costs in accordance with N.J.A.C. 6A:23A-17.1 (F)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures, certification or supporting documentation.

TOWN OF DOVER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

YEAR ENDED JUNE 30, 2018

Financial Planning, Accounting and Reporting (continued)

Payroll Account and Position Control Roster

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator.

Salary withholdings were promptly remitted to the proper agencies including health benefits premium withholding due to the General Fund.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrators) to the NJ Department of Treasury was filed by the March 15 due date.

Reporting of employee compensation for income tax related purposes did comply with federal and state regulations regarding the compensation which is required to be reported.

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30th for goods not yet received or services not rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for priority and to determine that goods were received and services were rendered as of June 30, 2018.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23A-16.2(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, a transaction error rate of 0.00% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

TOWN OF DOVER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

YEAR ENDED JUNE 30, 2018

Financial Planning, Accounting and Reporting (continued)

Board Secretary's Records

The Board Secretary's records were in satisfactory condition.

Fixed Assets

The general fixed asset records were updated for the additions and disposals of general fixed assets made during the year.

Elementary and Secondary Education (E.S.E.A.) as Amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I, Title II and Title III of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated that there were no areas of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for special projects indicated no areas of noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for District employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

TOWN OF DOVER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

YEAR ENDED JUNE 30, 2018

Financial Planning, Accounting and Reporting (continued)

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments be made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-2 contains definitions for terms used throughout N.J.S.A. 18A:18A-1 et seq. It includes as subsection (p) the term 'competitive contracting', which is defined as "the method described in N.J.S.A. 18A:18A-4.1 through 18A:18A-4.5 and in rules promulgated by DCA at N.J.A.C. 5:34-4 of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel or school business administrator; and the board of education awards a contract to a vendor or vendors from among the formal proposals received." Also, subsection (aa) defines the term 'concession' to exclude vending machines.

N.J.S.A. 18A:18A-3(a) sets forth the bid threshold and requires award by board resolution. There is a higher threshold when there is a "Qualified Purchasing Agent" (QPA) in the district as defined at N.J.A.C. 5:34-1.1 and certified upon approval of an application submitted to DCA. Pursuant to N.J.S.A. 18A:18A-3(b), the bid threshold may be adjusted by the Governor, in consultation with the Department of Treasury, every five years.

N.J.S.A. 18A:18A-4.4 provides boards of education the authority to pass a resolution authorizing the use of competitive contracting. "In order to initiate competitive contracting, the board of education shall pass a resolution authorizing the use of competitive contracting each time specialized goods or services enumerated in sections 45 of L. 1999, c.440 are desired to be contracted."

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agency) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000.

TOWN OF DOVER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

YEAR ENDED JUNE 30, 2018

School Purchasing Programs (continued)

Contracts and Agreements Requiring Advertisement for Bids (continued)

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of *N.J.S.A.* 18A:18A-4, amended.

Resolutions were adopted authorizing the awarding of contract or agreements for "Professional Services" per *N.J.S.A.* 18A:18A-5.

School Food Service

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded 100,000 in federal and/or state support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold. The financial transactions and statistical records of the school food services were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. Cash receipts and bank records were reviewed for timely deposit, there were no major exceptions noted.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A.* 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The operating results provision has been met.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did exceed three months average expenditures.

TOWN OF DOVER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

YEAR ENDED JUNE 30, 2018

School Food Service (continued)

Finding 2018-01

Cafeteria Net Cash Resources exceeded three (3) months average expenditures.

Recommendation

That the School District take action to reduce Net Cash Resources.

Management Response

Action will be taken to reduce the Net Cash Resources.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner. No exceptions were noted.

Applications for free and reduced price meals were reviewed for completeness and accuracy. No errors were found. The number of free and reduced price meals claimed as served was compared to the number of valid applications and/or to the list of directly certified students on file, times the number of operating days, on a school by school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

U.S.D.A. Food Distribution Program food and/or commodities were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The School District Food Service Management Company maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G, of the CAFR.

Cash receipts and disbursement records were maintained in satisfactory condition.

All receipts were promptly deposited in the bank.

TOWN OF DOVER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

YEAR ENDED JUNE 30, 2018

School Food Service (continued)

Payment Authorizations were presented for audit and vendor invoices were available for examination.

The Board adopted a formal board policy that all financial and bookkeeping controls are adequate to ensure appropriate accountability and sound business practice.

Student Body/Athletic Account Activities

The cash receipts and disbursement records were maintained in good order.

All receipts were promptly deposited in the bank.

Application for State School Aid

Our audit procedures included a test of information reported in the October 13, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers and the information that was included on the workpapers was verified with the following exception:

Finding 2018-02:

There were numerous errors on the Application for State School Aid Summary Report (A.S.S.A.) as follows:

The On-Roll Count had a difference of two (2) Special Education High School Students. Resident Low Income count had differences in multiple grades, however they netted a zero difference in total. Resident Low Income testing resulted in six (6) students on the A.S.S.A. as free/reduced but were not eligible and should not have been included. The Limited English Proficient Low Income count had three hundred eighteen (318) students listed on the A.S.S.A., however, there were only three hundred (300) on the roster. When testing the Limited English Proficient Low Income count, it was found that twelve (12) students on the registers were not eligible. The A.S.S.A. reported thirty-three (33) Limited English Proficient Not Low Income students, however, there were only thirty (30) students on the district back up workpapers.

Recommendation:

That the procedures for compiling and submitting the A.S.S.A. report data be reviewed.

Management Response:

The procedures for compiling and submitting the A.S.S.A. report data will be reviewed.

TOWN OF DOVER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

YEAR ENDED JUNE 30, 2018

Application for State School Aid (continued)

The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state forms or their equivalent.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2017-2018 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Testing for Lead of All Drinking Water in Educational Facilities

The School District did submit the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

TOWN OF DOVER BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

YEAR ENDED JUNE 30, 2018

Follow-up on Prior Years' Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action has been taken on all prior year audit findings.

Acknowledgment

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to the members of the audit team.



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No. 20CS00209100

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Certified Public Accountants

NET CASH RESOURCE SCHEDULE

Dover School District

**Net cash resources did exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2018**

		Food Service	
<u>Net Cash Resources:</u>			
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 683,991.34
B-4		Due from Other Gov'ts	151,301.49
CAFR		Current Liabilities	
B-4		Less Accounts Payable	<u>(66,439.98)</u>
		Net Cash Resources	<u>\$ 768,852.85</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	1,909,960.29	
B-5	Less Depreciation	<u>(18,860.00)</u>	
	Adj. Tot. Oper. Exp.	<u>\$ 1,891,100.29</u>	(B)

Average Monthly Operating Expense:

B / 10	<u>\$ 189,110.03</u>	(C)
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Three times monthly Average:

3 X C	<u>\$ 567,330.09</u>	(D)
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TOTAL IN BOX A	\$ 768,852.85
LESS TOTAL IN BOX D	<u>\$ 567,330.09</u>
NET	<u>\$ 201,522.76</u>

From above:

**A is greater than D, cash exceeds 3 X average monthly operating expenses.
D is greater than A, cash does not exceed 3 X average monthly operating expenses.**

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form.

SCHEDULE OF AUDITED ENROLLMENTS

DOVER SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

2018-2019 Application for State

	School Aid				Sample for Verification				Private Schools for Disabled					
	Reported on		Workpapers		Sample		Verified per		Errors per		Reported on		Sample	
	Full	Shared	Full	Shared	Full	Share	Full	Shared	Full	Shared	Private	Shared	Sample	Errors
Half Day Preschool	66		66		66									
Full Day Kindergarten	194		194		194									
One	189		189		189									
Two	201		201		201									
Three	202		202		202									
Four	215		215		215									
Five	239		239		239									
Six	201		201		201									
Seven	234		234		234									
Eight	222		222		222									
Nine	257		257		257									
Ten	210		210		210									
Eleven	4		4		4			4						
Twelve	11		11		11			11						
Subtotal	2855	15	2855	15	2855	15	0	2855	15	0	0	0	0	0
Special Ed - Elementary	202		202		97			97			13		12	
Special Ed - Middle School	77		77		37			37			5		5	
Special Ed - High School	81	21	81	19	39	18	2	39	18		14	10	10	
Subtotal	360	21	360	19	173	18	2	173	18	0	0	32	27	27
Total	3215	36	3215	34	3028	33	2	3028	33	0	0	32	27	27
Percent Error					0.00%	5.56%						0.00%	0.00%	0.00%

SCHEDULE OF AUDITED ENROLLMENTS

DOVER SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 13, 2017

Enrollment Category	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Error	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Error
Full Day Kindergarten	146	146		17	17		18	17	1	9	7	2
One	150	150		18	18		23	19	4	10	10	
Two	165	163	2	19	19		24	22	2	11	11	
Three	173	172	1	20	20		14	14		7	7	
Four	183	183		22	21	1	20	20		10	10	
Five	199	199		23	22	1	23	23		12	12	
Six	170	170		20	20		24	21	3	11	9	2
Seven	182	181	1	21	20	1	27	27		14	14	
Eight	162	162		19	18	1	21	21		11	9	2
Nine	184	184		22	21	1	29	28	1	15	13	2
Ten	158	160	-2	19	19		33	30	3	16	16	
Eleven	156.5	157	-0.5	18	17	1	34	31	3	16	14	2
Twelve	134	134		16	16		16	16		8	6	2
Subtotal	2162.5	2161	1.5	254	248	6	306	289	17	150	138	12
Special Ed - Elementary	181	188	3	22	22		6	6		3	3	
Special Ed - Middle School	60	59	1	7	7		3	3		2	2	
Special Ed - High School	67.5	73	-5.5	8	8		3	2	1	1	1	
Subtotal	318.5	320	-1.5	37	37	0	12	11	1	6	6	0
Total	2481	2481	0	291	285	6	318	300	18	156	144	12
Percent Error			0.00%			2.06%			5.66%			7.69%

SCHEDULE OF AUDITED ENROLLMENTS
DOVER SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

Enrollment Category	Resident LEP NOT Low Income			Sample for Verification		
	Reported on ASSA as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Error
Full Day Kindergarten	2	2		2	2	
One	1	1		1	1	
Two	0	0		0	0	
Three	0	0		0	0	
Four	0	0		0	0	
Five	2	2		2	2	
Six	0	0		0	0	
Seven	2	2		2	2	
Eight	1	1		1	1	
Nine	9	8	1	6	6	
Ten	4	4		3	3	
Eleven	6	7	-1	6	6	
Twelve	2	2		2	2	
Subtotal	29	29	0	25	25	0
Special Ed - Elementary	1	0	1	0	0	
Special Ed - Middle School	1	0	1	0	0	
Special Ed - High School	2	1	1	1	1	
Subtotal	4	1	3	1	1	0
Total	33	30	3	26	26	0
Percent Error			9.09%			0%
Regular - Public Schools, col. 1	Reported on DRTS by DOE/COUNTY 282	Reported on DRTS by District 282	Errors 282	Tested 146	Verified 146	Errors
Regular - SpEd, col. 4	80.5	80.5	61	61	61	
Transported - Non-Public, col. 2	0	0	0	0	0	
Special Ed Spec, col. 6	73.5	73.5	56	56	56	
Totals	436	436	0	263	263	0
Percentage Error			0.00%			0.00%

EXCESS SURPLUS CALCULATION

REGULAR DISTRICT/CHARTER SCHOOL/RENAISSANCE SCHOOL PROJECT

SECTION 1

A. 2% Calculation of Excess Surplus

2017-18 Total General Fund Expenditures per the CAFR, Ex.C-1	\$	<u>47,703,285.43</u>	(B)
Increased by:			
Transfer from Capital Outlay to Capital Projects Fund	\$	<u> </u>	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$	<u> </u>	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$	<u>94,159.00</u>	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$	<u> </u>	(B1d)
Decreased by:			
On-Behalf TPAF Pension & Social Security	\$	<u>5,860,899.85</u>	(B2a)
Assets Acquired Under Capital Leases	\$	<u> </u>	(B2b)
Adjusted 2017-18 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$	<u>41,842,385.58</u>	(B3)
2% of Adjusted 2017-18 General Fund Expenditures [(B3) times .02]	\$	<u>834,964.53</u>	(B4)
Enter Greater of (B4) or \$250,000	\$	<u>834,964.53</u>	(B5)
Increased by: Allowable Adjustment *	\$	<u>305,737.00</u>	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$	<u>1,140,701.53</u>	(M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-18 (Per CAFR Budgetary Comparison Schedule C-1)	\$	<u>9,039,601.02</u>	(C)
Decreased by:			
Year-end Encumbrances	\$	<u>1,656,702.03</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C2)
Legally Restricted Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	<u> </u>	(C3)
Other Restricted Fund Balances****	\$	<u>6,242,197.46</u>	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$	<u> </u>	(C5)
Additional Assigned Fund Balance - Unreserved- Designated for Subsequent Year's Expenditures July 1, 2018 - August 1, 2018	\$	<u> </u>	(C6)*****
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$	<u>1,140,701.53</u>	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$	<u> </u>	(E)
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Recapitulation of Excess Surplus as of June 30, 2018

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ _____	(C3)
Reserved Excess Surplus ***[(E)]	\$ _____	(E)
Total Excess Surplus [(C3) + (E)]	\$ _____	(D)

Footnotes:

- * Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:
- (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
 - (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
 - (J1) Extraordinary Aid;
 - (J2) Additional Nonpublic School Transportation Aid;
 - (J3) Recognized current year School Bus Advertising Revenue; and
 - (J4) Family Crisis Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____	(H)
Sale & Lease-back	\$ _____	(I)
Extraordinary Aid	\$ 305,737.00	(J1)
Additional Nonpublic School Transportation Aid	\$ _____	(J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____	(J3)
Family Crises Transportation Aid	\$ _____	(J4)
Total Adjustments [(H)+{I)+(J1)+(J2)+(J3)+(J4)]	\$ 305,737.00	(K)

- ** This amount represents the June 30, 2018 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- *** Amount must agree to the June 30, 2018 CAFR and must agree to Audit Summary Worksheet Line 90030.
- **** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by another type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.
- ***** Increase in Assigned Fund Balance-Unreserved-Designated for Subsequent Year's expenditures July 1, 2018 to August 1, 2018 resulting from decrease in state aid after adoption of 2018-19 district budget.

Detail of Other Restricted Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$	_____
Sale/Lease-back reserve	\$	_____
Capital reserve	\$	<u>5,667,197.46</u>
Maintenance reserve	\$	<u>575,000.00</u>
Emergency reserve	\$	_____
Tuition reserve	\$	_____
School Bus Advertising 50% Fuel Offset Reserve-Current Year	\$	_____
School Bus Advertising 50% Fuel Offset Reserve-Prior Year	\$	_____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$	_____
Impact Aid General Fund Reserve (Sections 8007 and 8008)	\$	_____
Other state/government mandated reserve	\$	_____
[Other Restricted Fund Balance not noted above]****	\$	_____
Total Other Restricted Fund Balance	\$	<u>6,242,197.46 (C4)</u>

**TOWN OF DOVER
BOARD OF EDUCATION**

**AUDIT FINDINGS & RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

RECOMMENDATIONS:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

Finding 2018-01

Cafeteria Net Cash Resources exceeded three (3) months average expenditures.

Recommendation

That the School District take action to reduce Net Cash Resources.

5. Student Activity Fund

None

**TOWN OF DOVER
BOARD OF EDUCATION**

**AUDIT FINDINGS & RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

RECOMMENDATIONS (Continued):

6. Application for State School Aid

Finding 2018-02:

There were numerous errors on the Application for State School Aid Summary Report (A.S.S.A.) as follows:

The On-Roll Count had a difference of two (2) Special Education High School Students. Resident Low Income count had differences in multiple grades, however they netted a zero difference in total. Resident Low Income testing resulted in six (6) students on the A.S.S.A. as free/reduced but were not eligible and should not have been included. The Limited English Proficient Low Income count had three hundred eighteen (318) students listed on the A.S.S.A., however, there were only three hundred (300) on the roster. When testing the Limited English Proficient Low Income count, it was found that twelve (12) students on the registers were not eligible. The A.S.S.A. reported thirty-three (33) Limited English Proficient Not Low Income students, however, there were only thirty (30) students on the district back up workpapers.

Recommendation:

That the procedures for compiling and submitting the A.S.S.A. report data be reviewed.

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Follow-up on Prior Year Findings

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings except those denoted with an asterisk(*)