

**AUDITORS MANAGEMENT REPORT  
ON ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
SCHOOL DISTRICT OF THE  
TOWN OF DOVER  
COUNTY OF MORRIS, NEW JERSEY  
JUNE 30, 2019**

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

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

	<u>Page</u> <u>No.</u>
Report of Independent Auditors .....	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 - General and Administrative .....	3
Board Secretary's Records .....	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 .....	9
Pupil Transportation .....	10
Facilities and Capital Assets .....	11
Testing for Lead of All Drinking Water in Educational Facilities .....	11
Follow-up on Prior Years' Finding .....	12
Acknowledgment .....	12
Net Cash Resource Schedule .....	13
Schedule of Audited Enrollments .....	14 - 16
Excess Surplus Calculation .....	17 - 19

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

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

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, NJ 07860  
973-579-3212  
Fax 973-579-7128

## 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, 2019, and have issued our report thereon dated December 19, 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.



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

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

Newton, New Jersey

December 19, 2019

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

**YEAR ENDED JUNE 30, 2019**

**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, 2019**

**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 30<sup>th</sup> 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, 2019.

**Classification of Expenditures - General and Administrative**

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, 2019**

**Financial Planning, Accounting and Reporting (continued)**

Board Secretary's Records

The Board Secretary's records were in satisfactory condition.

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, Title III and Title IV 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, 2019**

**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, 2019**

**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.

**Finding 2019-01**

Cafeteria disbursements do not have purchase orders, also there was no claimant signatures, authorizing signatures or receiving signatures.



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

**YEAR ENDED JUNE 30, 2019**

**School Food Service (continued)**

Finding 2019-01 (Continued)

Recommendation

That cafeteria disbursements have purchase orders. That vouchers have claimant signatures, authorizing signatures and receiving signatures.

Management Response

The District will implement procedures over cafeteria disbursements including purchase orders with proper approvals.

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.

Finding 2019-02

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

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

**YEAR ENDED JUNE 30, 2019**

**School Food Service (continued)**

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.

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, except for the following:

**Finding 2019-03**

**Academy Street:**

- 1) A formal cash receipts and disbursement ledger was not maintained with sub-accounts.

**North Dover:**

- 1) A formal cash receipts and disbursement ledger was not maintained with sub-accounts.
- 2) In two (2) cases, in our sample, purchase orders were not available for audit.

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

**YEAR ENDED JUNE 30, 2019**

**Student Body/Athletic Account Activities** (continued)

Finding 2019-03 (continued)

High School Athletic Account:

- 1) A formal cash receipts and disbursement ledger was not maintained with sub-accounts.
- 2) In our sample of 12 purchases, 9 purchases did not have supporting documentation.

High School:

- 1) A formal cash receipts and disbursement ledger was not maintained with sub-accounts.

Middle School:

- 1) A formal cash receipts and disbursement ledger was not maintained with sub-accounts.

Recommendation

That the Academy Street, North Dover, High School Athletic, High School and Middle Schools maintain a formal cash receipts and disbursement journal with sub-accounts and that at North Dover purchase orders be available for audit, and the High School Athletic Account have supporting documentation for all purchases. It is also recommended that the cash receipts and disbursement ledgers be inputted into a computer program, such as quicken.

Management Response

Student activity account procedures will be reviewed in light of recommendations given with appropriate improvements implemented.

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 15, 2018 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:

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

**YEAR ENDED JUNE 30, 2019**

**Application for State School Aid** (continued)

Finding 2019-04:

There were various classifications and identification exceptions on the Application for State School Aid Summary Report (A.S.S.A.).

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.

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 2018-2019 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.

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

**YEAR ENDED JUNE 30, 2019**

**Facilities and Capital Assets**

Finding 2019-05

The general fixed asset report additions and deletions did not agree with District records.

Recommendation:

That the fixed asset report additions and deletions agree with District records.

Management Response:

Accounting of fixed assets will be reviewed prior to next years audit.

Our procedures included a review of the SDA grant agreements, if any, for consistency with recording SDA revenue, transfer of local funds from the general fund, and awarding of contracts for eligible facilities construction.

**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, 2019**

**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, except for the following:

Finding 2019-02

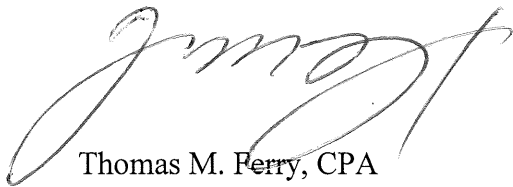
Cafeteria Net Cash Resources exceeded three (3) months average expenditures.

Finding 2019-04:

There were various classifications and identification exceptions on the Application for State School Aid Summary Report (A.S.S.A.).

**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.



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

# NET CASH RESOURCE SCHEDULE

## Town of Dover School District

Net cash resources did exceed three months of expenditures  
 Proprietary Funds - Food Service  
 FYE 2019

<u>Net Cash Resources:</u>		Food Service B - 4/5	
<b>CAFR</b>	<b>*</b>	<b>Current Assets</b>	
B-4		Cash & Cash Equiv.	\$ 874,489.03
B-4		Due from Other Gov'ts	107,583.48
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	(34,889.57)
B-4		Less Compensated Absences	(2,448.00)
		<b>Net Cash Resources</b>	<b><u>\$ 947,182.94</u></b> (A)

**Net Adj. Total Operating Expense:**

B-5	Tot. Operating Exp.	1,788,499.37	
B-5	Less Depreciation	(16,945.00)	
	Adj. Tot. Oper. Exp.	<b><u>\$ 1,771,554.37</u></b>	(B)

**Average Monthly Operating Expense:**

B / 10	<b><u>\$ 177,155.44</u></b>	(C)
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**Three times monthly Average:**

3 X C	<b><u>\$ 531,466.31</u></b>	(D)
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TOTAL IN BOX A	\$ 947,182.94
LESS TOTAL IN BOX D	\$ 531,466.31
NET	<b><u>\$ 415,716.63</u></b>

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.**

SCHEDULE OF AUDITED ENROLLMENTS

**DOVER SCHOOL DISTRICT**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2018**

	2019-2020 Application for State School Aid							Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers	Verified per Registrars On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verify-cation	Sample Verified	Sample Errors		
	Full	Shared	Full	Shared	Full	Shared		Full	Shared	Full	Shared						
Half Day Preschool	56		56				56		56								
Full Day Kindergarten	187		187				187		187								
One	191		191				191		191								
Two	179		179				179		179								
Three	197		197				197		197								
Four	200		200				200		200								
Five	209		209				209		209								
Six	233		233				233		233								
Seven	203		203				203		203								
Eight	239		239				239		239								
Nine	227		227				227		227								
Ten	252		252				252		252								
Eleven	191	6	191	6			191	6	191	6							
Twelve	211	6	211	6			211	6	211	6							
Subtotal	2775	12	2775	12	0	0	2775	12	2775	12	0	0	0	0	0	0	
Special Ed - Elementary	201		201				97		97				21	15	15		
Special Ed - Middle School	101		101				48		48				5	4	4		
Special Ed - High School	73	11	73	11			35	9	35	9			16	14	14		
Subtotal	375	11	375	11	0	0	180	9	180	9	0	0	42	33	33	0	
Total	3150	23	3150	23	0	0	2955	21	2955	21	0	0	42	33	33	0	
Percent Error					0.00%	0.00%					0.00%	0.00%				0.00%	



SCHEDULE OF AUDITED ENROLLMENTS

**DOVER SCHOOL DISTRICT**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2018**

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	137	137		16	16		17	17		9	9	
One	150	150		18	18		23	23		12	12	
Two	135	135		16	16		13	13		7	7	
Three	156	156		19	19		13	13		7	7	
Four	169	169		20	20		12	12		6	6	
Five	177	177		21	21		24	23	1	12	12	
Six	194	194		23	23		25	25		13	13	
Seven	159	159		19	19		16	16		8	8	
Eight	185	185		22	22		19	21	-2	11	11	
Nine	154	154		18	18		27	27		14	14	
Ten	174	174		21	21		29	29		15	15	
Eleven	139.5	142	-2.5	17	17		20	20		11	11	
Twelve	151	154	-3	18	18		20	20		10	10	
Subtotal	2080.5	2086	-5.5	248	248	0	258	259	-1	135	135	0
Special Ed - Elementary	174	174	0	21	21		7	7		3	3	
Special Ed - Middle School	73	73	0	8	8		7	7		4	4	
Special Ed - High School	58	58	0	7	7		4	4	0	2	2	
Subtotal	305	305	0	36	36	0	18	18	0	9	9	0
Total	2385.5	2391	-5.5	284	284	0	276	277	-1	144	144	0
Percent Error			<u>-0.23%</u>			<u>0.00%</u>			<u>-0.36%</u>			<u>0.00%</u>

SCHEDULE OF AUDITED ENROLLMENTS

**DOVER SCHOOL DISTRICT**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2018**

<u>Enrollment Category</u>	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	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	3	3		2	2	
One	1	1		1	1	
Two	2	2		2	2	
Three	2	2		2	2	
Four	1	1		1	1	
Five	1	1		1	1	
Six	1	1		1	1	
Seven	3	3		2	2	
Eight	2	2		1	1	
Nine	10	10		9	9	
Ten	9	7	2	7	7	
Eleven	3	3		3	3	
Twelve	5	5		4	4	
Subtotal	43	41	2	36	36	0
Special Ed - Elementary	0	0		0	0	
Special Ed - Middle School	0	0		0	0	
Special Ed - High School	2	2		1	1	
Subtotal	2	2	0	1	1	0
Total	45	43	2	37	37	0
Percent Error			4.44%			0.00%

	Reported on DRTRS by <u>DOE/county</u>	Reported on DRTRS by <u>District</u>	<u>Errors</u>	<u>Tested</u>	<u>Verified</u>	<u>Errors</u>
Regular - Public Schools, col. 1	290	290		151	151	
Regular - SpEd, col. 4	77.5	77.5		59	59	
Transported - Non-Public, col. 2	1	1		1	1	
Special Ed Spec, col. 6	71.5	71.5		54	54	
Totals	440	440	0	265	265	0
Percentage Error			0.00%			0.00%

## EXCESS SURPLUS CALCULATION -

### REGULAR DISTRICTS/CHARTER SCHOOL/RENAISSANCE SCHOOL PROJECT

#### SECTION 1

##### **A. 2% Calculation of Excess Surplus**

2018-19 Total General Fund Expenditures per the CAFR, Ex.C-1	\$ 50,921,356.49	(B)
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$	(B1b)
Transfer from General Fund to SRF for PreK-Regular	\$ 120,109.00	(B1c)
Transfer from General Fund to SRF for PreK-Inclusion	\$	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ 6,776,884.80	(B2a)
Assets Acquired Under Capital Leases	\$	(B2b)
Adjusted 2018-19 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ 44,264,580.69	(B3)
2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02]	\$ 885,291.61	(B4)
Enter Greater of (B4) or \$250,000	\$ 885,291.61	(B5)
Increased by: Allowable Adjustment *	\$ 432,191.00	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ 1,317,482.61	(M)

#### SECTION 2

Total General Fund - Fund Balances @ 6-30-19 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 10,754,107.29	(C)
Decreased by:		
Year-end Encumbrances	\$ 869,779.51	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$	(C2)
Legally Restricted Excess Surplus - Designated for Subsequent Year's Expenditures **	\$	(C3)
Other Restricted Fund Balances****	\$ 7,620,846.17	(C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ 945,999.00	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	\$ 1,317,482.61	(U1)

#### SECTION 3

Restricted Fund Balance - Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0-	\$ -	(E)
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**Recapitulation of Excess Surplus as of June 30, 2019**

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, 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		\$	432,191.00	(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)]		\$	432,191.00	(K)

\*\* This amount represents the June 30, 2019 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amount must agree to the June 30, 2019 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.

**Detail of Other Restricted Fund Balance**

Statutory restrictions:

Approved unspent separate proposal

\$ \_\_\_\_\_

Sale/Lease-back reserve

\$ \_\_\_\_\_

Capital reserve

\$ 7,045,846.17

Maintenance reserve

\$ 575,000.00

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

\$ 7,620,846.17 (C4)

**TOWN OF DOVER  
BOARD OF EDUCATION**

**AUDIT FINDINGS & RECOMMENDATIONS SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**RECOMMENDATIONS:**

**1. Administrative Practices and Procedures**

None

**2. Financial Planning, Accounting and Reporting**

None

**3. School Purchasing Programs**

None

**4. School Food Service**

Finding 2019-01

Cafeteria disbursements do not have purchase orders, also there was no claimant signatures, authorizing signatures or receiving signatures.

Recommendation

That cafeteria disbursements have purchase orders. That vouchers have claimant signatures, authorizing signatures and receiving signatures.

Finding 2019-02\*

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

Recommendation

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

**TOWN OF DOVER  
BOARD OF EDUCATION**

**AUDIT FINDINGS & RECOMMENDATIONS SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(CONTINUED)**

**5. Student Activity Fund**

Finding 2019-03

Academy Street:

- 1) A formal cash receipts and disbursement ledger was not maintained with sub-accounts.

North Dover:

- 1) A formal cash receipts and disbursement ledger was not maintained with sub-accounts.
- 2) In two (2) cases, in our sample, purchase orders were not available for audit.

High School Athletic Account:

- 1) A formal cash receipts and disbursement ledger was not maintained with sub-accounts.
- 2) In our sample of 12 purchases, 9 purchases did not have supporting documentation.

High School:

- 1) A formal cash receipts and disbursement ledger was not maintained with sub-accounts.

Middle School:

- 1) A formal cash receipts and disbursement ledger was not maintained with sub-accounts.

Recommendation

That the Academy Street, North Dover, High School Athletic, High School and Middle Schools maintain a formal cash receipts and disbursement journal with sub-accounts and that at North Dover purchase orders be available for audit, and the High School Athletic Account have supporting documentation for all purchases. It is also recommended that the cash receipts and disbursement ledgers be inputted into a computer program, such as quicken.

**6. Application for State School Aid**

Finding 2019-04\*:

There were various classifications and identification exceptions on the Application for State School Aid Summary Report (A.S.S.A.).

Recommendation:

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

**TOWN OF DOVER  
BOARD OF EDUCATION**

**AUDIT FINDINGS & RECOMMENDATIONS SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(CONTINUED)**

**7. Pupil Transportation**

None

**8. Facilities and Capital Assets**

Finding 2019-05

The general fixed asset report additions and deletions did not agree with District records.

Recommendation:

That the fixed asset report additions and deletions agree with District records.

**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(\*).