

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

**AUDITOR'S MANAGEMENT REPORT**

**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE  
AND PERFORMANCE  
FISCAL YEAR ENDED  
JUNE 30, 2020**

***PREPARED BY***

***SAMUEL KLEIN AND COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS***

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

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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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 generally accepted audit standards 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, 2020, and have issued our report thereon dated January 20, 2021.

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



JOSEPH J. FACCONI  
Licensed Public School Accountant #194



SAMUEL KLEIN AND COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey  
January 20, 2021

**TOWN OF DOVER SCHOOL DISTRICT**

**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Moneys, the activities of the Board of Education and 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**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Ron Smith	Interim Business Administrator Interim Board Secretary	\$ 14,000.00
John Griffin	Treasurer of School Monies	300,000.00

There is a Public Employees' Faithful Performance Blanket Bond with the Selective Insurance covering all other employees with multiple coverage of \$100,000.00.

**Tuition Charges**

Not Applicable.

**Financial Planning, Accounting and Reporting**

*Finding 2020-01:*

*Condition:*

We noted underpayments to the State of New Jersey Division of Employer Accounts for the first and second quarters of 2020.

*Recommendation:*

That the District should review all payroll procedures to ensure the correct amount is remitted to all taxing agencies.

**Examination of Claims**

An examination of claims paid during the period under review revealed no discrepancies with respect to signatures, certification or supporting documentation.

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

### 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 tested were approved by the Superintendent of Schools and certified by the President of the Board and the Board Secretary/Business Administrator.

Salary withholdings were not promptly remitted to the respective agencies, including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the Treasurer of School Moneys with a warrant made to his order for the full amount of each payroll.

The propriety of deductions from individual salaries for Pensions, Social Security, Withholding Tax and other purposes was not verified as part of this examination.

### Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30th for proper classification of orders as a reserve for encumbrances and accounts payable.

All encumbrances, contracts, salaries and expenditures for state and federally funded projects were in accordance with laws and regulations and in conformity with procurement requirements.

### Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund.

### 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 tested 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 0.0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

### Board Secretary's Records

The minutes maintained by the Board Secretary were in satisfactory condition. The prescribed contractual order system was followed.

The School District's double entry system of account records were maintained in accordance with the Department of Education's prescribed GAAP Technical Systems Manual, pursuant to N.J.S.A. 18A:4-14 and N.J.A.C. 6:20-2A.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

*Finding 2020-02:*

*Condition:*

Cash receipts in the general fund were not recorded to the correct revenue/balance sheet account. Therefore, the receipts were not allocated to the correct cash account by sub-fund in the general fund. Numerous adjustments were needed to allocate the receipts to the correct revenue, balance sheet and cash account for each sub-fund within the general fund.

*Recommendation:*

That cash postings to the general fund be recorded to the correct account and sub-fund.

*Finding 2020-03:*

*Condition:*

We noted instances in which contractual reimbursements, received from other districts or cost of aids provided to students, were recorded as refunds.

*Recommendation:*

That all contractual reimbursements be either anticipated as revenue when preparing the District's annual budget or be recorded as miscellaneous revenue if the amount cannot be readily determined.

*Finding 2020-04:*

*Condition:*

One (1) budgetary line was overexpended due to an audit adjustment, as explained in Finding 2020-3.

*Finding 2020-05:*

*Condition:*

We noted two (2) instances where the incorrect budgetary account was used in Fund 20. According to *The Uniform Minimum Chart of Accounts for New Jersey Public Schools*, the function code used by the District is for fund transfers, not expenditures. We adjusted the accounts to the correct function code.

*Recommendation:*

That the District reference *The Uniform Minimum Chart of Accounts for New Jersey Public Schools* and other available materials such as the Budget Guidelines for the proper classification of expenditures.

*Finding 2020-06:*

*Condition:*

We noted instances where numerous negative encumbrances were recorded to various grant accounts within the budget. We adjusted those effected accounts to remove the negative encumbrances.

*Recommendation:*

That the District should develop procedures to ensure negative encumbrances are not recorded in the budget.

## Treasurer's Records

Acknowledgment of the Board's receipt of the Treasurer's Report was included in the minutes.

### *Finding 2020-07:*

#### *Condition:*

The bank reconciliation for the general fund did not agree with the cash balances in the general ledgers.

#### *Recommendation:*

That the bank reconciliations be reviewed to ensure they agree with the cash balances found in the general ledger.

### *Finding 2020-08:*

#### *Condition:*

The reports of the Treasurer and the Board Secretary were not in agreement.

#### *Recommendation:*

That the report of the Treasurer and the Board Secretary be in agreement prior to presenting them to the Board and Executive County Superintendent.

## Elementary and Secondary Education Act (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 Titles I and VI 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 questioned 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. Expenditures of federal awards did not meet the \$750,000.00 expenditure threshold requiring a federal single audit.

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 the special projects indicated that there were no areas of noncompliance and/or questioned costs.

## TPAF Reimbursement

Our audit procedures included a test of the bimonthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

## TPAF Reimbursement to the State for Federal Salary Expenditures

The reimbursement to the State for 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 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 subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by *N.J.S.A. 18A:66-90*. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report(s) for all federal awards.

## School Purchasing Program

### Contracts and Agreements Requiring Advertisement for Bids

The bid thresholds in accordance with *N.J.S.A. 18A:18A-2* is \$40,000.00 with a Qualified Purchasing Agent. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is \$19,000.00 for 2019 - 2020.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts, or agreements were made for the performance of any work or goods or services, 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*, as amended.

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

## School Food Service

The financial transactions and statistical records of the school food service fund 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.

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 Cost Reimbursable or Fixed Price contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

Expenditures should be 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.

Net cash resources exceeded three months average expenditures.



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

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

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

*Finding 2020-09:*

*Condition:*

Numerous receipts and expenditures were not recorded in the general ledger of the District.

*Recommendation:*

That all financial activity of the school food service fund be recorded in the general ledger.

*Finding 2020-10:*

*Condition:*

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

*Recommendation:*

That the cafeteria disbursements utilize purchase orders. Also, that vouchers have claimant signatures, authorizing signatures and receiving signatures.

*Finding 2020-11:*

*Condition:*

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

*Recommendation:*

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

**Student Activity and Athletic Funds**

The School Activity Accounts, maintained on the cash basis, encompasses separate accounts for the seven elementary schools, one high school and the athletic accounts. Our review of the student activity fund resulted in the following exceptions:

*Finding 2020-12:*

*Condition:*

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

*Recommendation:*

That all of the schools maintain a formal cash receipt and disbursement journal with sub-accounts, preferably computerized. It is noted that management has begun a project to address this recommendation.

*Finding 2020-13:*

*Condition:*

It was noted during our examination that not all expenditures had approving signatures or supporting documentation.

*Recommendation:*

That the District develop policies and procedures to ensure all expenditures from student activity funds have proper approval and supporting documentation prior to processing and releasing payment.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2019 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 without exception. The information included as part of the workpapers was verified without exception. 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.

The District has adequate written procedures for the recording of student enrollment data.

*Finding 2020-14:*

*Condition:*

We noted several differences between the amounts presented on the October 15, 2019 ASSA count and the information presented in the District's workpapers. Please see the accompanying Application for State School Aid Summary (ASSA).

*Recommendation:*

That greater care should be exercised when preparing the workpapers used to develop the ASSA Report.

**Pupil Transportation**

Our audit procedures included a test of on-roll status reported in the 2019-2020 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. 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. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

**Facilities and Capital Assets**

*Finding 2020-15:*

*Condition:*

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.

**Testing for Lead of All Drinking Water in Educational Facilities**

The School District adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the 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).

**Follow-Up on Prior Year's 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 findings.

**Miscellaneous**

The minutes indicate that the Report on Examination of Accounts for the 2018-2019 fiscal year was reviewed by the Board, a synopsis thereof distributed at a public meeting and public discussion held.

**Acknowledgment**

We received the complete cooperation of all the officials of the School District and greatly appreciate the courtesies extended to the members of the audit team.



JOSEPH J. FACCONI  
Licensed Public School Accountant #194



SAMUEL KLEIN AND COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey  
January 20, 2021

**TOWN OF DOVER SCHOOL DISTRICT**  
**FOOD SERVICE FUND**  
**NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - FEDERAL**  
**ENTERPRISE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER)/ UNDER- CLAIM</u>
National School Lunch (High Rate)	Paid	33,293	33,293	33,293		\$0.34	\$
National School Lunch (High Rate)	Reduced	35,717	35,717	35,717		3.03	
National School Lunch (High Rate)	Free	<u>220,931</u>	<u>220,931</u>	<u>220,931</u>		3.43	
	Total	<u>289,941</u>	<u>289,941</u>	<u>289,941</u>			<u>-</u>
National School Lunch	HHFKA	<u>289,941</u>	<u>289,941</u>	<u>289,941</u>		0.07	<u>-</u>
School Breakfast (Severe Need Rate)	Paid	35,826	35,826	35,826		0.31	
	Reduced	19,759	19,759	19,759		1.90	
	Free	<u>156,308</u>	<u>156,308</u>	<u>156,308</u>		2.20	
	Total	<u>211,893</u>	<u>211,893</u>	<u>211,893</u>			<u>-</u>
Special Milk Program	Free	<u>550</u>	<u>550</u>	<u>550</u>		0.27	<u>-</u>
Total							<u>\$ -</u>

TOWN OF DOVER SCHOOL DISTRICT  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM - STATE  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER)/ UNDER- CLAIM</u>
State Reimbursement - National School Lunch (High Rate)	Paid	33,293	33,293	33,293		\$ 0.050	\$ -
State Reimbursement - National School Lunch (High Rate)	Reduced	35,717	35,717	35,717		0.055	
State Reimbursement - National School Lunch (High Rate)	Free	<u>220,931</u>	<u>220,931</u>	<u>220,931</u>		0.055	
	Total	<u>289,941</u>	<u>289,941</u>	<u>289,941</u>			<u>                    </u>
Total							<u>\$ -</u>

**NET CASH RESOURCE SCHEDULE**  
TOWN OF DOVER SCHOOL DISTRICT  
**Net Cash Resources did Exceed Three Months of Expenditures**  
**Proprietary Funds - Food Service**  
**FYE 2020**

<u>Net Cash Resources</u>		Food Service B - 4/5	
<b>CAFR</b>	*	<b>Current Assets</b>	
B-4		Cash and Cash Equiv.	\$ 826,577.34
B-4		Due from Other Gov'ts	44,608.18
B-4		Accounts Receivable	
B-4		Investments	
<b>CAFR</b>		<b>Current Liabilities</b>	
B-4		Less Accounts Payable	(107,629.98)
B-4		Less Accruals	(2,592.00)
B-4		Less Due to Other Funds	(2,322.98)
B-4		Less Deferred Revenue	
		<b>Net Cash Resources</b>	<b><u>\$ 758,640.56</u></b> (A)

Net Adj. Total Operating Expense

B-5	Total Operating Exp.	\$ 1,626,201.62	
B-5	Less Depreciation	<u>(24,337.00)</u>	
	Adj. Total Oper. Exp.	<b><u>\$ 1,601,864.62</u></b>	(B)

Average Monthly Operating Expense

B / 10 **\$ 160,186.46** (C)

Three Times Monthly Average

3 X C **\$ 480,559.39** (D)

TOTAL IN BOX A	\$ 758,640.56
LESS TOTAL IN BOX D	<u>\$ 480,559.39</u>
NET	<b><u>\$ 278,081.17</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.**

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

SOURCE - USDA Resource Management Comprehensive Review Form

**SCHEDULE OF AUDITED ENROLLMENTS**

**TOWN OF DOVER SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2019**

	2020-2021 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 Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verification	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full Day Preschool 3yr	1.0		1.0		0.0	0.0	1.0		1.0		0.0	0.0				
Full Day Preschool 4yr	29.0		31.0		-2.0	0.0	3.0		3.0		0.0	0.0				
Half Day Kindergarten					0.0	0.0					0.0	0.0				
Full Day Kindergarten	209.0		209.0		0.0	0.0	20.0		20.0		0.0	0.0				
One	183.0		183.0		0.0	0.0	17.0		17.0		0.0	0.0				
Two	189.0		189.0		0.0	0.0	18.0		18.0		0.0	0.0				
Three	185.0		185.0		0.0	0.0	17.0		17.0		0.0	0.0				
Four	199.0		199.0		0.0	0.0	19.0		19.0		0.0	0.0				
Five	200.0		200.0		0.0	0.0	19.0		19.0		0.0	0.0				
Six	208.0		208.0		0.0	0.0	20.0		20.0		0.0	0.0				
Seven	251.0		251.0		0.0	0.0	24.0		24.0		0.0	0.0				
Eight	195.0		195.0		0.0	0.0	18.0		18.0		0.0	0.0				
Nine	252.0		252.0		0.0	0.0	24.0		24.0		0.0	0.0				
Ten	202.0		202.0		0.0	0.0	19.0		19.0		0.0	0.0				
Eleven	201.0	11.0	201.0		0.0	11.0	19.0	1.0	19.0	1.0	0.0	0.0				
Twelve	177.0	6.0	177.0		0.0	6.0	17.0	1.0	17.0	1.0	0.0	0.0				
Post-Graduate					0.0	0.0					0.0	0.0				
Adult H.S. (15+CR.)					0.0	0.0					0.0	0.0				
Adult H.S. (1-14 CR.)					0.0	0.0					0.0	0.0				
<b>Subtotal</b>	<b>2681.0</b>	<b>17.0</b>	<b>2683.0</b>	<b>0.0</b>	<b>-2.0</b>	<b>17.0</b>	<b>255.0</b>	<b>2.0</b>	<b>255.0</b>	<b>2.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Special Ed - Elementary	228.0		222.0		6.0	0.0	22.0		22.0		0.0	0.0	21.0	16.0	16.0	0.0
Special Ed - Middle School	101.0		101.0		0.0	0.0	9.0		9.0		0.0	0.0	12.0	9.0	9.0	0.0
Special Ed - High School	73.0	7.0	73.0		0.0	7.0	7.0		7.0		0.0	0.0	20.0	15.0	15.0	0.0
<b>Subtotal</b>	<b>402.0</b>	<b>7.0</b>	<b>396.0</b>	<b>0.0</b>	<b>6.0</b>	<b>7.0</b>	<b>38.0</b>	<b>0.0</b>	<b>38.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>53.0</b>	<b>40.0</b>	<b>40.0</b>	<b>0.0</b>
Co. Voc. - Regular					0.0	0.0					0.0	0.0				0.0
Co. Voc. Pt. Post Sec.					0.0	0.0					0.0	0.0				0.0
<b>Totals</b>	<b>3083.0</b>	<b>24.0</b>	<b>3079.0</b>	<b>0.0</b>	<b>4.0</b>	<b>24.0</b>	<b>293.0</b>	<b>2.0</b>	<b>293.0</b>	<b>2.0</b>	<b>0.0</b>	<b>0.0</b>	<b>53.0</b>	<b>40.0</b>	<b>40.0</b>	<b>0.0</b>
							(a)	(a)						(b)		
Percentage Error					0.13%	#DIV/0!					0.00%	0.00%				0.00%

**Notes to Auditor:**

(a) Sample size obtained from table in Section I, Chapter 3 of the Audit Program. Amount tested for each category obtained from workpapers provided by district.

(b) Sample size based on total contracts using the table in Section I, Chapter 3 of the Audit Program.



**SCHEDULE OF AUDITED ENROLLMENTS**

**TOWN OF DOVER SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2019**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool			0.0			0.0			0.0			0.0
Full Day Preschool			0.0			0.0			0.0			0.0
Half Day Kindergarten			0.0			0.0			0.0			0.0
Full Day Kindergarten	153.0	138	15.0	18.0	18.0	0.0	24.0	24.0	0.0	12.0	12.0	0.0
One	144.0	133	11.0	17.0	17.0	0.0	26.0	26.0	0.0	12.0	12.0	0.0
Two	150.0	132	18.0	18.0	18.0	0.0	31.0	28.0	3.0	15.0	15.0	0.0
Three	145.0	132	13.0	17.0	17.0	0.0	21.0	20.0	1.0	10.0	10.0	0.0
Four	163.0	152	11.0	19.0	19.0	0.0	21.0	20.0	1.0	10.0	10.0	0.0
Five	164.0	147	17.0	20.0	20.0	0.0	22.0	17.0	5.0	11.0	11.0	0.0
Six	176.0	158	18.0	21.0	21.0	0.0	24.0	23.0	1.0	12.0	12.0	0.0
Seven	187.0	196	(9.0)	22.0	22.0	0.0	25.0	26.0	-1.0	12.0	12.0	0.0
Eight	155.0	158	(3.0)	18.0	18.0	0.0	25.0	24.0	1.0	12.0	12.0	0.0
Nine	193.0	197	(4.0)	23.0	23.0	0.0	44.0	41.0	3.0	21.0	21.0	0.0
Ten	147.0	156	(9.0)	17.0	17.0	0.0	26.0	27.0	-1.0	12.0	12.0	0.0
Eleven	145.5	151	(5.5)	17.0	17.0	0.0	21.0	20.0	1.0	10.0	10.0	0.0
Twelve	137.0	137	0.0	16.0	16.0	0.0	17.0	16.0	1.0	8.0	8.0	0.0
Post-Graduate			0.0			0.0			0.0			0.0
Adult H.S. (15+CR.)			0.0			0.0			0.0			0.0
Adult H.S. (1-14 CR.)			0.0			0.0			0.0			0.0
Subtotal	<u>2,059.5</u>	<u>1,987</u>	<u>72.5</u>	<u>243.0</u>	<u>243.0</u>	<u>0.0</u>	<u>327.0</u>	<u>312.0</u>	<u>15.0</u>	<u>157.0</u>	<u>157.0</u>	<u>0.0</u>
Special Ed - Elementary	200.0	176.0	24.0	24.0	24.0	0.0	6.0	6.0	0.0	3.0	3.0	0.0
Special Ed - Middle	83.0	76.0	7.0	10.0	10.0	0.0	8.0	7.0	1.0	4.0	4.0	0.0
Special Ed - High	56.5	50.0	6.5	7.0	7.0	0.0	2.5	1.0	1.5	1.0	1.0	0.0
Subtotal	<u>339.5</u>	<u>302.0</u>	<u>37.5</u>	<u>41.0</u>	<u>41.0</u>	<u>0.0</u>	<u>16.5</u>	<u>14.0</u>	<u>2.5</u>	<u>8.0</u>	<u>8.0</u>	<u>0.0</u>
Co. Voc - Regular			0.0			0.0			0.0			0.0
Co. Voc. Ft. Post Sec.			0.0			0.0			0.0			0.0
Totals	<u>2,399.0</u>	<u>2,289.0</u>	<u>110.0</u>	<u>284.0</u>	<u>284.0</u>	<u>0.0</u>	<u>343.5</u>	<u>326.0</u>	<u>17.5</u>	<u>165.0</u>	<u>165.0</u>	<u>0.0</u>
Percentage Error			<u>4.59%</u>	(c)		<u>0.00%</u>			<u>5.09%</u>	(d)		<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE/county	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	307.0	307.0	0.0	182.0	182.0	0.0
Reg -SpEd, col. 4	85.0	85.0	0.0	51.0	51.0	0.0
Transported - Non-Public, col. 3	1.0	1.0	0.0	1.0	1.0	0.0
Special Ed Spec, col. 6	85.0	85.0	0.0	50.0	50.0	0.0
Totals	<u>478.0</u>	<u>478.0</u>	<u>0.0</u>	<u>284.0</u>	<u>284.0</u>	<u>0.0</u>
Percentage Error				(e)		<u>0.00%</u>

Notes to Auditor:  
(c and d) Sample size based on resident low-income students listed on workpapers using table in Section I, Chapter 3 of the Audit Program.  
(e) Sample size obtained from table in Section I, Chapter 3 of the Audit Program

	Reported	Recalculated
Reg Avg (Mileage) = Regular Including Grade PK students (Part A)	3.7	3.7
Reg Avg (Mileage) = Regular Excluding Grade PK students (Part B)	If Applicable	
Spec Avg. = Special Ed with Special Needs	10	10

**TOWN OF DOVER SCHOOL DISTRICT  
COUNTY OF MORRIS  
FISCAL YEAR ENDED JUNE 30, 2020**

**EXCESS SURPLUS CALCULATION**  
**REGULAR DISTRICT**

**SECTION 1**

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

2019-20 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>58,254,678.32</u> (B)	
Less: Expenditures allocated to restricted federal resources as reported on Exhibit B-5 (D-2)	\$ _____ (B1)	
2019-20 Adjusted General Fund & Other State Expenditures [(B)-(B1)]		\$ <u>58,254,678.32</u> (B2)
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	\$ <u>161,559.98</u> (B1c)	
Transfer from General Fund to SRF for PreK-Inclusion	\$ _____ (B1d)	
<b>MEMO ONLY</b>		<b>58,416,238.30</b>
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>6,860,590.35</u> (B2a)	
Assets Acquired Under Capital Leases	\$ _____ (B2b)	
Adjustment for Disallowed Expenditures per S1701	_____ (B2c)	
General Fund 10 Assets Acquired Under Capital Leases Reported on Exhibit B-4 (C-1a)	\$ _____ (B4)	
Add: General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases:		
Assets Acquired Under Capital Leases in Fund 15 Reported on Exhibit B-4 (C-1a)	\$ _____ (B5)	
Combined General Fund Contribution & State Resources % of Fund 15 Resources Reported on Exhibit B-5 (D-2)	_____ % (B6)	
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(B5)*(B6)]		\$ _____ (B7)
Total Assets Acquired Under Capital Leases [(B4)+(B7)]		\$ _____ (B8)
Adjusted 2019-20 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u>51,555,647.95</u> (B3)	
2% of Adjusted 2019-20 General Fund Expenditures [(B3) times 0.02]	\$ <u>1,031,112.96</u> (B4)	
Enter Greater of (B4) or \$250,000	\$ <u>1,031,112.96</u> (B5)	
Increased by: Allowable Adjustment*	\$ <u>785,637.00</u> (K)	
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]		\$ <u>1,816,749.96</u> (M)

**TOWN OF DOVER SCHOOL DISTRICT  
COUNTY OF MORRIS  
FISCAL YEAR ENDED JUNE 30, 2020**

**SECTION 2**

Total General Fund - Fund Balances @ 6-30-2020  
(Per CAFR Budgetary Comparison Schedule-C1)

\$ 8,641,997.44 (C)

Decreased by:

Year-end Encumbrances

\$ 1,047,792.57 (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 \*\*\*\*

\$ 5,484,577.91 (C4)

Assigned Fund Balance - Unreserved - Designated for  
Subsequent Year's Expenditures

\$ 292,877.00 (C5)

Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]

\$ 1,816,749.96 (U1)

**TOWN OF DOVER SCHOOL DISTRICT  
COUNTY OF MORRIS  
FISCAL YEAR ENDED JUNE 30, 2020**

**SECTION 3**

Restricted Fund Balance - Excess Surplus\*\*\*[(U1)-(M)] IF NEGATIVE ENTER -0- \$ 0.00 (E)

**Recapitulation of Excess Surplus as of June 30, 2019**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ _____ (C3)
Reserved Excess Surplus***[(E)]	\$ <u>0.00</u> (E)
Fund Balance Reserved for 2019-20 per S1701 ****	\$ _____ (F)
 Total Excess Surplus [(C3) + (E)]	 \$ <u>0.00</u> (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.

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

**Detail of Allowable Adjustments**

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ <u>785,637.00</u> (J1)
Additional Nonpublic School Transportation Aid	\$ _____ (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ <u>785,637.00</u> (K)

\*\* This amount represents the June 30, 2020 Excess Surplus (C3 above) and must be included in the Audit Summary Line 9003.

\*\*\* Amount must agree to the June 30, 2020 CAFR and must agree to Audit Summary Line 90030.

\*\*\*\* Amount for Other Restricted 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.

TOWN OF DOVER SCHOOL DISTRICT  
COUNTY OF MORRIS  
FISCAL YEAR ENDED JUNE 30, 2020

**Detail of Other Restricted Fund Balance**

Statutory Restrictions:	
Approved Unspent Separate Proposal	\$ _____
Sale/Lease-Back Reserve	\$ _____
Capital Reserve	\$ 4,909,577.91
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 Capital Fund Reserve (Sections 8007 and 8008)	\$ _____
Other State/Government Mandated Reserve	\$ _____
Adult Education Program	\$ _____
 Total Other Restricted Fund Balance	 \$ 5,484,577.91 (C4)

TOWN OF DOVER SCHOOL DISTRICT  
AUDIT RECOMMENDATIONS SUMMARY  
FISCAL YEAR ENDED JUNE 30, 2020

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

That the District should review all payroll procedures to ensure the correct amount is remitted to all taxing agencies.

That cash postings to the general fund be recorded to the correct account and sub-fund.

That all contractual reimbursements be either anticipated as revenue when preparing the District's annual budget or be recorded as miscellaneous revenue if the amount cannot be readily determined.

That the District reference *The Uniform Minimum Chart for New Jersey Public Schools* and other available materials such as the Budget Guidelines for the proper classification of expenditures.

That the District should develop procedures to ensure negative encumbrances are not recorded in the budget.

That the bank reconciliations be reviewed to ensure they agree with the cash balances found in the general ledger.

That the report of the Treasurer and the Board Secretary be in agreement prior to presenting them to the Board and Executive County Superintendent,

3. School Purchasing Program

None

4. School Food Service

That all financial activity of the school food service fund be recorded in the general ledger.

That the cafeteria disbursements utilize purchase orders. Also, that vouchers have claimant signatures, authorizing signatures and receiving signatures.

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

5. Student Body Activities

That all of the schools maintain a formal cash receipt and disbursement journal with sub-accounts, preferably computerized. It is noted that management has begun a project to address this recommendation.

That the District develop policies and procedures to ensure all expenditures from student activity funds have proper approval and supporting documentation prior to processing and releasing payment.

6. Application for State School Aid

That greater care should be exercised when preparing the workpapers used to develop the ASSA Report.

7. Pupil Transportation

None

8. Facilities and Capital

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

9. Follow-Up on Prior Year's Findings

A review was performed on all prior years' recommendations and corrective action was taken on all.

10. Miscellaneous

None

