

**HOBOKEN PUBLIC SCHOOLS
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2016**

**HOBOKEN PUBLIC SCHOOLS
TABLE OF CONTENTS**

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

	<u>Page No.</u>
Report of Independent Auditor	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	4-5
Food Service Fund	5
After School Program	6
Student Activity Funds	6
Application for State School Aid	6
Pupil Transportation	7
Facilities and Capital Assets	7
Follow-Up Prior Year Findings	7
Suggestions to Management	7
Schedule of Meal Count Activity	8
Schedule of Net Cash Resources – Food Service Fund	8
Schedule of Audited Enrollments	9-11
Calculation of Excess Surplus	12
Encumbrances – Year Ended June 30, 2016	13
Recommendations	14-15
Acknowledgement	15



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

AUDITOR'S MANAGEMENT REPORT

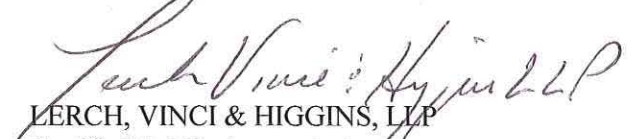
Honorable President and Members
of the Board of Trustees
Hoboken Public Schools
Hoboken, New Jersey

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 Hoboken Public Schools in the County of Hudson as of and for the fiscal year ended June 30, 2016, and have issued our report thereon dated November 4, 2016.


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

This report is intended solely for the information and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 4, 2016

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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 the Insurance Schedule contained in the district's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
William Moffitt	Board Secretary	\$317,500

There is an Employees' Dishonesty Faithful Performance Crime Coverage with the New Jersey School Boards Association Insurance Group covering all other employees with multiple coverage of \$500,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment to the billings to sending districts in accordance with N.J.A.C. 23A-17.1(f)3.

Financial Planning, Accounting and Reporting

Payroll Account

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.

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium accounts withheld due to the general fund.

All payrolls were certified by the President of the Board, the Board Secretary/Business Administrator, and the Chief School Administrator.

The District filed the required Certification (ECERT1) of Compliance with requirements for income tax compensation of certain administration with the NJ Department of Treasury by the March 15 due date.

Employee Position Control Roster

The Board has implemented and maintains a personnel tracking and accounting (position control) system

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

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 included administrative coding classifications to determine overall reliability and compliance with NJAC 6A:23A-8.3. As a result of the procedures performed, no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The minutes maintained by the Board Secretary were in good condition.

The financial records and books of account maintained by the Business Administrator were in good condition.

Acknowledgement of the Board's receipt of the Board Secretary's monthly financial reports were included in the minutes.

The monthly certification of the availability of line item appropriations and fund balances were also approved.

The prescribed contractual order system was followed.

Finding – Our audit revealed numerous instances where the receipt of goods signature was not obtained on the purchase order to indicate goods and/or services have been received and/or rendered.

Recommendation – It is recommended that the receipt of goods signature be obtained on all purchase orders to verify goods and/or services have been received and/or rendered.

Elementary and Secondary School Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as Reauthorized by the No Child Left Behind Act of 2001

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

Finding – (CAFR Finding 2016-001) – Review of current year capital assets acquired utilizing Title I funds revealed that equipment purchased with Title I funds were not identified as Title I funded equipment on the capital asset accounting records.

Recommendation – Equipment purchased utilizing Title I funds be specifically identifies as Title I funded equipment on capital asset accounting records.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Exhibit K-3 and Exhibit K-4 located in the CAFR.

Our examination 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.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

The financial exhibits contained herein represent a true statement of the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly 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 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 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.

Non-Public State Aid

Project Completion Reports were finalized and transmitted to the department by the due date.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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 Agent) 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 \$18,800. The Board has designated the School Business Administrator/Board Secretary as the qualified purchasing agent.

The District has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board Attorney'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.

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. Our examination did reveal, however, that purchases were made through the use of State contracts.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Finding – Our audit revealed that although the District is approving the use of the Educational Data Services Cooperative, they are not approving the specific vendors and contracts utilized under that cooperative agreement.

Recommendation – It is recommended that specific vendors utilized by the District for contracts in excess of the bid threshold awarded through the Educational Data Services Cooperative agreement be formally approved by Board resolution.

Finding – Our audit indicated that the District did not provide notification to the Offices of the State Comptroller of a contract awarded for an amount exceeding \$2 million in accordance N.J.S.A. 52:15C-10.

Recommendation – Notification be provided to the Office of the State Comptroller of all contracts awarded by the District which exceed \$2 million in accordance with N.J.S.A. 52:15C-10.

Food Service Fund

The school food service program was not selected as a major federal or State program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, we inquired of school management as to whether the School Food Authority (the “SFA”) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted. In addition, we inquired 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 financial transactions and statistical records of the school food services were maintained in satisfactory condition. 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 expending program monies in accordance with N.J.S.A. Provisions of the FSMC contract were reviewed and audited. The FSMC contract included no cost of operation to the District provision and that 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 supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursement 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 not exceed three months coverage expenditures.

USDA Food Distribution Program food and/or commodities were received and a separate inventory were maintained on a first-in, first-out basis. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

After School Program

The financial records of the After School Program are maintained in fair condition.

Finding – Our audit of the After Care Program collections revealed the collections were not always deposited in a timely manner.

Recommendation – All After Care program collections be deposited in a timely manner.

Student Activity Accounts

The District has a policy which clearly established the regulation of student activity funds.

Cash receipts and disbursements records were maintained for student activity funds.

Finding – Our audit of the high school student activity records revealed instances where excessive recurring reimbursements were made to a certain individual.

Recommendation – Efforts be made to limit the reimbursements paid to individuals from the high school student activity accounts.

Finding – Our audit of the high school athletic events revealed several instances where collections per the ticket sales report did not agree to actual deposit amount.

Recommendation – It is recommended that all high school athletic event collections be properly reconciled to the ticket sales report.

Finding – Our audit of the Wallace student activity account revealed that checks were issued with only one of the two required authorization signatures.

Recommendation – All checks issued from the Wallace student activity account contain at least two authorization signatures.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2015 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped and low-income. 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 that was included on the workpapers was verified with isolated exceptions. 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 had adequate written procedures for the recording of student enrollment data.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2015-2016 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 noted an immaterial difference for amounts tested which are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review of transportation related purchases of goods and services, the District complied with proper bidding procedures and award of contracts.

Facilities and Capital Assets

Since the District is classified as a School Development Authority district, a portion of SDA grant activity is conducted by the State of New Jersey on behalf of the District. The District also receives direct grant payments.

Follow-up Prior Year Findings

In accordance with government standards, our procedures included a review of all prior year recommendations.

Suggestions to Management

A resolution (or memo) should be presented for adoption at a board of education meeting to recognize the fact the audited legal costs exceeded 130% of the audit statewide average as published in the 2016 Taxpayer Guide to Education Spending and to report the control measures that will be implemented to reduce such costs, as appropriate.

**HOBOKEN PUBLIC SCHOOLS
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**FOOD SERVICE FUND
SCHEDULE OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**HOBOKEN BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15,2015**

	2016-17 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 Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 3 years	73	-	73	-	-	-	73	-	73	-	-	-	-	-	-	-	-
Half Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 years	83	-	83	-	-	-	83	-	83	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	231	-	231	-	-	-	51	-	51	-	-	-	-	-	-	-	-
1st Grade	174	-	174	-	-	-	20	-	20	-	-	-	-	-	-	-	-
2nd Grade	149	-	149	-	-	-	32	-	32	-	-	-	-	-	-	-	-
3rd Grade	161	-	161	-	-	-	100	-	100	-	-	-	-	-	-	-	-
4th Grade	79	-	79	-	-	-	18	-	18	-	-	-	-	-	-	-	-
5th Grade	91	-	91	-	-	-	22	-	22	-	-	-	-	-	-	-	-
6th Grade	85	-	85	-	-	-	56	-	56	-	-	-	-	-	-	-	-
7th Grade	94	-	94	-	-	-	94	-	94	-	-	-	-	-	-	-	-
8th Grade	90	-	90	-	-	-	91	-	91	-	-	-	-	-	-	-	-
9th Grade	106	-	106	-	-	-	106	-	106	-	-	-	-	-	-	-	-
10th Grade	83	-	83	-	-	-	83	-	83	-	-	-	-	-	-	-	-
11th Grade	104	-	104	-	-	-	104	-	104	-	-	-	-	-	-	-	-
12th Grade	108	-	108	-	-	-	108	-	108	-	-	-	-	-	-	-	-
Subtotal	1,711	-	1,711	-	-	-	1,041	-	1,041	-	-	-	-	-	-	-	-
Spec Ed - Elementary	126	-	126	-	-	-	11	-	11	-	-	-	9	8	8	-	-
Spec Ed - Middle School	43	-	43	-	-	-	5	-	5	-	-	-	6	5	5	-	-
Spec Ed - High School	60	-	60	-	-	-	60	-	60	-	-	-	5	4	4	-	-
Subtotal	229	-	229	-	-	-	76	-	76	-	-	-	20	17	17	-	-
Totals	1,940	-	1,940	-	-	-	1,117	-	1,117	-	-	-	20	17	17	-	-
Percentage Error					0.00%	0.00%							0.00%	0.00%			0.00%

**HOBOKEN BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2015**

	Low Income			Sample for Verification			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 Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
	Half Day Preschool (3 Yrs.)	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool (3 Yrs.)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool (4 Yrs.)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool (4 Yrs.)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	82	82	-	5	5	-	-	1	(1)	1	1	-
1st Grade	89	89	-	5	5	-	-	-	-	-	-	-
2nd Grade	75	75	-	4	4	-	3	3	-	2	2	-
3rd Grade	93	93	-	5	5	-	1	1	-	1	1	-
4th Grade	50	50	-	3	3	-	-	-	-	-	-	-
5th Grade	73	73	-	4	3	1	-	-	-	-	-	-
6th Grade	72	72	-	4	4	-	-	-	-	-	-	-
7th Grade	80	80	-	5	5	-	2	2	-	2	2	-
8th Grade	75	75	-	4	4	-	-	-	-	-	-	-
9th Grade	93	93	-	5	5	-	-	-	-	-	-	-
10th Grade	72	72	-	4	4	-	1	1	-	1	1	-
11th Grade	86	86	-	5	5	-	2	2	-	2	2	-
12th Grade	84	84	-	5	5	-	-	-	-	-	-	-
Subtotal	<u>1,024</u>	<u>1,024</u>	<u>-</u>	<u>58</u>	<u>57</u>	<u>1</u>	<u>9</u>	<u>10</u>	<u>(1)</u>	<u>9</u>	<u>9</u>	<u>-</u>
Spec Ed - Elementary	86	86	-	5	5	-	1	-	1	-	-	-
Spec Ed - Middle School	39	39	-	2	2	-	-	-	-	-	-	-
Spec Ed - High School	64	64	-	4	4	-	-	-	-	-	-	-
Subtotal	<u>189</u>	<u>189</u>	<u>-</u>	<u>11</u>	<u>11</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>1,213</u>	<u>1,213</u>	<u>-</u>	<u>69</u>	<u>68</u>	<u>1</u>	<u>10</u>	<u>10</u>	<u>-</u>	<u>9</u>	<u>9</u>	<u>-</u>
Percentage Error		<u>0.00%</u>			<u>1.45%</u>			<u>0.00%</u>			<u>0.00%</u>	

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
	Regular - Public Schools	1	1	-	1	1
Transported - Non-Public	-	-	-	-	-	-
Regular - Spec.	87	87	-	36	34	2
Special Needs - Public	28	28	-	12	12	-
Totals	<u>116</u>	<u>116</u>	<u>-</u>	<u>49</u>	<u>47</u>	<u>2</u>
		<u>0.00%</u>			<u>4.08%</u>	

**HOBOKEN BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2015**

	LEP Not 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 Register	Sample Errors
Half Day Preschool (3 Yrs.)	-	-	-	-	-	-
Full Day Preschool (3 Yrs.)	-	-	-	-	-	-
Half Day Preschool (4 Yrs.)	-	-	-	-	-	-
Full Day Preschool (4 Yrs.)	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	4	3	1	2	2	-
1st Grade	1	1	-	1	1	-
2nd Grade	2	2	-	2	2	-
3rd Grade	3	3	-	2	2	-
4th Grade	-	-	-	-	-	-
5th Grade	2	2	-	2	2	-
6th Grade	-	-	-	-	-	-
7th Grade	-	-	-	-	-	-
8th Grade	-	-	-	-	-	-
9th Grade	-	-	-	-	-	-
10th Grade	-	-	-	-	-	-
11th Grade	-	-	-	-	-	-
12th Grade	-	-	-	-	-	-
Subtotal	12	11	1	9	9	-
Spec Ed - Elementary	2	1	1	1	1	-
Spec Ed - Middle School	-	-	-	-	-	-
Spec Ed - High School	-	-	-	-	-	-
Subtotal	2	1	1	1	1	-
Totals	14	12	2	10	10	-
Percentage Error			<u>14.29%</u>			<u>0.00%</u>

**HOBOKEN PUBLIC SCHOOLS
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SECTION 1

Calculation A: 2% Excess Surplus:

2015-2016 Total General Fund Expenditures Reported on Exhibit C-1	\$ 55,904,427
Less: Expenditures allocated to restricted federal sources as reported on Exhibit D-2	<u>487,810</u>
2015-2016 Adjusted General Fund and Other State Expenditures	\$ 55,416,617
Increased by:	
Transfer from Capital Reserve to Capital Projects	\$ 814,803
Transfers to Special Revenue Fund- Preschool Aid	369,450
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(4,911,649)</u>
Adjusted 2015-2016 General Fund Expenditures	51,689,221
2% of Adjusted 2015-2016 General Fund Expenditures	<u>\$ 1,033,784</u>
Enter Greater of 2% of Adjusted 2015-2016 General Fund Expenditures or \$250,000	\$ 1,033,784
Increased by: Allowable Adjustment	<u>263,602</u>
Maximum Unassigned Fund Balance	<u>\$ 1,297,386</u>

SECTION 2

Total General Fund - Fund Balances at June 30, 2016 (Per CAFR Budgetary Comparison Schedule/Statement)	\$ 7,741,341
Decreased by:	
Reserved for Encumbrances	1,082,051
Committed- Hurricane Sandy Insurance Proceeds	246,640
Restricted Fund Balances - Capital Reserve	2,585,198
Restricted Fund Balance- Maintenance Reserve	1,107,633
Excess Surplus- Designated for Subsequent Year's Expenditures	437,748
Restricted- SEMI Designated for Subsequent Year's Expenditures	91,622
Assigned, Designated for Subsequent Year's Expenditures	<u>253,782</u>
Total Unassigned Fund Balance	<u>\$ 1,936,667</u>

SECTION 3

Restricted Fund Balance - Excess Surplus	<u>\$ 639,281</u>
* <u>Detail of Allowable Adjustment</u>	
Extraordinary Aid (Unbudgeted Portion)	\$ 116,614
Impact Aid	<u>146,988</u>
	<u>\$ 263,602</u>

HOBOKEN PUBLIC SCHOOLS
Encumbrances
For the Fiscal Year Ended June 30, 2016

Encumbrances per the June 30, 2016 Board Secretary Report (Funds 11, 12, 13, 15)

Description	Total by Category	Amount Properly Encumbered	Orders Reclassified to Accounts Payable Through Audit Adjustments	Encumbrances Cancelled Through Audit Adjustments
Regular Instruction	167,392	167,392		
Special Education Instruction	52,773	52,773		
School Sponsored Co-Curricular	44,084	44,084		
Other Instruction				
Student Support Services	25,419	25,419		
General Administration	274,932	274,932		
School Administration	305	305		
Central Services & Admin. Info.	19,325	19,325		
Operations and Maintenance	143,143	143,143		
Transportation	22,493	22,493		
Unallocated Benefits	147,133	147,133		
Charter Schools				
Capital Outlay	185,052	185,052		
	<u>1,082,051</u>	<u>1,082,051</u>	-	-
Total Encumbrances Cancelled During the Audit				-
Orders Reclassified to Accounts Payable by Audit Adjustment				<u>-</u>
Fund Balance Reserved for Encumbrances in the CAFR				<u>\$ 1,082,051</u>

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. The receipt of goods signature be obtained on all purchase orders to verify goods and/or services have been received and/or rendered.
2. Equipment purchased utilizing Title I funds be specifically identified as Title I funded equipment on the capital asset accounting records.

III. School Purchasing Program

It is recommended that:

1. Specific vendors utilized by the District for contracts in excess of the bid threshold awarded through the Educational Data Services Cooperative agreement be formally approved by Board resolution.
2. Notification be provided to the Office of the State Comptroller of all contracts awarded by the District which exceed \$2 million in accordance with N.J.S.A. 52:15C-10.

IV. School Food Services

There are none.

V. After School Program

- * It is recommended that all After Care Program collections be deposited in a timely manner.

VI. Student Activity Funds

It is recommended that:

1. Efforts be made to limit the reimbursements paid to individuals from the high school student activity accounts.
2. All high school athletic events collections be properly reconciled to the ticket sales report.
3. All checks issued from the Wallace student activity account contain at least two authorization signatures.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

RECOMMENDATIONS

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

There are none.

IX. Facilities and Capital Assets

There are none.

X. Miscellaneous

There are none.

XI. Follow-up on Prior Year Findings

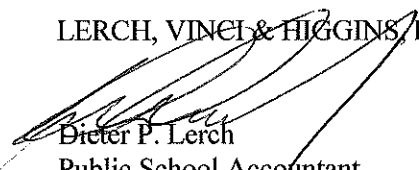
A review was performed on all prior years' recommendations and corrective action was taken on all except the item denoted with an asterisk (*).

ACKNOWLEDGEMENT

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

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Dieter P. Lerch
Public School Accountant
PSA Number CS00756