

**HOBOKEN BOARD OF EDUCATION  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL COMPLIANCE AND PERFORMANCE  
JUNE 30, 2018**

**HOBOKEN BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## AUDITOR'S MANAGEMENT REPORT

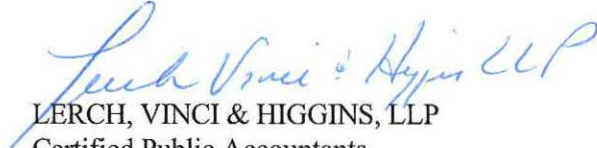
Honorable President and Members  
of the Board of Education  
Hoboken Board of Education  
Hoboken, New Jersey

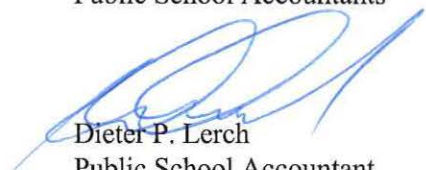
We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Hoboken Board of Education in the County of Hudson as of and for the fiscal year ended June 30, 2018, and have issued our report thereon dated January 28, 2019.

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 Education, 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  
January 28, 2019

**HOBOKEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**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	\$375,000
Dianne Botti	Treasurer of School Monies	375,000

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 tested were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

**Finding** – Our audit of payroll revealed the following:

- 1) An instance where an employee's health benefit contribution was not withheld for the entire year.
- 2) A certain employee was not enrolled in the pension system.

**Recommendation** – It is recommended that internal controls be enhanced to ensure health benefit contributions be properly withheld from employees receiving health benefits and all eligible employees are enrolled in the applicable pension system.

**HOBOKEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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.

**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.

**Finding (CAFR Finding 2018-001)** – Our audit noted that all expenditures in the Capital Projects Fund, with the exception of legal services, were charged to construction services; however, some of the expenditures were for purchased technical services, equipment and supplies.

**Recommendation** – It is recommended that expenditures in the Capital Projects Fund be charged in the subsidiary budget reports to the correct appropriation object area in accordance The Uniform Minimum Chart of Accounts .

**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.

**Finding** – There were certain overexpenditures noted due to the result of audit adjustments made for the accrual of certain retro payments and disputed sewer bills. Since the overexpenditures were due to audit adjustments, no recommendation is warranted.

The prescribed contractual order system was followed.

**HOBOKEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

Elementary and Secondary School 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 projects under Titles I, II, III, and IV of the Elementary and Secondary Education Act as amended and reauthorized.

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.

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

**Finding (CAFR Finding 2018-002)** – Our audit of the District's Extraordinary Aid Application noted numerous instances where the intensive service indicated in the Application did not agree to what was in the student's Individualized Education Program (IEP) and District workpapers. In addition, one instance was noted where a full year of tuition was claimed; however, student did not attend the full year.

**Recommendation** – Greater care be exercised over the preparation of the Extraordinary Aid Application to ensure intensive services claimed agree to services documented in the District's supporting workpapers and students' Individualized Education Program (IEP).

**Finding** – Fiscal Year 2017 IDEA carryovers were not approved by Board resolution.

**Recommendation** – All IDEA carryovers be submitted to the Board of Education for their approval by formal resolution.

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.

**HOBOKEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

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.

**Food Service Fund**

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. No exceptions were noted.

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. 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. All vendor discounts, rebates and credits from vendors and/or FSMC were tracked and credited to the Food Service account and reconciled to supporting documentation at least annually.

Expenses 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.

**HOBOKEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Food Service Fund (Continued)**

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

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.

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.

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

**Finding** – The State conducted an Administrative Review and Procurement Review of the National School Lunch Program sponsored by the Board. Violations were found during each review; however, the Board properly submitted a corrective action plan. Therefore, no recommendation is warranted.

**After School Program**

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

**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 account found numerous instances noted where deposits were not made in a timely manner.

**Recommendation-** It is recommended that deposits for the High School activity account be made in a timely manner.

**Finding-** Our audit of disbursements from the High School account noted numerous instances where payments were made based off estimates or vendor's billings statements and not actual invoices.

**Recommendation-** It is recommended that disbursements from the High School account be made only after an actual invoice is received.

**Finding-** It was noted that numerous cancelled checks from the high school student activity account only contained one authorized signature.

**Recommendation-** Checks from the High School activity account contain two authorized signatures.



**HOBOKEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 13, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped 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.

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2017-2018 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with exceptions. The results of our procedures noted isolated differences 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.

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

The school district adhered to all 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 Prior Year Findings**

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

**HOBOKEN BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**SCHEDULE OF MEAL COUNT ACTIVITY**

<u>Program</u>	<u>Meals Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>
National School Lunch (High Rate)	Paid	84,882	41,386	41,386
	Reduced	9,017	4,457	4,457
	Free	<u>113,694</u>	<u>55,659</u>	<u>55,659</u>
	Total Lunch	<u>207,593</u>	<u>101,502</u>	<u>101,502</u>
School Breakfast (Severe Needs Rate)	Paid	5,413	2,592	2,592
	Reduced	1,797	942	942
	Free	<u>24,110</u>	<u>12,177</u>	<u>12,177</u>
	Total Breakfast	<u>31,320</u>	<u>15,711</u>	<u>15,711</u>
School Breakfast (Regular Rate)	Paid	10,423	5,103	5,103
	Reduced	576	291	291
	Free	<u>4,817</u>	<u>2,436</u>	<u>2,436</u>
	Total Breakfast	<u>15,816</u>	<u>7,830</u>	<u>7,830</u>

**HOBOKEN BOARD OF EDUCATION  
FOOD SERVICE FUND  
SCHEDULE OF NET CASH RESOURCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Proprietary Funds - Food Service**

<u>Net Cash Resources:</u>	<b>Food Service B - 4/5</b>	
<b>CAFR</b> *		<b>Current Assets</b>
B-4	\$	Cash & Cash Equiv. 1,294
B-4		Due from Other Gov'ts 59,357
B-4		Accounts Receivable 89,289
B-4		Due from Other Funds
<b>CAFR</b>		<b>Current Liabilities</b>
B-4		Less Accounts Payable (79,799)
B-4		Less Accruals
B-4		Less Due to Other Funds 0
B-4		Less Deferred Revenue (15,443)
	<b>\$</b>	<b>Net Cash Resources 54,698 (A)</b>

Net Adj. Total Operating Expense:

B-5		Tot. Operating Exp.	991,047	
B-5		Less Depreciation	(10,344)	
		Adj. Tot. Oper. Exp.	<u>\$ 980,703</u>	(B)

Average Monthly Operating Expense:

B / 10	<u>\$ 98,070</u>	(C)
--------	------------------	-----

Three times monthly Average:

3 X C	<u>\$ 294,211</u>	(D)
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TOTAL IN BOX A	\$ 54,698
LESS TOTAL IN BOX D	\$ 294,211
NET	<u>\$ 348,909</u>
From above:	
A is greater than D, cash exceeds 3 X average monthly operating expenses.	
D is greater than A, cash does not exceed 3 X average monthly operating expenses.	

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

SOURCE - USDA resource management comprehensive review form

**HOBOKEN BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 13, 2017**

	2018-19 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		Reported on		Sample	
	A.S.S.A.		Workpapers				Selected from		Register		Registers		A.S.S.A. as		for	
	On Roll		On Roll		Full		Workpapers		On Roll		On Roll		Private		Verifi-	
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation	Sample	Sample	
														Verified	Errors	
Half Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Full Day Preschool - 3 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Half Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Full Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Full Day Kindergarten	267	-	269	-	(2)	-	19	-	19	-	-	-	-	-	-	
1st Grade	217	-	216	-	1	-	41	-	41	-	-	-	-	-	-	
2nd Grade	167	-	167	-	-	-	46	-	46	-	-	-	-	-	-	
3rd Grade	126	-	126	-	-	-	24	-	24	-	-	-	-	-	-	
4th Grade	131	-	131	-	-	-	16	-	16	-	-	-	-	-	-	
5th Grade	142	-	142	-	-	-	89	-	89	-	-	-	-	-	-	
6th Grade	75	-	76	-	(1)	-	21	-	21	-	-	-	-	-	-	
7th Grade	76	-	76	-	-	-	76	-	76	-	-	-	-	-	-	
8th Grade	79	-	79	-	-	-	79	-	79	-	-	-	-	-	-	
9th Grade	124	-	124	-	-	-	124	-	124	-	-	-	-	-	-	
10th Grade	82	-	82	-	-	-	82	-	82	-	-	-	-	-	-	
11th Grade	81	-	81	-	-	-	81	-	81	-	-	-	-	-	-	
12th Grade	75	-	75	-	-	-	75	-	75	-	-	-	-	-	-	
<b>Subtotal</b>	<b>1,642</b>	<b>-</b>	<b>1,644</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>773</b>	<b>-</b>	<b>773</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Spec Ed - Elementary	121	-	121	-	-	-	21	-	21	-	-	-	9	8	7	(1)
Spec Ed - Middle School	42	-	42	-	-	-	33	-	33	-	-	-	6	5	5	-
Spec Ed - High School	51	-	51	-	-	-	51	-	51	-	-	-	7	6	7	1
<b>Subtotal</b>	<b>214</b>	<b>-</b>	<b>214</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>-</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>19</b>	<b>19</b>	<b>-</b>
<b>Totals</b>	<b>1,856</b>	<b>-</b>	<b>1,858</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>878</b>	<b>-</b>	<b>878</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>19</b>	<b>19</b>	<b>-</b>
<b>Percentage Error</b>					<u>-0.11%</u>	<u>0.00%</u>				<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>

**HOBOKEN BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 13, 2017**

	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	78	78	-	5	5	-	-	-	-	-	-	-
1st Grade	77	77	-	5	4	1	2	2	-	2	2	-
2nd Grade	74	75	(1)	5	4	1	1	1	-	1	1	-
3rd Grade	67	68	(1)	4	4	-	2	2	-	2	2	-
4th Grade	66	66	-	4	4	-	-	-	-	-	-	-
5th Grade	81	81	-	6	5	1	1	1	-	1	1	-
6th Grade	51	52	(1)	3	3	-	-	-	-	-	-	-
7th Grade	58	60	(2)	4	4	-	1	1	-	1	1	-
8th Grade	62	62	-	4	3	1	-	-	-	-	-	-
9th Grade	105	105	-	7	7	-	1	1	-	1	1	-
10th Grade	65	64	1	4	4	-	1	1	-	1	1	-
11th Grade	66	65	1	4	4	-	-	-	-	-	-	-
12th Grade	49	52	(3)	3	3	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>899</b>	<b>905</b>	<b>(6)</b>	<b>58</b>	<b>54</b>	<b>4</b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>9</b>	<b>9</b>	<b>-</b>
Spec Ed - Elementary	98	92	6	5	4	1	1	1	-	-	-	-
Spec Ed - Middle School	40	40	-	2	2	-	-	-	-	-	-	-
Spec Ed - High School	46	47	(1)	3	3	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>184</b>	<b>179</b>	<b>5</b>	<b>10</b>	<b>9</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Juvenile Dentention Ctr	1	1	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>1,084</b>	<b>1,085</b>	<b>(1)</b>	<b>68</b>	<b>63</b>	<b>5</b>	<b>10</b>	<b>10</b>	<b>-</b>	<b>9</b>	<b>9</b>	<b>-</b>
Percentage Error			<u>-0.09%</u>			<u>7.35%</u>			<u>0.00%</u>			<u>0.00%</u>

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Regular - Public Schools	-	-	-	-	-	-
Transported - Non-Public	-	-	-	-	-	-
Regular - Spec.	40	40	-	29	28	1
Special Needs - Public	30	30	-	24	23	1
<b>Totals</b>	<b>70</b>	<b>70</b>	<b>-</b>	<b>53</b>	<b>51</b>	<b>2</b>
			<u>0.00%</u>			<u>3.77%</u>

**HOBOKEN BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 13, 2017**

	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	7	7	-	4	4	-
1st Grade	1	1	-	1	1	-
2nd Grade	1	1	-	1	1	-
3rd Grade	3	3	-	3	3	-
4th Grade	1	1	-	-	-	-
5th Grade	1	1	-	1	1	-
6th Grade	-	-	-	-	-	-
7th Grade	1	1	-	1	1	-
8th Grade	-	-	-	-	-	-
9th Grade	1	1	-	1	1	-
10th Grade	-	-	-	-	-	-
11th Grade	-	-	-	-	-	-
12th Grade	-	-	-	-	-	-
<b>Subtotal</b>	<b>16</b>	<b>16</b>	<b>-</b>	<b>12</b>	<b>12</b>	<b>-</b>
Spec Ed - Elementary	-	-	-	-	-	-
Spec Ed - Middle School	-	-	-	-	-	-
Spec Ed - High School	-	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>16</b>	<b>16</b>	<b>-</b>	<b>12</b>	<b>12</b>	<b>-</b>
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

**HOBOKEN BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**SECTION 1**

**Calculation A: 2% Excess Surplus:**

2017-2018 Total General Fund Expenditures Reported on Exhibit C-1		\$ 61,726,764
Less: Expenditures allocated to restricted federal sources as reported on Exhibit D-2		<u>540,024</u>
2017-2018 Adjusted General Fund and Other State Expenditures		\$ 61,186,740
Increased by:		
Transfers to Special Revenue Fund- Preschool Aid		344,820
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>(6,208,118)</u>
Adjusted 2017-2018 General Fund Expenditures		55,323,442
2% of Adjusted 2017-2018 General Fund Expenditures		<u>\$ 1,106,469</u>
Enter Greater of 2% of Adjusted 2017-2018 General Fund Expenditures or \$250,000		\$ 1,106,469
Increased by: Allowable Adjustment		<u>215,497</u>
Maximum Unassigned Fund Balance		<u>\$ 1,321,966</u>

**SECTION 2**

Total General Fund - Fund Balances at June 30, 2018 (Per CAFR Budgetary Comparison Schedule/Statement)		\$ 8,393,496
Decreased by:		
Reserved for Encumbrances		231,170
Restricted Fund Balances - Capital Reserve		3,120,070
Restricted Fund Balance- Maintenance Reserve		1,110,333
Restricted Fund Balance- Emergency Reserve		563,764
Excess Surplus- Designated for Subsequent Year's Expenditures		<u>878,971</u>
Total Unassigned Fund Balance		<u>\$ 2,489,188</u>

**SECTION 3**

Restricted Fund Balance - Excess Surplus		<u>\$ 1,167,222</u>
* <u>Detail of Allowable Adjustment</u>		
Extraordinary Aid (Unbudgeted Portion)		\$ 168,688
Impact Aid		<u>46,809</u>
		<u>\$ 215,497</u>

**HOBOKEN BOARD OF EDUCATION**  
**Schedule of Encumbrances**  
**Board Secretary Report (Funds 10 and 15)**  
**For the Fiscal Year Ended June 30, 2018**

Encumbrances per the June 30, 2018 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
Student Support Services	57,100	57,100		
General Administration	164,987	164,987		
Operations and Maintenance	4,723	4,723		
Transportation	4,360	4,360		
	<u>231,170</u>	<u>231,170</u>	-	-

Fund Balance Year End Encumbrances June 30, 2018

\$ 231,170



**HOBOKEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

It is recommended that:

1. Internal controls be enhanced to ensure health benefit contributions be properly withheld from employees receiving health benefits and all eligible employees are enrolled in the applicable pension system.
2. Expenditures in the Capital Projects Fund be charged in the subsidiary budget reports to the correct appropriation object area in accordance with The Uniform Minimum Chart of Accounts.
3. Greater care be exercised over the preparation of the Extraordinary Aid Application to ensure intensive services claimed agree to services documented in the District's supporting workpapers and student's Individualized Education Program (IEP).
4. All IDEA carryovers be submitted to the Board of Education for their approval by formal resolution.

**III. School Purchasing Program**

There are none.

**IV. School Food Services**

There are none.

**V. After School Program**

There are none.

**VI. Student Activity Funds**

It is recommended :

1. Deposits for the High School activity account be made in a timely manner.
2. Disbursements from the High School account be made only after an actual invoice is received.
3. Checks from the High School activity account contain two authorized signatures.

**VII. Application for State School Aid**

There are none.

**HOBOKEN BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**RECOMMENDATIONS**

**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**

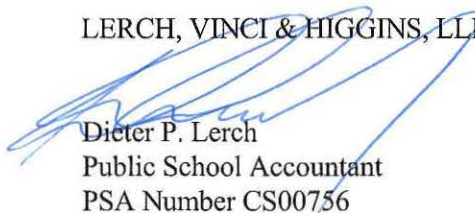
A review was performed on all prior years' recommendations and corrective action was taken on all.

**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