

**HOBOKEN BOARD OF EDUCATION
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2019**

**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, 2019, and have issued our report thereon dated December 11, 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
December 11, 2019

**HOBOKEN BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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>
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.

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.

**HOBOKEN BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Financial Planning, Accounting and Reporting (Continued)

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.

Finding – Our audit of capital projects fund purchase orders indicated two (2) purchase order balances reflected as reserved for encumbrances that should have been classified as accounts payable. In addition, one (1) purchase order balance classified as a reserved for encumbrance should have been cancelled.

Recommendation – It is recommended that purchase orders in the capital projects fund be reviewed at year end to ensure proper classification and validity.

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 2019-001) – 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 .

Travel

The Board of Trustees has adopted a travel policy that complies with N.J.S.A. 18A:11-12.

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 Board Secretary's and Treasurer's monthly financial reports were presented to the Board on a timely basis and were submitted to the Executive County Superintendent as prescribed by N.J.S.A. 18:17-9 and 18A :17-36.

**HOBOKEN BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records (Continued)

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 indicated that maintenance reserve withdrawals by Board resolution were appropriated into the capital outlay fund and utilized for capital improvement purposes.

Recommendation – It is recommended that maintenance reserve fund be utilized for required maintenance activities of a school facility in accordance with N.J.A.C. 6A:23A-14.

Finding – Our audit noted that the original budget, as reflected in the District's financial reporting system, was not in agreement with the approved district budget. In addition, certain appropriations made during the fiscal year were not included on the monthly transfer report.

Recommendation – It is recommended that the District's budget report be reviewed to ensure amounts reflected agree with the approved budget and subsequent additional appropriations.

Treasurer's Records

The Treasurer did perform cash reconciliations for all accounts required.

All cash receipts were promptly deposited.

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.

I.D.E.A. Part B

Separate accounting records were maintained for each approved project. Grant application approvals and acceptance of grant funds were made by Board resolution.

**HOBOKEN BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Financial Planning, Accounting and Reporting (Continued)

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

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 \$19,000. 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.

Finding – Our audit noted that contracts awarded through the use of cooperative purchasing agreements, the cost of which exceed the bid threshold, were not specifically approved in the minutes.

Recommendation – It is recommended that cooperative purchasing contracts exceeding the bid threshold be specifically approved by the Board and be made part of the official minutes.

**HOBOKEN BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

Finding – Our audit noted several instances where deposits were not made within forty-eight (48) hours from the time of collection.

Recommendation – It is recommended that, in all instances, Food Service Fund collections be deposited in a timely manner.

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.

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 – Our audit noted that a reconciliation of District financial records with those of the Food Service Management Company is not being performed.

Recommendation – It is recommended that the financial records of the District's Food Service fund be reconciled with the operations reported by the Food Service Management Company.

**HOBOKEN BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

After School Program

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

Finding – Our audit indicated that the After Care Program Enterprise Fund was in a deficit position of \$505,325 as of June 30, 2019.

Recommendation – A course of action be developed and implemented to eliminate the deficit in the After Care Program Enterprise Fund.

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 noted a reimbursement was made to an employee for expenses related to an overseas trip without sufficient documentation to support the reimbursement.

Recommendation- It is recommended that sufficient documentation be provided by employees requesting reimbursement of expenses incurred.

Finding- Our audit of the Middle School student activity account indicated that approval forms were not being utilized for disbursements. Furthermore, certain cancelled checks contained only one authorized signature.

Recommendation- With respect to the Middle School student activity account, it is recommended that approval forms be utilized for disbursements and checks contain two authorized signatures.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2018 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped 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 with exceptions noted. 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.

Finding – Our audit noted that the amount of students reported as attending private schools for the disabled was not in agreement with supporting workpapers.

Recommendation – It is recommended that greater care be exercised when completing the private school for the disabled portion of the Application for State School Aid to ensure that the number of students reported agrees with the supporting workpapers.

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 BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2018-2019 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report 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, 2019**

Not Applicable

**HOBOKEN BOARD OF EDUCATION
FOOD SERVICE FUND
SCHEDULE OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Proprietary Funds - Food Service

<u>Net Cash Resources:</u>	Food Service B - 4/5	
CAFR *	Current Assets	
B-4	Cash & Cash Equiv.	
B-4	Due from Other Gov'ts	95,180
B-4	Accounts Receivable	85,223
B-4	Due from Other Funds	
CAFR	Current Liabilities	
B-4	Less Accounts Payable	
B-4	Less Accruals	
B-4	Less Due to Other Funds	(150,040)
B-4	Less Deferred Revenue	(19,626)
	Net Cash Resources	<u><u>\$ 10,737</u></u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	1,046,749	
B-5	Less Depreciation	(28,212)	
	Adj. Tot. Oper. Exp.	<u><u>\$ 1,018,537</u></u>	(B)

Average Monthly Operating Expense:

B / 10 \$ 101,854 (C)

Three times monthly Average:

3 X C \$ 305,561 (D)

TOTAL IN BOX A	\$ 10,737
LESS TOTAL IN BOX D	<u>\$ 305,561</u>
NET	<u><u>\$ 316,298</u></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 15, 2018**

	2019-20 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 Veri- 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	-	1	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	273	274	-	-	(1)	1	31	-	31	-	-	-	-	-	-	-	-
1st Grade	209	209	-	-	-	-	28	-	28	-	-	-	-	-	-	-	-
2nd Grade	181	183	-	-	(2)	2	71	-	71	-	-	-	-	-	-	-	-
3rd Grade	142	142	-	-	-	-	13	-	13	-	-	-	-	-	-	-	-
4th Grade	123	122	-	-	1	(1)	16	-	16	-	-	-	-	-	-	-	-
5th Grade	108	108	-	-	-	-	12	-	12	-	-	-	-	-	-	-	-
6th Grade	121	121	-	-	-	-	21	-	21	-	-	-	-	-	-	-	-
7th Grade	60	60	-	-	-	-	36	-	36	-	-	-	-	-	-	-	-
8th Grade	62	62	-	-	-	-	60	-	60	-	-	-	-	-	-	-	-
9th Grade	83	83	-	-	-	-	83	-	83	-	-	-	-	-	-	-	-
10th Grade	77	77	-	-	-	-	77	-	77	-	-	-	-	-	-	-	-
11th Grade	58	59	-	-	(1)	1	58	-	58	-	-	-	-	-	-	-	-
12th Grade	57	57	-	-	-	-	57	-	57	-	-	-	-	-	-	-	-
Subtotal	1,554	1,558	-	-	(3)	4	563	-	563	-	-	-	-	-	-	-	-
Spec Ed - Elementary	172	171	-	-	1	(1)	22	-	22	-	-	-	12	6	6	-	-
Spec Ed - Middle School	44	45	-	-	(1)	1	26	-	27	-	(1)	-	6	5	5	-	-
Spec Ed - High School	36	36	-	-	-	-	36	-	36	-	-	-	13	5	4	(1)	-
Subtotal	252	252	-	-	-	-	84	-	85	-	(1)	-	31	16	15	(1)	-
Totals	1,806	1,810	-	-	(3)	4	647	-	648	-	(1)	-	31	16	15	(1)	-
Percentage Error					-0.17%	0.22%					-0.15%	0.00%					-6.25%

**HOBOKEN BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2018**

	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)	-	1	(1)	-	-	-	-	-	-	-	-	-
Half Day Preschool (4 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool (4 Yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	37	38	(1)	3	-	3	-	-	-	-	-	-
1st Grade	57	58	(1)	9	8	1	-	-	-	-	-	-
2nd Grade	51	50	1	10	9	1	2	2	-	1	1	-
3rd Grade	51	51	-	2	2	-	1	1	-	1	1	-
4th Grade	48	48	-	4	3	1	3	3	-	1	1	-
5th Grade	46	46	-	6	6	-	-	-	-	-	-	-
6th Grade	70	70	-	2	2	-	-	-	-	-	-	-
7th Grade	30	31	(1)	7	6	1	1	1	-	-	-	-
8th Grade	41	40	1	3	3	-	1	1	-	1	1	-
9th Grade	53	54	(1)	3	3	-	1	1	-	1	1	-
10th Grade	59	59	-	4	4	-	-	-	-	-	-	-
11th Grade	35	34	1	7	6	1	-	-	-	-	-	-
12th Grade	34	34	-	5	5	-	-	-	-	-	-	-
Subtotal	612	614	(2)	65	57	8	9	9	-	5	5	-
Spec Ed - Elementary	91	89	2	8	6	2	-	-	-	-	-	-
Spec Ed - Middle School	23	24	(1)	3	3	-	-	-	-	-	-	-
Spec Ed - High School	21	21	-	2	2	-	-	-	-	-	-	-
Subtotal	135	134	1	13	11	2	-	-	-	-	-	-
Juvenile Detention Ctr			-									
Totals	747	748	(1)	78	68	10	9	9	-	5	5	-
Percentage Error			<u>-0.13%</u>			<u>12.82%</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.	55	55	-	42	39	3
Special Needs - Public	36	36	-	27	27	-
Totals	91	91	-	69	66	3
			<u>0.00%</u>			<u>4.35%</u>

**HOBOKEN BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2018**

	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	4	-	3	3	-
1st Grade	9	9	-	4	4	-
2nd Grade	6	6	-	2	2	-
3rd Grade	1	1	-	-	-	-
4th Grade	3	3	-	2	2	-
5th Grade	1	1	-	1	1	-
6th Grade	1	1	-	-	-	-
7th Grade	-	-	-	-	-	-
8th Grade	-	-	-	-	-	-
9th Grade	-	-	-	-	-	-
10th Grade	1	1	-	1	1	-
11th Grade	-	-	-	-	-	-
12th Grade	-	-	-	-	-	-
Subtotal	26	26	-	13	13	-
Spec Ed - Elementary	1	1	-	-	-	-
Spec Ed - Middle School	-	-	-	-	-	-
Spec Ed - High School	-	-	-	-	-	-
Subtotal	1	1	-	-	-	-
Totals	27	27	-	13	13	-
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, 2019**

SECTION 1

Calculation A: 2% Excess Surplus:

2018-2019 Total General Fund Expenditures Reported on Exhibit C-1	\$	68,053,115
Less: Expenditures allocated to restricted federal sources as reported on Exhibit D-2		<u>521,351</u>
2018-2019 Adjusted General Fund and Other State Expenditures	\$	67,531,764
Increased by:		
Transfers to Special Revenue Fund- Preschool Aid		344,820
Decreased by:		
On-Behalf TPAF Pension & Social Security		<u>(7,241,154)</u>
Adjusted 2018-2019 General Fund Expenditures		60,635,430
2% of Adjusted 2018-2019 General Fund Expenditures	\$	<u>1,212,709</u>
Enter Greater of 2% of Adjusted 2018-2019 General Fund Expenditures or \$250,000	\$	1,212,709
Increased by: Allowable Adjustment		<u>366,877</u>
Maximum Unassigned Fund Balance	\$	<u>1,579,586</u>

SECTION 2

Total General Fund - Fund Balances at June 30, 2019 (Per CAFR Budgetary Comparison Schedule/Statement)	\$	5,678,218
Decreased by:		
Reserved for Encumbrances		550,330
Restricted Fund Balances - Capital Reserve		2,121,258
Restricted Fund Balance- Maintenance Reserve		615,833
Restricted Fund Balance- Emergency Reserve		37,440
Excess Surplus- Designated for Subsequent Year's Expenditures		<u>1,167,222</u>
Total Unassigned Fund Balance	\$	<u>1,186,135</u>

SECTION 3

Restricted Fund Balance - Excess Surplus	\$	<u>-</u>
* <u>Detail of Allowable Adjustment</u>		
Extraordinary Aid (Unbudgeted Portion)	\$	349,376
Impact Aid		<u>17,501</u>
	\$	<u>366,877</u>

HOBOKEN BOARD OF EDUCATION
Schedule of Encumbrances
Board Secretary Report (Funds 10 and 15)
For the Fiscal Year Ended June 30, 2019

Encumbrances per the June 30, 2019 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	\$ 60,506	\$ 60,506		
Special Education Instruction	91,646	91,646		
School Sponsored Co-Curricular	25,977	25,977		
Student Support Services	13,775	13,775		
General Administration	71,293	71,293		
School Administration	7,585	7,585		
Central Services	490	490		
Operations and Maintenance	100,779	100,779		
Transportation	15,192	15,192		
Capital Outlay	163,087	163,087		
	<u>\$ 550,330</u>	<u>\$ 550,330</u>	<u>-</u>	<u>-</u>

Fund Balance Year End Encumbrances June 30, 2019

\$ 550,330

**HOBOKEN BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Purchase orders in the capital projects fund be reviewed at year end to ensure proper classification and validity.
- * 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. Maintenance reserve fund be utilized for required maintenance activities of a school facility in accordance with N.J.A.C. 6A:23A-14.
4. The District's budget report be reviewed to ensure amounts reflected agree with the approved budget and subsequent additional appropriations.

III. School Purchasing Program

It is recommended that cooperative purchasing contracts exceeding the bid threshold be specifically approved by the Board and be made part of the official minutes.

IV. School Food Services

It is recommended that:

1. In all instances, Food Service Fund collections be deposited in a timely manner.
2. The financial records of the District's Food Service fund be reconciled with the operations reported by the Food Service Management Company.

V. After School Program

It is recommended that a course of action be developed and implemented to eliminate the deficit in the After Care Program Enterprise Fund.

VI. Student Activity Funds

It is recommended :

1. Sufficient documentation be provided by employees requesting reimbursement of expenses incurred.
2. With respect to the Middle School student activity account, approval forms be utilized for disbursements and checks contain two authorized signatures.

**HOBOKEN BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

RECOMMENDATIONS

VII. Application for State School Aid

It is recommended that greater care be exercised when completing the private school for the disabled portion of the Application for State School Aid to ensure that the number of students reported agrees with the supporting workpapers.

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

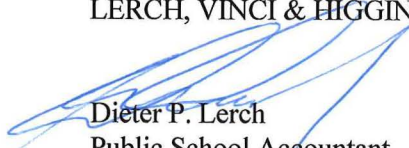
A review was performed on all prior years' recommendations and corrective action was taken on all other than the one denoted with an asterisk (*).

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