

**HOBOKEN PUBLIC SCHOOLS
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2017**

**HOBOKEN PUBLIC SCHOOLS
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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AUDITOR'S MANAGEMENT REPORT


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

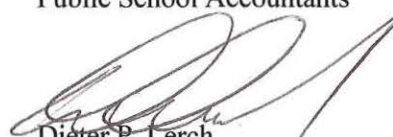
We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Hoboken Public Schools in the County of Hudson as of and for the fiscal year ended June 30, 2017, and have issued our report thereon dated November 21, 2017.

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 21, 2017

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Finding – Our audit of payroll noted instances where employees were paid incorrect amounts on base salary as well as overtime. In addition, an instance was noted where an employee was paid for training that they did not attend.

Recommendation – It is recommended that internal controls over the processing of payroll be enhanced to ensure employees are paid at correct rates and only for hours actually worked.

Finding – Our audit of payroll taxes noted certain instances where remittances were not being made in a timely manner.

Recommendation – It is recommended that tax remittances be made in a timely manner in accordance with IRS and State taxation requirements.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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.

Finding (CAFR Finding 2017-001) – Our audit of outstanding purchase orders in the Capital Projects Fund revealed that a certain purchase order classified as an encumbrance was deemed invalid.

Recommendation – Outstanding purchase orders be reviewed at year-end to be properly classified or otherwise be cancelled.

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.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Financial Planning, Accounting and Reporting (Continued)

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.

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.

Finding – The District had a fiscal review of Mile Square Early Learning Center, a contracting preschool provider in the Hoboken Public Schools for the preschool education program. The fiscal review was conducted to ensure compliance with the terms of the 2014-2015 preschool education program contract. The review found that additional recoveries are due to the District as of June 30, 2015 in the amount of \$54,603. The Board properly submitted a corrective action plan; therefore, no recommendation is warranted.

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.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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 indicated several instances where political contribution forms were not on file for vendors paid in excess of \$17,500.

Recommendation – In all instances, political contribution forms be obtained and retained on file for vendors where required by Statute.

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

The financial transactions and statistical records of the school food services were 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.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Food Service Fund (Continued)

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.

After School Program

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

Finding – Our audit of the After Care Program revealed that no formal cash receipt ledger or log is being maintained for collections. In addition, registration forms were not always available for audit.

Recommendation – It is recommended that a formal cash receipt ledger be maintained for After School Program collections and that registration forms be retained and made available for audit.

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.

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2016 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, 2017**

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2016-2017 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 difference for amounts tested which are presented in the Schedule of Audited Enrollments.

Finding – Our audit of the District Report of Transported Resident Students (DRTRS) revealed that in certain instances special transportation needs were not specified in students' Individualized Education Plan (IEP). In addition, instances were noted where students who no longer reside in district were included in the count. We also noted one student that was reported as Special Education however, that student is no longer classified.

Recommendation – It is recommended that internal controls be enhanced over the preparation of the DRTRS reporting.

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.

Finding – Our audit of capital assets revealed current year additions of \$854,789 were not added to the capital asset inventory report. The financial statements have been adjusted to reflect the unrecorded additions.

Recommendation – All additions be properly reflected in the District's capital asset inventory.

Follow-up Prior Year Findings

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

Suggestions to Management

Consideration be given to requiring additional prior approval by the Chief School Administrator and/or the School Business Administrator for significant anticipated overtime for special projects.

**HOBOKEN PUBLIC SCHOOLS
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**FOOD SERVICE FUND
SCHEDULE OF NET CASH RESOURCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**HOBOKEN PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
10/14/2016**

	2017-18 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	245	-	245	-	-	-	64	-	64	-	-	-	-	-	-	-
1st Grade	192	-	192	-	-	-	55	-	55	-	-	-	-	-	-	-
2nd Grade	146	-	146	-	-	-	31	-	31	-	-	-	-	-	-	-
3rd Grade	128	-	128	-	-	-	25	-	25	-	-	-	-	-	-	-
4th Grade	141	-	141	-	-	-	11	-	11	-	-	-	-	-	-	-
5th Grade	68	-	68	-	-	-	33	-	33	-	-	-	-	-	-	-
6th Grade	74	-	74	-	-	-	14	-	14	-	-	-	-	-	-	-
7th Grade	76	-	76	-	-	-	76	-	76	-	-	-	-	-	-	-
8th Grade	79	-	79	-	-	-	79	-	79	-	-	-	-	-	-	-
9th Grade	85	-	85	-	-	-	85	-	85	-	-	-	-	-	-	-
10th Grade	60	-	60	-	-	-	60	-	60	-	-	-	-	-	-	-
11th Grade	64	-	64	-	-	-	64	-	64	-	-	-	-	-	-	-
12th Grade	66	-	66	-	-	-	66	-	66	-	-	-	-	-	-	-
Subtotal	1,424	-	1,424	-	-	-	663	-	663	-	-	-	-	-	-	-
Spec Ed - Elementary	106	-	106	-	-	-	98	-	98	-	-	-	9	9	8	1
Spec Ed - Middle School	51	-	51	-	-	-	28	-	28	-	-	-	7	6	7	(1)
Spec Ed - High School	38	-	38	-	-	-	38	-	38	-	-	-	7	5	5	-
Subtotal	195	-	195	-	-	-	164	-	164	-	-	-	23	20	20	-
Totals	1,619	-	1,619	-	-	-	827	-	827	-	-	-	23	20	20	-
Percentage Error					0.00%	0.00%				0.00%	0.00%					0.00%

**HOBOKEN PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
10/14/2016**

	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	59	59	-	5	5	-			-			-
1st Grade	76	76	-	5	5	-	4	4	-	3	3	-
2nd Grade	55	55	-	4	4	-	1	1	-	1	1	-
3rd Grade	51	51	-	5	5	-	1	2	(1)	1	1	-
4th Grade	73	73	-	3	3	-	2	1	1	1	1	-
5th Grade	43	43	-	4	4	-	-	-	-	-	-	-
6th Grade	49	49	-	4	4	-	2	2	-	1	1	-
7th Grade	53	53	-	5	5	-	-	-	-	-	-	-
8th Grade	57	57	-	4	4	-	1	1	-	1	1	-
9th Grade	66	66	-	5	5	-	3	3	-	3	3	-
10th Grade	44	44	-	4	4	-	-	-	-	-	-	-
11th Grade	40	40	-	5	5	-	1	1	-	1	1	-
12th Grade	49	49	-	5	5	-	1	1	-	1	1	-
Subtotal	715	715	-	58	58	-	16	16	-	13	13	-
Spec Ed - Elementary	61	61	-	5	5	-			-			-
Spec Ed - Middle School	36	36	-	2	2	-	1		1			-
Spec Ed - High School	31	31	-	4	4	-			-			-
Subtotal	128	128	-	11	11	-	1	-	1	-	-	-
Totals	843	843	-	69	69	-	17	16	1	13	13	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>			<u>5.88%</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.	72	72	-	35	29	6
Special Needs - Public	28	28	-	14	14	-
Totals	100	100	-	49	43	6
			<u>0.00%</u>			<u>12.24%</u>

**HOBOKEN PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
10/14/2016**

	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	2	2	2	2	-
1st Grade	3	3	-	3	3	-
2nd Grade	3	3	-	3	3	-
3rd Grade	2	4	(2)	4	3	1
4th Grade	2	-	2	-	-	-
5th Grade	-	-	-	-	-	-
6th Grade	-	1	(1)	1	1	-
7th Grade	-	1	(1)	1	1	-
8th Grade	1	1	-	1	1	-
9th Grade			-			-
10th Grade			-			-
11th Grade			-			-
12th Grade			-			-
Subtotal	<u>15</u>	<u>15</u>	<u>-</u>	<u>15</u>	<u>14</u>	<u>1</u>
Spec Ed - Elementary			-			-
Spec Ed - Middle School	1	-	1			-
Spec Ed - High School			-			-
Subtotal	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u><u>16</u></u>	<u><u>15</u></u>	<u><u>1</u></u>	<u><u>15</u></u>	<u><u>14</u></u>	<u><u>1</u></u>
Percentage Error			<u>6.25%</u>			<u>6.67%</u>

**HOBOKEN PUBLIC SCHOOLS
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SECTION 1

Calculation A: 2% Excess Surplus:

2016-2017 Total General Fund Expenditures Reported on Exhibit C-1	\$ 58,925,295	
Less: Expenditures allocated to restricted federal sources as reported on Exhibit D-2	518,875	<u>518,875</u>
2016-2017 Adjusted General Fund and Other State Expenditures		\$ 58,406,420
Increased by:		
Transfer from Capital Reserve to Capital Projects	\$ 2,800,000	
Transfers to Special Revenue Fund- Preschool Aid	443,340	
Decreased by:		
On-Behalf TPAF Pension & Social Security	(5,317,428)	<u>(5,317,428)</u>
Adjusted 2016-2017 General Fund Expenditures		56,332,332
2% of Adjusted 2016-2017 General Fund Expenditures		<u>\$ 1,126,647</u>
Enter Greater of 2% of Adjusted 2016-2017 General Fund Expenditures or \$250,000	\$ 1,126,647	
Increased by: Allowable Adjustment	308,755	<u>308,755</u>
Maximum Unassigned Fund Balance		<u>\$ 1,435,402</u>

SECTION 2

Total General Fund - Fund Balances at June 30, 2017 (Per CAFR Budgetary Comparison Schedule/Statement)	\$ 6,810,266	
Decreased by:		
Reserved for Encumbrances	353,528	
Restricted Fund Balances - Capital Reserve	1,601,801	
Restricted Fund Balance- Maintenance Reserve	1,107,633	
Restricted Fund Balance- Emergency Reserve	580,000	
Excess Surplus- Designated for Subsequent Year's Expenditures	639,281	
Assigned, Designated for Subsequent Year's Expenditures- Reduced State Aid	213,650	<u>213,650</u>
Total Unassigned Fund Balance		<u>\$ 2,314,373</u>

SECTION 3

Restricted Fund Balance - Excess Surplus		<u>\$ 878,971</u>
* <u>Detail of Allowable Adjustment</u>		
Extraordinary Aid (Unbudgeted Portion)	\$ 156,901	
Impact Aid	151,854	<u>151,854</u>
		<u>\$ 308,755</u>

HOBOKEN PUBLIC SCHOOLS
Encumbrances
For the Fiscal Year Ended June 30, 2017

Encumbrances per the June 30, 2017 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	7,291	7,291		
Special Education Instruction	2,978	2,978		
School Sponsored Co-Curricular	7,109	7,109		
Other Instruction				
Student Support Services	7,098	7,098		
General Administration	126,675	126,675		
School Administration	2,575	2,575		
Central Services & Admin. Info.	50,500	50,500		
Operations and Maintenance	26,637	26,637		
Transportation	22,963	22,963		
Unallocated Benefits				
Charter Schools				
Capital Outlay	99,702	99,702		
	<u>353,528</u>	<u>353,528</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>\$ 353,528</u>

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Internal controls over the processing of payroll be enhanced to ensure employees are paid at correct rates and only for hours actually worked.
2. Tax remittances be made in a timely manner in accordance with IRS and State taxation requirements.
3. Outstanding purchase orders be reviewed at year-end to be properly classified or otherwise be cancelled.

III. School Purchasing Program

It is recommended that in all instances, political contribution forms be obtained and retained on file for vendors where required by Statute.

IV. School Food Services

There are none.

V. After School Program

It is recommended that a formal cash receipt ledger be maintained for After School Program collections and registration forms be retained and made available for audit.

VI. Student Activity Funds

- * It is recommended that efforts be made to limit the reimbursements paid to individuals from the high school student activity accounts.

VII. Application for State School Aid

There are none.

VIII. Pupil Transportation

It is recommended that internal controls be enhanced over the preparation of the DRTRS reporting.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

RECOMMENDATIONS

IX. Facilities and Capital Assets

It is recommended that all additions be properly reflected in the District's capital asset inventory.

X. Miscellaneous

There are none.

XI. Follow-up on Prior Year Findings

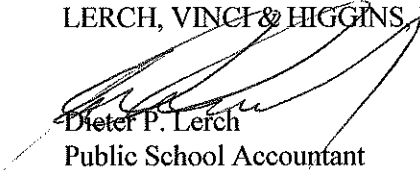
A review was performed on all prior years' recommendations and corrective action was taken on all except the item denoted with an asterisk (*).

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