

**HOBOKEN PUBLIC SCHOOLS
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2015**

**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, 2015, and have issued our report thereon dated December 7, 2015.

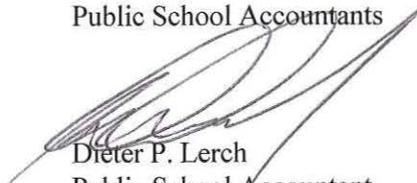
As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

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
December 7, 2015

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015**

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.

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 – With respect to our audit of Title I, IDEA and Preschool Education Aid Programs, the invoices submitted by Catapult did not provide adequate detail to properly support the number of students serviced, the services provided as well as the hourly rates charged. Additionally, the contract did not always specify the detail of services and corresponding rates to be charged (**CAFR Finding 2015-001 and 2015-003**).

Recommendation – All invoices submitted by Catapult be detailed and properly supported as to the number of students serviced, the services provided and the hourly rates charged be expressly approved in the contract. Furthermore, the District pre-audit bills submitted by Catapult to verify proper charges.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was made in accordance with State law (90) days and properly reported as obligated and not expended.

Non-Public State Aid

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

During 2014/15, the New Jersey Department of Education, Office of Fiscal Accountability and Compliance, conducted an on-site monitoring review of the District's federal grant programs, including Title I, IDEA Basic, IDEA preschool, Title IIA, Title III and Title III Immigrant. As a result of this review, the Department issued a Consolidated Monitoring Report dated May 2015. Within this report, there were findings and recommendations cited for various programs. The Board has filed a corrective action plan to address the recommendations.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (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 \$18,300. 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.

Finding – All professional service contracts awarded were not advertised in accordance with N.J.S.A. 18A:18A-5a(1).

Recommendation – All professional service contracts awarded be advertised in the District's official newspaper in accordance with Local Public Contracts Law.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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.

The number of meals claimed for reimbursement was verified against meal count records with exception. As part of the claims review process the Edit Check Worksheet was completed.

Finding – Our audit of the meal reimbursements revealed several instances where the number of meals claimed did not agree with the monthly edit worksheets. In addition, the incorrect number of operating days for November 2014 was claimed. Also, not all after school snack tally sheets were available for audit (**CAFR Finding 2015-002**).

Recommendation – Prior to submitting reimbursement claims, the amounts to be reported should be verified to the meal count activity records and edit check worksheets.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The free and reduced price meal and free milk policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

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 a break-even guaranteed whereas the FSMC agreed to reimbursement of the District in an amount not to exceed the FSMC's annual management fee and general support services allowance. This provision has been met and the FSMC will reimburse the District \$71,687.

Finding – Our audit of the food service fund revenue records revealed the amount of receipts realized by the District for special functions did not agree to the amount reported on the FSMC's operating statement. The amount reflected on the operating statement was greater than the District's revenues by approximately \$57,000.

Recommendation – District revenue records should be reconciled with the Food Service Management Company's operating statement on a monthly basis.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Food Service Fund

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.

Food Distribution Program commodities were received and a separate inventory were maintained on a first-in, first-out basis.

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

Finding – Our audit revealed certain instances where collections were not always deposited in a timely manner.

Recommendation – All food service collections be deposited in a timely manner.

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.

Scholarship Funds

Cash receipts and disbursement records were maintained for scholarship accounts.

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 supporting documentation was not provided for several reimbursements made to individuals.

Recommendation – Efforts be made to limit the reimbursements paid to individuals from the student activity accounts and proper vendor invoices be attached to payment vouchers to support any reimbursements.

Finding – Our audit of the high school athletic events revealed several instances where deposits were not made timely.

Recommendation – All high school athletic events collections be deposited in a timely manner.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Student Activity Accounts (Continued)

Finding – Our audit of the high school student activity account revealed several instances where a check was issued with only one of the two required authorization signatures.

Recommendation – All checks issued from the high school 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, 2014 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 an isolated exception. The information that was included on the workpapers was verified with immaterial 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 2014-2015 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 isolated 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

The District review reporting of accumulated depreciation on building improvements added with effective date of original building not date of improvements.

**HOBOKEN PUBLIC SCHOOLS
 ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SCHEDULE OF MEAL COUNT ACTIVITY

<u>Program</u>	<u>Meals Category</u>	<u>Meals/Milks Claimed</u>	<u>Meals/Milks Tested</u>	<u>Meals/Milks Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>Under Claim</u>
National School Lunch (High Rate)	Paid	39,084	20,151	20,125	26	\$ 0.340	\$ 8.84
	Reduced	10,972	5,769	5,773	(4)	2.650	(11)
	Free	<u>124,109</u>	<u>64,305</u>	<u>64,305</u>	<u>-</u>	3.115	<u>-</u>
	Total Lunch	<u>174,165</u>	<u>90,225</u>	<u>90,203</u>	<u>22</u>		<u>\$ (1.76)</u>
School Breakfast (Severe Needs Rate)	Paid	7,716	3,985	3,988	(3)	0.280	\$ (0.84)
	Reduced	1,392	756	756	-	1.630	-
	Free	<u>39,826</u>	<u>20,257</u>	<u>20,260</u>	<u>(3)</u>	1.930	<u>(5.79)</u>
	Total Breakfast	<u>48,934</u>	<u>24,998</u>	<u>25,004</u>	<u>(6)</u>		<u>\$ (6.63)</u>
School Breakfast (Regular Rate)	Paid	5,353	2,538	2,524	14	0.280	\$ 3.92
	Reduced	62	35	35	-	1.280	-
	Free	<u>988</u>	<u>448</u>	<u>448</u>	<u>-</u>	1.580	<u>-</u>
	Total Breakfast	<u>6,403</u>	<u>3,021</u>	<u>3,007</u>	<u>14</u>		<u>\$ 3.92</u>
School Snacks (Regular)	Free	<u>13,181</u>	<u>5,995</u>	<u>5,988</u>	<u>7</u>	0.82	\$ 5.74
	Total Snacks	<u>13,181</u>	<u>5,995</u>	<u>5,988</u>	<u>7</u>		<u>\$ (2.65)</u>

SCHEDULE OF NET CASH RESOURCES
Proprietary Funds - Food Service

		Food Service B - 4/5	
<u>Net Cash Resources:</u>			
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ -
B-4		Due from Other Gov'ts	170,294
B-4		Accounts Receivable	81,845
B-4		Due from Other Funds	48,640
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(230,555)
B-4		Less Accruals	
B-4		Less Due to Other Funds	0
B-4		Less Deferred Revenue	0
		Net Cash Resources	<u>\$ 70,224</u> (A)
 <u>Net Adj. Total Operating Expense:</u>			
B-5		Tot. Operating Exp.	1,033,361
B-5		Less Depreciation	(12,408)
		Adj. Tot. Oper. Exp.	<u>\$ 1,020,953</u> (B)
 <u>Average Monthly Operating Expense:</u>			
		B / 10	<u>\$ 102,095</u> (C)
 <u>Three times monthly Average:</u>			
		3 X C	<u>\$ 306,286</u> (D)

TOTAL IN BOX A	\$ 70,224
LESS TOTAL IN BOX D	\$ (306,286)
NET	<u>\$ (236,062)</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, 2014**

	2015-16 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	86	-	86	-	-	-	86	-	86	-	-	-	-	-	-	-
Half Day Preschool - 4 years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool - 4 years	70	-	70	-	-	-	70	-	70	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	224	-	224	-	-	-	18	-	18	-	-	-	-	-	-	-
1st Grade	163	-	163	-	-	-	30	-	30	-	-	-	-	-	-	-
2nd Grade	180	-	180	-	-	-	17	-	17	-	-	-	-	-	-	-
3rd Grade	91	-	91	-	-	-	49	-	49	-	-	-	-	-	-	-
4th Grade	96	-	96	-	-	-	21	-	21	-	-	-	-	-	-	-
5th Grade	92	-	92	-	-	-	10	-	10	-	-	-	-	-	-	-
6th Grade	98	-	98	-	-	-	59	-	59	-	-	-	-	-	-	-
7th Grade	86	-	86	-	-	-	80	-	80	-	-	-	-	-	-	-
8th Grade	77	-	77	-	-	-	70	-	70	-	-	-	-	-	-	-
9th Grade	110	-	110	-	-	-	82	-	82	-	-	-	-	-	-	-
10th Grade	117	-	117	-	-	-	80	-	80	-	-	-	-	-	-	-
11th Grade	114	-	114	-	-	-	83	-	83	-	-	-	-	-	-	-
12th Grade	75	-	75	-	-	-	62	-	62	-	-	-	-	-	-	-
Subtotal	1,679	-	1,679	-	-	-	817	-	817	-	-	-	-	-	-	-
Spec Ed - Elementary	110	-	110	-	-	-	6	-	6	-	-	-	9	8	8	-
Spec Ed - Middle School	44	-	44	-	-	-	3	-	3	-	-	-	6	5	5	-
Spec Ed - High School	54	-	54	-	-	-	45	-	45	-	-	-	9	8	8	-
Subtotal	208	-	208	-	-	-	54	-	54	-	-	-	24	21	21	-
Totals	1,887	-	1,887	-	-	-	871	-	871	-	-	-	24	21	21	-
Percentage Error					<u>0.00%</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 15, 2014**

	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	97	97	-	6	5	1	-	-	-	-	-	-
1st Grade	77	77	-	5	4	1	2	2	-	1	1	-
2nd Grade	109	109	-	6	6	-	1	1	-	1	1	-
3rd Grade	58	58	-	4	4	-	-	-	-	-	-	-
4th Grade	76	75	1	4	4	-	2	2	-	2	1	1
5th Grade	76	76	-	5	5	-	1	1	-	1	1	-
6th Grade	83	83	-	5	5	-	3	3	-	2	2	-
7th Grade	74	74	-	4	4	-	-	-	-	-	-	-
8th Grade	72	72	-	4	4	-	-	-	-	-	-	-
9th Grade	100	100	-	4	4	-	1	1	-	1	1	-
10th Grade	97	97	-	4	4	-	2	2	-	2	2	-
11th Grade	94	94	-	4	4	-	-	-	-	-	-	-
12th Grade	66	66	-	3	3	-	1	1	-	1	1	-
Subtotal	1,079	1,078	1	58	56	2	13	13	-	11	10	1
Spec Ed - Elementary	84	84	-	5	5	-	-	-	-	-	-	-
Spec Ed - Middle School	41	41	-	2	2	-	-	-	-	-	-	-
Spec Ed - High School	53	53	-	3	2	1	-	-	-	-	-	-
Subtotal	178	178	-	10	9	1	-	-	-	-	-	-
Totals	1,257	1,256	1	68	65	3	13	13	-	11	10	1
Percentage Error			<u>0.08%</u>			<u>4.41%</u>			<u>0.00%</u>			<u>9.09%</u>

	Transportation			Tested	Verified	Errors
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors			
Regular - Public Schools	3	3	-	2	2	-
Transported - Non-Public	-	-	-	-	-	-
Regular - Spec.	74	74	-	35	34	1
Special Needs - Public	26	26	-	12	12	-
Totals	103	103	-	49	48	1
			<u>0.00%</u>			<u>2.04%</u>

**HOBOKEN BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
SCHEDULE OF AUDITED ENROLLMENTS
OCTOBER 15, 2014**

	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	3	3	-	2	2	-
1st Grade	2	2	-	1	1	-
2nd Grade	4	4	-	2	2	-
3rd Grade	1	1	-	-	-	-
4th Grade	2	2	-	2	2	-
5th Grade	-	-	-	-	-	-
6th Grade	-	-	-	-	-	-
7th Grade	-	-	-	-	-	-
8th Grade	-	-	-	-	-	-
9th Grade	-	-	-	-	-	-
10th Grade	-	-	-	-	-	-
11th Grade	-	-	-	-	-	-
12th Grade	-	-	-	-	-	-
Subtotal	12	12	-	7	7	-
Spec Ed - Elementary	1	-	1	-	-	-
Spec Ed - Middle School	-	-	-	-	-	-
Spec Ed - High School	-	-	-	-	-	-
Subtotal	1	-	1	-	-	-
Totals	13	12	1	7	7	-
Percentage Error			<u>7.69%</u>			<u>0.00%</u>

**HOBOKEN PUBLIC SCHOOLS
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SECTION 1

Calculation A: 2% Excess Surplus:

2014-2015 Total General Fund Expenditures Reported on Exhibit C-1	\$	52,532,574
Less: Expenditures allocated to restricted federal sources as reported on Exhibit D-2		480,174
2014-2015 Adjusted General Fund and Other State Expenditures	\$	52,052,400
Increased by:		
Transfers to Special Revenue Fund- Preschool Aid		286,000
Decreased by:		
On-Behalf TPAF Pension & Social Security		(4,026,670)
Adjusted 2014-2015 General Fund Expenditures		48,311,730
2% of Adjusted 2014-2015 General Fund Expenditures	\$	966,235
Enter Greater of 2% of Adjusted 2014-2015 General Fund Expenditures or \$250,000	\$	966,235
Increased by: Allowable Adjustment		208,850
Maximum Unassigned Fund Balance	\$	1,175,085

SECTION 2

Total General Fund - Fund Balances at June 30, 2015 (Per CAFR Budgetary Comparison Schedule/Statement)	\$	6,403,536
Decreased by:		
Reserved for Encumbrances		2,055,002
Restricted Fund Balances - Capital Reserve		900,001
Restricted Fund Balance- Maintenance Reserve		1,107,633
Assigned, Designated for Subsequent Year's Expenditures		728,067
Total	\$	1,612,833

SECTION 3

Restricted Fund Balance - Excess Surplus	\$	437,748
* <u>Detail of Allowable Adjustment</u>		
Extraordinary Aid (Unbudgeted Portion)	\$	24,936
Impact Aid		183,914
	\$	208,850

HOBOKEN PUBLIC SCHOOLS
Encumbrances
For the Fiscal Year Ended June 30, 2015

Encumbrances per the June 30, 2015 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	478,274	478,274		
Special Education Instruction	13,210	13,210		
School Sponsored Co-Curricular	17,875	17,875		
Other Instruction	553	553		
Student Support Services	111,480	111,480		
General Administration	191,184	191,184		
School Administration	2,237	2,237		
Central Services & Admin. Info.	31,820	31,820		
Operations and Maintenance	314,635	314,635		
Transportation	88,595	88,595		
Unallocated Benefits	203,298	203,298		
Charter Schools	601,841	601,841		
Capital Outlay	-	-		
	<u>2,055,002</u>	<u>2,055,002</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><u>\$ 2,055,002</u></u>

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that with respect to Title I, IDEA and Preschool Education Aid programs, all invoices submitted by Catapult be detailed and properly supported as to the number of students serviced, the services provided and the hourly rates charged be expressly approved in the contract. Furthermore, the District pre-audit bills submitted by Catapult to verify proper charges.

III. School Purchasing Program

It is recommended that all professional service contracts awarded be advertised in the District's official newspaper in accordance with Local Public Contracts Law.

IV. School Food Services

It is recommended that:

1. Prior to submitting reimbursement claims, the amounts to be reported should be verified to the meal count activity records and edit check worksheets.
2. District revenue records should be reconciled with the Food Service Management Company's operating statement on a monthly basis.
- * 3. All food service collections be deposited in a timely manner.

V. After School Program

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

VI. Scholarship Account

There are none.

VII. Student Activity Funds

It is recommended that:

1. Efforts be made to limit the reimbursements paid to individuals from the student activity accounts and proper vendor invoices be attached to payment vouchers to support any reimbursements.
2. All high school athletic events collections be deposited in a timely manner.
3. All checks issued from the high school 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, 2015**

RECOMMENDATIONS

VIII. Application for State School Aid

There are none.

IX. Pupil Transportation

There are none.

X. Facilities and Capital Assets

There are none.

XI. Miscellaneous

There are none.

XII. Follow-up on Prior Year Findings

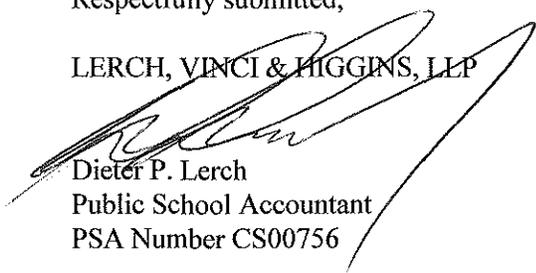
A review was performed on all prior years' recommendations and corrective action was taken on all except the item denoted with an asterisk(*).

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