

**HOBOKEN PUBLIC SCHOOLS
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2009**

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

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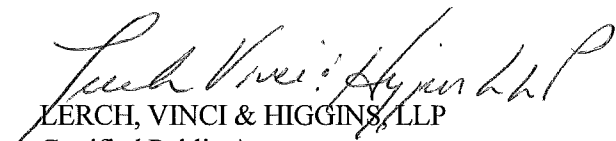
Honorable President and Members
of the Board of Trustees
Hoboken Public Schools
Hoboken, New Jersey


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, State of New Jersey as of and for the year ended June 30, 2009, and have issued our report thereon dated November 12, 2009.

As part of our audit, we performed procedures required by the New Jersey Department of Education, 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 of the Board of Trustees, school administration and the New Jersey State Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

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 12, 2009

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, 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>
David Anthony	Board Secretary	\$300,000
Nichola Trasente	Treasurer of School Monies	305,000

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.

Finding – The District's accounts held with New Jersey Cash Management and Hoboken Federal Credit Union were not designated as official depositories of the District.

Recommendation – All bank accounts be designated annually as official depositories of the District.

Tuition Charges

Finding - A comparison of tentative tuition charges and actual certified tuition charges was not made.

Recommendation – The District review tuition charges and actual State certified tuition rates and adjust the billings to sending districts, accordingly.

Finding – Certain tuition billings for the 2008/2009 entire year were not forwarded to the sending districts until after year end.

Recommendation – Annual tuition billings should be provided to sending districts prior to year end.

Finding – The District did not adopt the following policies and procedures as required by the State's accountability regulations as of June 30, 2009:

- Policy on SEMI Reimbursement (N.J.A.C. 6A:23A-5-3(e)1).
- Vehicle Tracking and Use Policy (N.J.A.C. 6A:23A-6.11)

Recommendation – Written policies and procedures regarding SEMI reimbursement and vehicle tracking and use as required by the State's accountability regulations be submitted to the Board for their approval.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Financial Planning, Accounting and Reporting

Examination of Claims

Finding – Our examination of the District’s health insurance bills revealed a certain individual who apparently was on an unapproved medical leave of absence who continued to receive health benefits during this time. This exception appears to be an isolated instance, therefore, no recommendation is warranted.

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 for the payroll periods tested.

Finding – Our audit revealed certain differences between pension withholdings per payroll records and amount remitted.

Recommendation – Quarterly State pension reports be reconciled with actual employee deductions.

Finding – We noted a detailed payroll deduction subsidiary ledger by withholding category was not updated for the year ending June 30, 2009.

Recommendation – The District maintain a payroll deduction subsidiary ledger by withholding category that agrees to the reconciled cash balance on a monthly basis.

Finding – The approval(s) required on payroll overtime forms is not consistently applied throughout the District.

Recommendation – The procedures relating to approval of payroll overtime be reviewed and formalized in a Board policy.

Finding – Certain stipends being paid to individuals could not be verified to supporting documentation and/or Board approval.

Recommendation – All stipends be reviewed updated for accuracy and approved by Board resolution.

Finding – Our audit of payroll revealed that the disability insurance paid by the Board in accordance with certain employees’ contracts was not properly reflected on employees’ IRS W-2 Forms.

Recommendation – All compensation paid to or on behalf of the Board employees be properly reported on employees’ Form W-2 Wage and Tax Statements as outlined by IRS Regulations.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Financial Planning, Accounting and Reporting (Continued)

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. Our procedures revealed exceptions with respect to proper classification of accounts payable and reserve for encumbrances.

Finding – Certain purchase orders which were classified as encumbrances by the District as of June 30, 2009 were determined to be accounts payable or were deemed invalid.

Recommendation – Internal controls be reviewed and enhanced to ensure open purchase orders are reviewed for validity and properly classified as accounts payable or encumbrances at year end.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(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:23-8.2. As a result of the procedures performed, no additional procedures were deemed necessary to test the propriety of expenditure classification.

Finding – During our tests of transactions, it was noted that the District miscoded certain salary expenditures to improper budget appropriation accounts.

Recommendation – The district should reference The Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2008 Edition and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with NJAC 6A:23-2(f).

Board Secretary's Records

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

Business Administrator's Records

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 and Treasurer's monthly financial reports were included in the minutes.

The prescribed contractual order system was followed with exception as previously noted.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Financial Planning, Accounting and Reporting (Continued)

Business Administrator's Records (Continued)

Our review of the financial and accounting records maintained by the Business Administrator disclosed the following:

Finding – The District transferred to general administration appropriation accounts as defined under N.J.A.C. 6A:10A that on a cumulative basis, exceeded 10 percent of the amount included in the original budget without first submitting transfer request to Department of Education for approval. The District also made transfers from accounts which on a cumulative basis exceeded 10 percent of the amount included in the original budget. These transfers were not submitted and approved by the Department of Education until October 2009.

Recommendation – Department of Education approval should be requested for any transfer which exceeds 10 percent to/from an advertised appropriation account as defined under N.J.A.C. 6A:10A.

Finding – Certain budget appropriation line items were overexpended as a result of audit adjustments to reclassify certain expenditures and to accrue additional liabilities. No recommendation is warranted since recommendations have been made pertaining to the improper classification and accrual of certain expenditures.

Finding – IRS Tax Reporting 1099 Forms for 2008 do not appear to have been properly issued to all required vendors.

Recommendation – IRS Tax Reporting 1099 Forms be properly issued to all vendors required in accordance with IRS regulations.

Treasurer's Records

The Treasurer did perform reconciliations for all required accounts.

The Treasurer's records were in agreement with the Board Secretary's records.

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.

Our examination of the E.S.E.A./NCLB 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.

Other Special Federal and/or State Projects

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

Our examination of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Financial Planning, Accounting and Reporting (Continued)

Other Special Federal and/or State Projects (Continued)

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

Finding – The District received a report from the Department of Education, Office of Fiscal Accountability and Compliance dated June 26, 2009 regarding the Department’s Limited Review of Early Childhood Education Program. The review disclosed certain findings. The District has developed a corrective action plan in response to the findings which the Board has approved at the August 2009 meeting.

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.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2005 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-3 (as amended) and 18A:39-3 are \$21,000 and \$16,200 respectively.

Finding – The District does not have a formal written purchasing policy manual.

Recommendation – A formal written purchasing policy manual be developed and implemented.

Finding – Purchases of the following items exceeded the bid threshold and were not awarded by public bid in accordance with N.J.S.A. 18A:18A-4.

- Janitorial supplies
- Office supplies
- Music/audio supplies
- Equipment reconditioning

Recommendation – All District purchases for goods and services which in the aggregate exceeds the bid threshold be publicly bid in accordance with the Local Public Contracts Law N.J.S.A. 18A:18A-4.

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.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

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.

The results of our examination did indicate that individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

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 – A certain contract in excess of bid threshold awarded pursuant to State contract was not approved by Board resolution. This appears to be isolated, therefore no recommendation is warranted.

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. Reimbursement vouchers were timely filed.

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 was completed and available for review.

Finding – Our audit of the meal reimbursements revealed several instances where the number of meals claimed did not agree with meal count records. In addition, certain meal count records were not available.

Recommendation – Prior to submitting reimbursement claims to the U.S. Department of Agriculture, meals claimed should be verified to the meal count activity records and edit check worksheets.

Finding – Our audit revealed a year end deficit of \$244,992 in unrestricted net assets of the Food Service Fund.

Recommendation – Appropriate action be taken to ensure adequate funds are available to sustain the operations of the Food Service Fund.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Food Service Fund (Continued)

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 – Deposit slips for the period July 2008 through February 2009 were not made available for audit. In addition, not all deposit slips from March 2009 through June 2009 were available for audit.

Recommendation – All deposit slips for food service collections be retained and made available for audit.

Finding – Our audit revealed that food service deposits were not always being made timely.

Recommendation – Food service collections be deposited in a timely manner.

Student Body Activities

Finding – Our audit of the student activity accounts revealed the following:

With respect to the High School account:

- a. No approval signatures (i.e., Principal, Faculty Advisor) are required on payment authorization forms.
- b. A certain disbursement reviewed did not appear to be related to student activities functions.
- c. Scholarship activity is being accounted for in student activity account.

With respect to the Connors account:

- a. No approval signatures (i.e., Principal, Faculty Advisor) are required on payment authorization forms.
- b. One instance noted where amount of deposit does not agree to deposit summary form.

With respect to the Brandt account:

- a. Supporting documentation was not provided for receipts and disbursements.

With respect to the A.J. Demarest account:

- a. No approval signatures (i.e., Principal, Faculty Advisor) are required on payment authorization forms.
- b. A certain disbursement reviewed did not appear to be related to student activities functions.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Food Service Fund (Continued)

With respect to the Wallace account:

- a. Bank statements for previous bank account could not be located for audit.
- b. Prenumbered receipts/deposit summary forms are not being utilized for monies received.
- c. No approval signatures (i.e., Principal, Faculty Advisor) are required on payment authorization forms.

With respect to the Calabro account:

- a. Deposit slips were not always made available for audit.
- b. No approval signatures (i.e., Principal, Faculty Advisor) are required on payment authorization forms.
- c. Supporting documentation for certain disbursements was not provided for audit.

In addition, certain accounts (i.e., Sunshine Club, Demarest Sports Hall of Fame, Administrators and Supervisors Assn.) reported in prior years could not be located for audit.

Recommendation – With respect to student activity accounts:

- a. All bank statements be obtained and available for audit.
- b. Prenumbered receipts/deposit summary forms be utilized for monies received.
- c. Payment authorization forms require proper approvals and be utilized for disbursements.
- d. Supporting documentation be obtained for all disbursements.
- e. The student activity accounts only be utilized for purposes connected with student related activities and clubs.
- f. All student activity accounts not under Business Office control should be closed.

Scholarship Funds

Finding – Our audit of the Scholarship Funds revealed the following:

- a. No formal authorization is obtained for disbursements.
- b. Only one signature on each account.
- c. Certain bank statements are being sent to various locations other than the Business office.

Recommendation – With respect to the District's various scholarship funds:

- a. Formal authorization be obtained to support the disbursement of fund.
- b. Two signatures be required on all accounts.
- c. All bank statements be delivered directly to the Business Office.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2008 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 without exception. 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, 2009**

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2008-2009 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 differences 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, one student reported as special education was no longer classified.

Recommendation – Internal control procedures over the preparation of DRTRS reporting be enhanced to ensure all services reported are accurately reflected Student's Individualized Education Program (IEP).

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 an At-Risk School District, virtually all SDA grant activity is conducted by the State of New Jersey on behalf of the District.

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 should review inventory valuation conducted by outside appraisal company during 2008/09 to confirm accuracy of building and building improvement values. It appears assets acquired by on-behalf SDA improvements funded by the State are not accurately reflected in inventory report.

**HOBOKEN PUBLIC SCHOOLS
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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	54,343	27,050	27,438	(388)	0.26	(101)
	Reduced	19,178	10,455	11,277	(822)	2.19	(1,800)
	Free	<u>135,720</u>	<u>71,941</u>	<u>73,527</u>	<u>(1,586)</u>	2.59	(4,108)
	Total Lunch	<u>209,241</u>	<u>109,446</u>	<u>112,242</u>	<u>(2,796)</u>		<u>(6,009)</u>
School Breakfast (Severe Needs Rate)	Paid	8,449	4,079	4,097	(18)	0.25	(5)
	Reduced	4,956	2,669	2,636	33	1.38	46
	Free	<u>52,519</u>	<u>28,973</u>	<u>28,993</u>	<u>(20)</u>	1.68	(34)
	Total Breakfast	<u>65,924</u>	<u>35,721</u>	<u>35,726</u>	<u>(5)</u>		<u>7</u>
School Snacks (Regular)	Free	<u>7,745</u>	<u>5,356</u>	<u>5,356</u>	<u>-</u>	0.71	-
	Total Snacks	<u>7,745</u>	<u>5,356</u>	<u>5,356</u>	<u>-</u>		<u>\$ (6,001)</u>

HOBOKEN PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2008
SCHEDULE OF AUDITED ENROLLMENTS

	2009-2010 Application for State School Aid				Sample for Verification				Private Schools for Disabled					
	Reported on A.S.S.A. On Roll		Workpapers On Roll		Sample Selected from Workpapers		Register Verified per Register On Roll		Errors per Register On Roll		Reported on A.S.S.A. as Private Schools		Sample for Verification	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Half Day Preschool 3 Years Old	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool 3 Years Old	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Preschool 4 Years Old	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool 4 Years Old	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	223	-	223	-	22	-	22	-	22	-	-	-	-	-
Grade 1	207	-	207	-	94	-	94	-	94	-	-	-	-	-
Grade 2	182	-	182	-	51	-	51	-	51	-	-	-	-	-
Grade 3	153	-	153	-	15	-	15	-	15	-	-	-	-	-
Grade 4	130	-	130	-	14	-	14	-	14	-	-	-	-	-
Grade 5	146	-	146	-	20	-	20	-	20	-	-	-	-	-
Grade 6	110	-	110	-	29	-	29	-	29	-	-	-	-	-
Grade 7	121	-	121	-	55	-	55	-	55	-	-	-	-	-
Grade 8	113	-	113	-	9	-	9	-	9	-	-	-	-	-
Grade 9	114	-	114	-	16	-	16	-	16	-	-	-	-	-
Grade 10	125	-	125	-	106	-	106	-	106	-	-	-	-	-
Grade 11	117	-	117	-	105	-	105	-	105	-	-	-	-	-
Grade 12	151	-	151	-	17	-	17	-	17	-	-	-	-	-
Post-Graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult High School (15+ Credits)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adult High School (1-14 Credits)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	1,892	-	1,892	-	553	-	553	-	553	-	-	-	-	-
Sp Ed - Elementary	101	-	101	-	20	-	20	-	20	-	6	-	5	5
Sp Ed - Middle School	61	-	61	-	12	-	12	-	12	-	4	-	2	2
Sp Ed - High School	130	-	130	-	26	-	26	-	26	-	1	-	2	2
Subtotal	292	-	292	-	58	-	58	-	58	-	11	-	9	9
County Vocational - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-
County Vocational - F.T. Post-Second	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	2,184	-	2,184	-	611	-	611	-	611	-	11	-	9	9
Percentage Error					0.00%				0.00%					

**HOBOKEN PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2008
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool 3 Years Old	-	-	-	-	-	-
Full Day Preschool 3 Years Old	-	-	-	-	-	-
Half Day Preschool 4 Years Old	-	-	-	-	-	-
Full Day Preschool 4 Years Old	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	93	93	-	10	10	-
Grade 1	105	105	-	10	10	-
Grade 2	91	91	-	9	9	-
Grade 3	81	81	-	7	7	-
Grade 4	76	76	-	6	6	-
Grade 5	87	87	-	8	8	-
Grade 6	72	72	-	7	7	-
Grade 7	68	68	-	8	8	-
Grade 8	69	69	-	7	7	-
Grade 9	84	84	-	8	8	-
Grade 10	83	83	-	7	7	-
Grade 11	78	78	-	7	7	-
Grade 12	103	103	-	10	10	-
Post-Graduate	-	-	-	-	-	-
Adult High School (15+ Credits)	-	-	-	-	-	-
Adult High School (1-14 Credits)	-	-	-	-	-	-
Subtotal	1,090	1,090	-	104	104	-
Sp Ed - Elementary	78	78	-	7	7	-
Sp Ed - Middle School	42	42	-	3	3	-
Sp Ed - High School	98	98	-	8	8	-
Subtotal	218	218	-	18	18	-
County Vocational - Regular	-	-	-	-	-	-
County Vocational - F.T. Post-Second	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	1,308	1,308	-	122	122	-
Percentage Error			0.00%			0.00%

	Resident LEP Low Income			Sample for Verification		
	Reported on ASAA	Reported on Workpapers	Errors	Sample Selected	Verified to Test Score and Register	Errors
Subtotal	29	29	-	26	26	-
Sp Ed - Elementary	1	1	-	-	-	-
Sp Ed - Middle School	-	-	-	-	-	-
Sp Ed - High School	-	-	-	-	-	-
Subtotal	1	1	-	-	-	-
County Vocational - Regular	-	-	-	-	-	-
County Vocational - F.T. Post-Second	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	30	30	-	26	26	-
Percentage Error			0.00%			0.00%

	Resident Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool 3 Years Old	-	-	-	-	-	-
Full Day Preschool 3 Years Old	-	-	-	-	-	-
Half Day Preschool 4 Years Old	-	-	-	-	-	-
Full Day Preschool 4 Years Old	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	93	93	-	10	10	-
Grade 1	105	105	-	10	10	-
Grade 2	91	91	-	9	9	-
Grade 3	81	81	-	7	7	-
Grade 4	76	76	-	6	6	-
Grade 5	87	87	-	8	8	-
Grade 6	72	72	-	7	7	-
Grade 7	68	68	-	8	8	-
Grade 8	69	69	-	7	7	-
Grade 9	84	84	-	8	8	-
Grade 10	83	83	-	7	7	-
Grade 11	78	78	-	7	7	-
Grade 12	103	103	-	10	10	-
Post-Graduate	-	-	-	-	-	-
Adult High School (15+ Credits)	-	-	-	-	-	-
Adult High School (1-14 Credits)	-	-	-	-	-	-
Subtotal	1,090	1,090	-	104	104	-
Sp Ed - Elementary	78	78	-	7	7	-
Sp Ed - Middle School	42	42	-	3	3	-
Sp Ed - High School	98	98	-	8	8	-
Subtotal	218	218	-	18	18	-
County Vocational - Regular	-	-	-	-	-	-
County Vocational - F.T. Post-Second	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	1,308	1,308	-	122	122	-
Percentage Error			0.00%			0.00%

	Transportation		
	Reported on DRTS by DOE	Reported on DRTS by District	Errors
Reg. - Public Schools	7	7	-
Regular - Special Ed	52	52	-
Transported - Non Public	-	-	-
Special Needs	18	18	-
Subtotal	77	77	-
Tested	59	59	4
Verified	55	55	4
Errors	-	-	-
Percentage Error			6.8%

HOBOKEN PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2008
SCHEDULE OF AUDITED ENROLLMENTS

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on ASSA Not Low Income	Reported on Workpapers Not Low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
Half Day Preschool 3 Years Old	-	-	-	-	-	-
Full Day Preschool 3 Years Old	-	-	-	-	-	-
Half Day Preschool 4 Years Old	-	-	-	-	-	-
Full Day Preschool 4 Years Old	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-
Full Day Kindergarten	2	2	-	2	2	-
Grade 1	3	3	-	3	3	-
Grade 2	1	1	-	1	1	-
Grade 3	1	1	-	1	1	-
Grade 4	2	2	-	2	2	-
Grade 5	2	2	-	2	2	-
Grade 6	-	-	-	-	-	-
Grade 7	-	-	-	-	-	-
Grade 8	-	-	-	-	-	-
Grade 9	2	2	-	2	2	-
Grade 10	-	-	-	-	-	-
Grade 11	-	-	-	-	-	-
Grade 12	1	1	-	1	1	-
Post-Graduate	-	-	-	-	-	-
Adult High School (15+ Credits)	-	-	-	-	-	-
Adult High School (1-14 Credits)	-	-	-	-	-	-
Subtotal	14	14	-	13	13	-
Sp Ed - Elementary	1	1	-	1	1	-
Sp Ed - Middle School	-	-	-	-	-	-
Sp Ed - High School	1	1	-	-	-	-
Subtotal	2	2	-	1	1	-
County Vocational - Regular	-	-	-	-	-	-
County Vocational - F.T. Post-Second	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	16	16	-	14	14	-
Percentage Error			0.00%			0.00%

**HOBOKEN PUBLIC SCHOOLS
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

SECTION 1

Calculation A: 2% Excess Surplus:

2008-2009 Total General Fund Expenditures Reported on Exhibit C-1	\$	49,680,256
Less: Expenditures allocated to restricted federal sources as reported on Exhibit D-2		927,070
2008-2009 Adjusted General Fund and Other State Expenditures	\$	48,753,186
Decreased by: On-Behalf TPAF Pension & Social Security		2,895,360
Adjusted 2008-2009 General Fund Expenditures		45,857,826
2% of Adjusted 2008-2009 General Fund Expenditures	\$	917,157
Enter Greater of 2% of Adjusted 2008-2009 General Fund Expenditures or \$250,000	\$	917,157
Increased by: Allowable Adjustment		175,082
Maximum Unreserved/Undesignated Fund Balance	\$	1,092,239

SECTION 2 - All Districts

Total General Fund - Fund Balances at June 30, 2009 (Per CAFR Budgetary Comparison Schedule/Statement)	\$	3,699,400
Decreased by:		
Reserved for Encumbrances		178,352
Other Reserved Fund Balances - Capital Reserve		750,000
Excess Surplus - Designated for Subsequent Year's Expenditures		731,739
Unreserved, Designated for Subsequent Year's Expenditures		682,585
Total Unreserved/Undesignated Fund Balance	\$	1,356,724

SECTION 3 - All Districts

Reserved Fund Balance - Excess Surplus **\$ 264,485**

Recapitulation of Excess Surplus as of June 30, 2009

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$	731,739
Reserved Excess Surplus		264,485
Total	\$	996,224

*** Detail of Allowable Adjustment**

Impact Aid \$ 175,082

HOBOKEN PUBLIC SCHOOLS
Encumbrances
For the Fiscal Year Ended June 30, 2009

Encumbrances per the June 30, 2009 Board Secretary Report (General Fund)

Description	Total by Category	Amount Properly Encumbered	Orders Reclassified to Accounts Payable Through Audit Adjustments	Encumbrances Cancelled Through Audit Adjustments
Regular Instruction				
Special Education Instruction	78,035	28,035	2,500	47,500
School Sponsored Co-Curricular Tuition	1,657	1,657		
Student Support Services	828	828		
General Administration	45,857	12,857	15,000	18,000
School Administration	2,291	2,291		
Central Services	39,203	2,935	36,268	
Operations and Maintenance	35,300	35,300		
Transportation	1,050	1,050		
Unallocated Benefits	166,155	9,544	129,771	26,840
Capital Outlay	83,855	83,855		-
	<u>454,231</u>	<u>178,352</u>	<u>183,539</u>	<u>92,340</u>
Total Encumbrances Cancelled During the Audit				92,340
Orders Reclassified to Accounts Payable by Audit Adjustment				<u>183,539</u>
Fund Balance Reserved for Encumbrances in the CAFR				<u>\$ 178,352</u>

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

RECOMMENDATIONS

I. Administration Practices and Procedures

It is recommended that:

1. All bank accounts be designated annually as official depositories of the District.
- * 2. The District review tuition charges and actual State certified tuition rates and adjust billings to sending districts, accordingly.
- * 3. Annual tuition billings should be provided to sending districts prior to year end.
4. Written policies and procedures regarding SEMI reimbursement and vehicle tracking and use as required by the State's accountability regulations be submitted to the Board for their approval.

II. Financial Planning, Accounting and Reporting

It is recommended that:

- * 1. Quarterly State pension reports be reconciled with actual employee deductions.
- * 2. The procedures relating to the approval of payroll overtime be reviewed and formalized in a Board policy.
3. The District maintain a payroll deduction subsidiary ledger by withholding category that agrees to the reconciled cash balance on a monthly basis.
4. All stipends paid to employees be reviewed and updated annually for accuracy and approved by Board resolution.
5. All compensation paid to or on behalf of the Board employees be properly reported on employee's Form W-2 Wage and Tax Statement as outlined by IRS Regulations.
- * 6. Internal controls be reviewed and enhanced to ensure open purchase orders are reviewed for validity and properly classified as accounts payable or encumbrances at year end.
- * 7. The District should reference The Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2008 Edition and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with N.J.A.C. 6A:23-2.2(f).
- * 8. Department of Education approval should be requested for any transfer which exceeds 10 percent to/from an advertised appropriation account, as defined under N.J.A.C. 6A:10A.
- * 9. IRS Tax Reporting 1099 Forms be properly issued to all vendors required in accordance with IRS regulations.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

RECOMMENDATIONS

III. School Purchasing Program

It is recommended that:

- * 1. A formal written purchasing policy manual be developed and implemented.
- * 2. All District purchases for goods and services which in the aggregate exceed the bid threshold be publicly bid in accordance with the Local Public Contracts Law N.J.S.A. 18:18A-4.

IV. School Food Services

It is recommended that:

- * 1. Prior to submitting reimbursement claims to the U.S. Department of Agriculture, meals claimed should be verified to the meal count activity records and edit check worksheets.
- * 2. Appropriate action be taken to ensure adequate funds are available to sustain the operations of the Food Service Fund.
- * 3. All deposit slips for food service collections be retained and made available for audit.
- * 4. Food service collections be deposited in a timely manner.

V. Student Body Activities

It is recommended that with respect to student activity accounts:

- * a. All bank statements be obtained and available for audit.
- * b. Prenumbered receipts/deposit summary forms be utilized for all monies received.
- * c. Payment authorization forms require proper approvals and be utilized for all disbursements.
- * d. Supporting documentation be obtained for all disbursements.
- * e. The student activity accounts only be utilized for purposes connected with student related activities and clubs.
- * f. All student activity accounts not under Business Office control should be closed.

VII. Scholarship Accounts

It is recommended that with respect to the District's various scholarship funds:

- * a. Formal authorization be obtained to support the disbursement of funds.
- * b. Two signatures be required on all accounts.
- * c. All bank statements be delivered directly to the Business Office.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**RECOMMENDATIONS
(Continued)**

VIII. Application for State School Aid

There are none.

IX. Pupil Transportation

It is recommended that internal controls over the preparation of DRTRS reporting be reviewed and enhanced to ensure all services reported are accurately reflected on student's Individualized Education Programs (IEP).

X. Facilities and Capital Assets

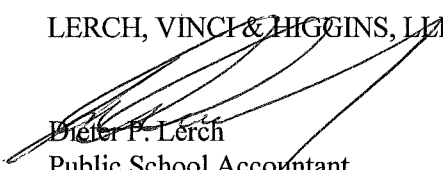
There are none.

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