

**HOBOKEN PUBLIC SCHOOLS
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL COMPLIANCE AND PERFORMANCE
JUNE 30, 2010**

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

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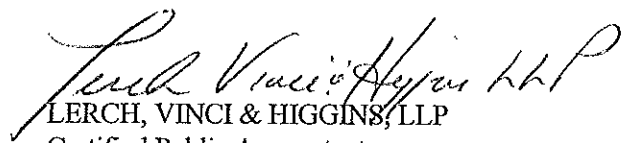
Honorable President and Members
of the Board of Trustees
Hoboken Public Schools
Hoboken, New Jersey


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 in the County of Hudson, State of New Jersey as of and for the year ended June 30, 2010, and have issued our report thereon dated November 30, 2010.

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 C800756

Fair Lawn, New Jersey
November 30, 2010

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, 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
George DeStefano	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.

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 for the payroll periods tested.

Finding – Our audit of payroll revealed that the perfect attendance pay paid by the Board in accordance with certain employees' contracts was not properly reflected on employees' IRS W-2 Forms for calendar year 2009. However, the District's payroll system has been modified to include this pay as taxable compensation beginning in calendar year 2010, therefore no recommendation is warranted.

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 – Our audit revealed that certain capital projects and food services contracts were not encumbered when awarded. In addition, a certain purchase order which was classified as encumbrances by the District as of June 30, 2010 was determined to be accounts payable.

Recommendation – Internal controls be reviewed and enhanced to ensure purchase orders are issued and encumbered for all contracts awarded.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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: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.

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.

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

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 2009 do not appear to have been properly issued to all eligible limited liability corporation vendors.

Recommendation – IRS Tax Reporting 1099 Forms be properly issued to all eligible limited liability corporation vendors in accordance with IRS regulations.

Travel

Finding – Our audit of the District travel expense procedures and policies revealed the following:

- Accountability post travel reports are not always being maintained with payment packet.
- A formal resolution was not approved by the Board setting the annual maximum travel allowance.

Recommendation – District procedures and policies be reviewed to ensure travel expenditures are made in accordance with State travel expense guidelines.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Financial Planning, Accounting and Reporting (Continued)

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.

Finding – The District's Unified Plan for the Title I program does not include any mention of the laptop program.

Recommendation – The District should revise and update the Unified Plan to properly reflect all intended uses of funding.

Finding – The State Department of Education conducted a review of the 2009/2010 American Resource and Recovery Act (ARRA) Funds. The findings noted in the report were as follows;

- The District's Unified Plan does not include any mention of the laptop program.
- The annual parent meeting occurred on May of 2009 for the prior year and is not scheduled until May of 2010 for the current year.
- The District does not have a formal Board policy concerning the reimbursement of grant funds and should submit this to the New Jersey Department of Education for review.

The District is in the process of developing a corrective action plan to address the findings noted in the State's ARRA monitoring report. The District must continue to monitor the approved corrective action plan to ensure each finding has been properly addressed.

Other Special Federal and/or State Projects

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

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

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

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.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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 – An instance was noted where a purchase order was denoted as an emergency purchase for electrical panel repairs, however, proper emergency declaration procedures were not followed.

Recommendation – All emergency contract awards should be formally declared an emergency by the Department Head, be approved by Board resolution and notification of the emergency be given to the County Superintendent.

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.

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.

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 revealed a year end deficit of \$292,115 in unrestricted net assets of the Food Service Fund. The food service management contract for the 2010/2011 year has guaranteed that the operations will at least break even. According to District management, the District has also implemented certain other cost reductions and increased food sales prices in an effort to reduce the deficit. Therefore, no recommendation is deemed warranted.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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 – Our audit over food service collections revealed the following:

- Numerous bank deposit forms and bank deposit slips could not be located for audit.
- Numerous deposits were not made in a timely manner.
- Certain instances where amount per site report does not agree to amount deposited.

Recommendation – Internal controls over food service collections be enhanced.

Scholarship Funds

Finding – Our audit revealed certain scholarship accounts maintained at the Hoboken Federal Credit Union previously opened under the District's entity identification number are not under the District's control and authority. No District personnel are authorized signatures on the account nor do they have control over donations and/or awards. These accounts have been subsequently closed and, therefore, no recommendation is warranted.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2009 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, 2010**

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2009-2010 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 could not be verified to a class register. The exceptions are deemed immaterial, therefore, no recommendation is warranted.

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.

Finding – Our audit revealed the capital asset inventory report was not updated for 2009/2010. Current year additions were provided, however, current year deletions were not provided and depreciation expense was not updated.

Recommendation – The capital asset inventory report be updated and integrated with the internal accounting system.

Follow-up Prior Year Findings

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

**HOBOKEN PUBLIC SCHOOLS
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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	137,169	50,677	50,677	-	\$ 2.70	-
	Reduced	22,307	8,442	8,442	-	2.30	-
	Free	<u>59,903</u>	<u>22,950</u>	<u>22,950</u>	<u>-</u>	0.27	<u>-</u>
	Total Lunch	<u>219,379</u>	<u>82,069</u>	<u>82,069</u>	<u>-</u>		<u>-</u>
School Breakfast (Severe Needs Rate)	Paid	51,209	18,912	18,912	-	1.74	-
	Reduced	6,195	2,554	2,554	-	1.44	-
	Free	<u>7,650</u>	<u>3,225</u>	<u>3,225</u>	<u>-</u>	0.26	<u>-</u>
	Total Breakfast	<u>65,054</u>	<u>24,691</u>	<u>24,691</u>	<u>-</u>		<u>-</u>
School Snacks (Regular)	Free	<u>532</u>			<u>-</u>		<u>-</u>
	Total Snacks	<u>532</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>\$ -</u>

CITY OF HOBOKEN PUBLIC SCHOOLS
 APPLICATION FOR STATE SCHOOL AID
 ENROLLMENT AS OF OCTOBER 15, 2009
 SCHEDULE OF AUDITED ENROLLMENTS

	2010-2011 Application for State School Aid				Sample for Verification				Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Workpapers		Selected from Workpapers		Register On Roll		Reported on A.S.S.A. as Private Schools		Sample for Disabled	
	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	269		269		82		82					
Grade 1	207		207		38		38					
Grade 2	194		194		19		19					
Grade 3	176		176		17		17					
Grade 4	147		147		51		51					
Grade 5	134		134		37		37					
Grade 6	148		148		70		70					
Grade 7	116		116		17		17					
Grade 8	122		122		57		57					
Grade 9	131		131		105		105					
Grade 10	127		127		20		20					
Grade 11	133	1	133	1	112		112					
Grade 12	125		125		107		107					
Post-Graduate												
Adult High School (15+ Credits)												
Adult High School (1-14 Credits)												
Subtotal	2,029	1	2,029	1	732		732					
Sp Ed - Elementary	107		107		20		20			5		4
Sp Ed - Middle School	49		49		25		25			4		4
Sp Ed - High School	111	1	111	1	87		87			2		2
Subtotal	267	1	267	1	132		132			11		10
County Vocational - Regular												
County Vocational - F.T. Post-Second												
Subtotal												
Totals	2,296	2	2,296	2	864		864			11		10
Percentage Error												0.00%

CITY OF HOBOKEN PUBLIC SCHOOLS
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2009
SCHEDULE OF AUDITED ENROLLMENTS

	Resident Low Income		Sample for Verification	
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Sample Selected from Workpapers	Verified to Application and Register
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	102	102	8	8
Grade 1	100	100	4	4
Grade 2	98	98	16	16
Grade 3	95	95	7	7
Grade 4	90	90	5	5
Grade 5	89	89	10	10
Grade 6	95	95	12	12
Grade 7	80	80	7	7
Grade 8	80	80	11	11
Grade 9	102	102	10	10
Grade 10	91	91	3	3
Grade 11	88	88	12	12
Grade 12	92	92	8	8
Post- Graduate	-	-	-	-
Adult High School (15+ Credits)	-	-	-	-
Adult High School (1-14 Credits)	-	-	-	-
Subtotal	1,202	1,202	113	113
Sp Ed - Elementary	68	68	4	4
Sp Ed - Middle School	36	36	-	-
Sp Ed - High School	92	92	6	6
Subtotal	196	196	10	10
County Vocational - Regular	-	-	-	-
County Vocational - F.T. Post-Second	-	-	-	-
Subtotal	-	-	-	-
Totals	1,398	1,398	123	123

Percentage Error 0.00%

	Resident LEP Low Income		Sample for Verification	
	Reported on ASOA	Reported on Workpapers	Sample Selected from Workpapers	Verified to Test Score and Register
Subtotal	33	33	28	28
Sp Ed - Elementary	1	1	1	1
Sp Ed - Middle School	-	-	-	-
Sp Ed - High School	1	1	1	1
Subtotal	2	2	2	2
County Vocational - Regular	-	-	-	-
County Vocational - F.T. Post-Second	-	-	-	-
Subtotal	-	-	-	-
Totals	35	35	30	30

Percentage Error #DIV/0!

Percentage Error 0.00%

	Transportation		Sample for Verification	
	Reported on DRTS by DOE	Reported on DRTS by District	Sample Tested	Verified
Reg. - Public Schools	14	14	11	11
Regular - Special Ed	28	28	21	19
Transported - Non Public	-	-	-	-
Special Needs	23	23	17	16
Subtotal	65	65	49	46

Percentage Error 0.0%

Percentage Error 5.1%

CITY OF HOBOKEN PUBLIC SCHOOLS
 APPLICATION FOR STATE SCHOOL AID
 ENROLLMENT AS OF OCTOBER 15, 2009
 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	1	1	-	1	1	-
Grade 1	2	2	-	1	1	-
Grade 2	-	-	-	-	-	-
Grade 3	1	1	-	1	1	-
Grade 4	2	2	-	2	2	-
Grade 5	-	-	-	-	-	-
Grade 6	1	1	-	1	1	-
Grade 7	1	1	-	1	1	-
Grade 8	-	-	-	-	-	-
Grade 9	-	-	-	-	-	-
Grade 10	1	1	-	1	1	-
Grade 11	-	-	-	-	-	-
Grade 12	-	-	-	-	-	-
Post- Graduate	-	-	-	-	-	-
Adult High School (15+ Credits)	-	-	-	-	-	-
Adult High School (1-14 Credits)	-	-	-	-	-	-
Subtotal	9	9	-	8	8	-
Sp Ed - Elementary	-	-	-	-	-	-
Sp Ed - Middle School	-	-	-	-	-	-
Sp Ed - High School	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
County Vocational - Regular	-	-	-	-	-	-
County Vocational - F.T. Post-Second	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	9	9	-	8	8	-
Percentage Error			0.00%			0.00%

**HOBOKEN PUBLIC SCHOOLS
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

SECTION 1

Calculation A: 2% Excess Surplus:

2009-2010 Total General Fund Expenditures Reported on Exhibit C-1	\$ 49,771,032
Less: Expenditures allocated to restricted federal sources as reported on Exhibit D-2	<u>674,347</u>
2009-2010 Adjusted General Fund and Other State Expenditures	\$ 49,096,685
Decreased by: On-Behalf TPAF Pension & Social Security	<u>2,945,287</u>
Adjusted 2009-2010 General Fund Expenditures	46,151,398
2% of Adjusted 2009-2010 General Fund Expenditures	<u>\$ 923,028</u>
Enter Greater of 2% of Adjusted 2009-2010 General Fund Expenditures or \$250,000	\$ 923,028
Increased by: Allowable Adjustment	<u>264,645</u>
Maximum Unreserved/Undesignated Fund Balance	<u>\$ 1,187,673</u>

SECTION 2 - All Districts

Total General Fund - Fund Balances at June 30, 2010 (Per CAFR Budgetary Comparison Schedule/Statement)	\$ 4,397,540
Decreased by:	
Reserved for Encumbrances	680,897
Other Reserved Fund Balances - Capital Reserve	750,000
Excess Surplus - Designated for Subsequent Year's Expenditures	264,246
Unreserved, Designated for Subsequent Year's Expenditures	<u>1,829,673</u>
Total Unreserved/Undesignated Fund Balance	<u>\$ 872,724</u>

SECTION 3 - All Districts

Reserved Fund Balance - Excess Surplus	<u>\$ -</u>
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Recapitulation of Excess Surplus as of June 30, 2010

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 264,246
Reserved Excess Surplus	<u>-</u>
Total	<u>\$ 264,246</u>

*** Detail of Allowable Adjustment**

Extraordinary Aid	\$ 101,949
Impact Aid	<u>162,696</u>
	<u>\$ 264,645</u>

HOBOKEN PUBLIC SCHOOLS
Encumbrances
For the Fiscal Year Ended June 30, 2010

Encumbrances per the June 30, 2010 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	87,894	87,894		
Special Education Instruction	21,859	21,859		
School Sponsored Co-Curricular	26,507	26,507		
Other Instruction	2,005	2,005		
Student Support Services	117,414	180,970		
General Administration	63,556			8,438
School Administration	7,936	7,936		
Central Services	91,761	91,761		
Operations and Maintenance	67,681	67,681		8,200
Transportation	21,180	21,180		
Unallocated Benefits	181,289	76,322	104,967	
Charter Schools	2	2		22,461
Capital Outlay	135,879	135,879		
	<u>824,963</u>	<u>719,996</u>	<u>104,967</u>	<u>39,099</u>
Total Encumbrances Cancelled During the Audit				39,099
Orders Reclassified to Accounts Payable by Audit Adjustment				<u>104,967</u>
Fund Balance Reserved for Encumbrances in the CAFR				<u>\$ 680,897</u>

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

RECOMMENDATIONS

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Internal controls be reviewed and enhanced to ensure purchase orders are issued and encumbered for all contracts awarded.
2. IRS Tax Reporting 1099 Forms be properly issued to all eligible limited liability corporation vendors in accordance with IRS regulations.
3. District procedures and policies be reviewed to ensure travel expenditures are made in accordance with State travel expense guidelines.
4. The District should revise and update the Unified Plan to properly reflect all intended uses of funding.

III. School Purchasing Program

It is recommended that all emergency contract awards should be formally declared an emergency by the Department Head, be approved by Board resolution and notification of the emergency be given to the County Superintendent.

IV. School Food Services

It is recommended that internal controls over food service collections be enhanced.

V. Scholarship Accounts

There are none.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

It is recommended that the capital asset inventory report be updated and integrated with the internal accounting system.

**HOBOKEN PUBLIC SCHOOLS
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**RECOMMENDATIONS
(Continued)**

IX. Miscellaneous

There are none.

X. Follow-up on Prior Year Findings

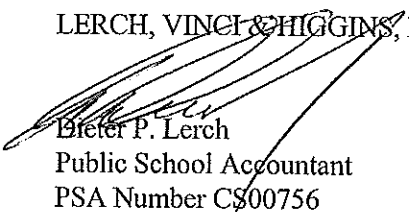
A review was performed on all prior years' recommendations and corrective action was taken on all .

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Dieter P. Lerch
Public School Accountant
PSA Number CS00756