

**HOBOKEN PUBLIC SCHOOLS  
AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL COMPLIANCE AND PERFORMANCE  
JUNE 30, 2011**

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

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## AUDITOR'S MANAGEMENT REPORT

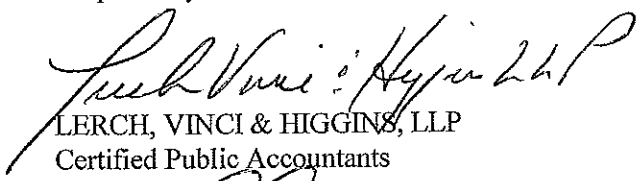
Honorable President and Members  
of the Board of Trustees  
Hoboken Public Schools  
Hoboken, New Jersey

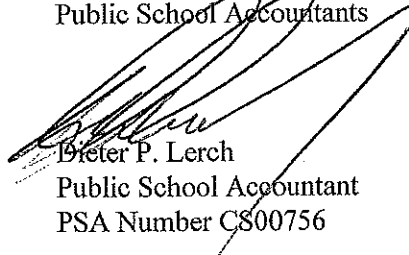
We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Hoboken Public Schools in the County of Hudson for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 30, 2011.

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

This report is intended solely for the information and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
November 30, 2011

**HOBOKEN PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**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>
Robert H. Davis	Board Secretary	\$325,000
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.

\* Position of Treasurer of School Monies was eliminated by Board resolution on August 10, 2011.

**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 for the payroll periods tested.

All payrolls were certified by the President of the Board, the Board Secretary/Business Administrator, and the Chief School Administrator.

**HOBOKEN PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**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.

**Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection included administrative coding classifications to determine overall reliability and compliance with NJAC 6A:23A-8.3. As a result of the procedures performed, no additional procedures were deemed necessary to test the propriety of expenditure classification.

**Finding** – During our test of transactions, it was noted that the Assistant Superintendent’s entire salary was charged to Improvement of Instructional Services. According to State Department of Education guidelines, Assistant Superintendent’s full salary must be charged to General Administration unless proper documentation is provided to justify allocation to a specific support function.

**Recommendation** – The District properly budget and charge all administrative salaries pursuant to budget guidelines and any allocations to support functions be properly documented.

**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:

**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.

**HOBOKEN PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Financial Planning, Accounting and Reporting (Continued)**

**Elementary and Secondary School Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as Reauthorized by the No Child Left Behind Act of 2001**

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Titles I, II, III, IV and VI of the Elementary and Secondary Education Act as amended and reauthorized.

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.

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.

**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 \$17,200. 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.

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, as amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

**HOBOKEN PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**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.

**Finding** – Numerous vendors were identified as State contracts, however, no documentation or Board approval could be obtained to support these contracts.

**Recommendation** – It is recommended that purchases entered into pursuant to the State of New Jersey Cooperative Purchasing Program, which exceed the bid threshold be submitted for approval by the Board in accordance with N.J.A.C. 5:34-7.29 and that supporting documentation identifying the State contract be maintained with the purchase order.

**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** – The Federal and State lunch subsidy reimbursement for February 2011 was not certified in a timely manner, therefore, the District was forced to forfeit the reimbursement of funds in the amount of \$51,047.

**Recommendation** – All Federal and State lunch subsidy reimbursements be submitted and certified in a timely manner.

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 \$783,849 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.

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.

**HOBOKEN PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Food Service Fund (Continued)**

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 numerous deposits were not made in a timely manner.

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

**Finding** – Our audit revealed that the monthly food service management company's operating statements are not being reconciled to District's revenue records. A difference of approximately \$86,000 was noted between the District's internal accounting records and the food service management company's operating statement.

**Recommendation** – Monthly food service management company's operating statements should be reconciled to District records on a monthly basis.

**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.

**Application for State School Aid**

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

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2010-2011 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.

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.



**HOBOKEN PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Facilities and Capital Assets**

Since the District is classified as an At-Risk School District, a portion of SDA grant activity is conducted by the State of New Jersey on behalf of the District. The District also receives direct grant payments.

**Finding** – Our audit revealed that the current year capital asset activity was not properly integrated into the asset inventory records in the District’s accounting records. Current year additions and depreciation expense were provided, however they are not properly reflected in the internal accounting records. In addition, building improvements conducted for the past few years are not reflected in the District’s fixed asset inventory records.

**Recommendation** – It is recommended that the District’s complete a physical inventory of all property, plant and equipment and integrate these updated records into the District’s internal accounting software.

**Follow-up Prior Year Findings**

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

**Suggestions to Management**

1. In accordance with N.J.A.C. 6A:23A-5.2(a), the District have a resolution or memorandum to acknowledge that the District exceeds 130% of the statewide average for legal costs and to implement specific internal controls for the reduction of costs or to provide evidence that such procedures would not result in a reduction of costs.
2. Prior year outstanding checks in the District’s bank accounts should be reviewed and cleared of record.

**HOBOKEN PUBLIC SCHOOLS  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**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	41,959	21,725	21,725	-	\$ 2.70	-
	Reduced	15,633	7,972	7,972	-	2.30	-
	Free	<u>115,275</u>	<u>76,815</u>	<u>76,815</u>	<u>-</u>	0.27	<u>-</u>
	Total Lunch	<u>172,867</u>	<u>106,512</u>	<u>106,512</u>	<u>-</u>		<u>-</u>
School Breakfast (Severe Needs Rate)	Paid	4,429	2,459	2,459	-	1.74	-
	Reduced	2,586	1,381	1,381	-	1.44	-
	Free	<u>33,072</u>	<u>17,189</u>	<u>17,189</u>	<u>-</u>	0.26	<u>-</u>
	Total Breakfast	<u>40,087</u>	<u>21,029</u>	<u>21,029</u>	<u>-</u>		<u>-</u>
School Snacks (Regular)	Free	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
	Total Snacks	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>\$ -</u>

**HOBOKEN BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2010  
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 Full	Reported on Workpapers On Roll Full	Shared	Errors Full	Errors Shared	Sample Selected from Workpapers Full	Verified per Register On Roll Full	Errors per Registers On Roll Full	Reported on A.S.S.A. as Private Schools	Reported on Workpapers as Private Schools	Sample for Verification	Sample Verified	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	252	252				51	51						
Grade 1	236	236				20	20						
Grade 2	210	210				29	29						
Grade 3	180	180				2	2						
Grade 4	181	181				69	69						
Grade 5	141	141				17	17						
Grade 6	129	129				31	31						
Grade 7	139	139				26	26						
Grade 8	104	104				81	81						
Grade 9	122	122				110	110						
Grade 10	146	146				119	119						
Grade 11	125	125				104	104						
Grade 12	133	133				115	115						
Post- Graduate													
Adult High School (15+ Credits)													
Adult High School (1-14 Credits)													
Subtotal	2,078	2,078				774	774						
Sp Ed - Elementary	100	100				5	5		9	9	4	4	
Sp Ed - Middle School	51	51				20	20		4	4	2	2	
Sp Ed - High School	112	112				102	102		8.00	8.00	4	4	
Subtotal	263	263				127	127		21.00	21.00	10	10	
County Vocational - Regular													
County Vocational - F.T. Post-Second													
Subtotal													
Totals	2,341	2,341				901	901		21.00	21.00	10	10	0.00%

HOBOKEN BOARD OF EDUCATION  
 APPLICATION FOR STATE SCHOOL AID  
 ENROLLMENT AS OF OCTOBER 15, 2010  
 SCHEDULE OF AUDITED ENROLLMENTS

	Low Income			Sample for Verification			Resident 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 LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score 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												
Grade 1	83.0	83.0	-	8	8	-	2	2	-	1	1	-
Grade 2	88.0	88.0	-	8	8	-	1	1	-	1	1	-
Grade 3	87.0	87.0	-	6	6	-	4	4	-	3	3	-
Grade 4	88.0	88.0	-	9	9	-	6	6	-	5	5	-
Grade 5	84.0	84.0	-	7	7	-	-	-	-	0	0	-
Grade 6	89.0	89.0	-	8	8	-	3	3	-	3	3	-
Grade 7	81.0	81.0	-	8	8	-	5	5	-	4	4	-
Grade 8	86.0	86.0	-	8	8	-	4	4	-	3	3	-
Grade 9	86.0	86.0	-	10	10	-	2	2	-	2	2	-
Grade 10	107.0	107.0	-	12	12	-	1	1	-	1	1	-
Grade 11	65.0	65.0	-	7	7	-	5	5	-	0	0	-
Grade 12	68.0	68.0	-	6	6	-	1	1	-	4	4	-
Post-Graduate												
Adult High School (15+ Credits)												
Adult High School (1-14 Credits)												
Subtotal	1,080.0	1,080	-	104	104	-	34	34	-	28	28	-

Sp Ed - Elementary	62	62	-	6	6	-						
Sp Ed - Middle School	39	39	-	4	4	-						
Sp Ed - High School	85	85	-	6	6	-	0	0	-	0	0	-
Subtotal	186.0	186.0	-	16	16	-	0	0	-	-	-	-
County Vocational - Regular												
County Vocational - F.T. Post-Second												
Subtotal												
Totals	1,266.0	1,266.0	-	120.0	120.0	-	34	34	-	28	28	-
Percentage Error			0.00%			0.00%			0.00%			0.00%

	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
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						
Grade 1	83.0	83.0	-	8	8	-
Grade 2	88.0	88.0	-	8	8	-
Grade 3	87.0	87.0	-	6	6	-
Grade 4	88.0	88.0	-	9	9	-
Grade 5	84.0	84.0	-	7	7	-
Grade 6	89.0	89.0	-	8	8	-
Grade 7	81.0	81.0	-	8	8	-
Grade 8	86.0	86.0	-	8	8	-
Grade 9	86.0	86.0	-	10	10	-
Grade 10	107.0	107.0	-	12	12	-
Grade 11	65.0	65.0	-	7	7	-
Grade 12	68.0	68.0	-	6	6	-
Post-Graduate						
Adult High School (15+ Credits)						
Adult High School (1-14 Credits)						
Subtotal	1,080.0	1,080	-	104	104	-

Sp Ed - Elementary	62	62	-	6	6	-
Sp Ed - Middle School	39	39	-	4	4	-
Sp Ed - High School	85	85	-	6	6	-
Subtotal	186.0	186.0	-	16	16	-
County Vocational - Regular						
County Vocational - F.T. Post-Second						
Subtotal						
Totals	1,266.0	1,266.0	-	120.0	120.0	-
Percentage Error			0.00%			0.00%

	Transportation		
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors
Reg. - Public Schools			
Regular - Special Ed	44	44	-
Transported - Non Public			
Special Needs	36	36	-
Subtotal	80	80	-
Percentage Error			0.0%

HOBOKEN BOARD OF EDUCATION  
 APPLICATION FOR STATE SCHOOL AID  
 ENROLLMENT AS OF OCTOBER 15, 2010  
 SCHEDULE OF AUDITED ENROLLMENTS

	Resident LEP Not Low Income	Reported on ASSA as NOT Low Income	Not Reported on Workpapers as NOT low Income	Errors	Sample Selected From Workpapers	Verified to Application 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	-	-	1	-	1	1	-
Full Day Kindergarten	-	1	1	-	1	1	-
Grade 1	-	-	-	-	-	-	-
Grade 2	-	-	-	-	-	-	-
Grade 3	-	-	-	-	-	-	-
Grade 4	-	1	-	-	1	1	-
Grade 5	-	1	-	-	1	1	-
Grade 6	-	-	-	-	-	-	-
Grade 7	-	1	-	-	1	1	-
Grade 8	-	-	-	-	-	-	-
Grade 9	-	1	-	-	1	1	-
Grade 10	-	-	-	-	-	-	-
Grade 11	-	1	-	-	1	1	-
Grade 12	-	1	-	-	1	1	-
Post-Graduate	-	-	-	-	-	-	-
Adult High School (15+ Credits)	-	-	-	-	-	-	-
Adult High School (1-14 Credits)	-	-	-	-	-	-	-
Subtotal	8	8	-	-	8	8	0
Sp Ed - Elementary	-	-	-	-	-	-	-
Sp Ed - Middle School	-	-	-	-	-	-	-
Sp Ed - High School	1	1	-	-	-	-	-
Subtotal	1	1	-	-	-	-	-
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, 2011**

**SECTION 1**

**Calculation A: 2% Excess Surplus:**

2010-2011 Total General Fund Expenditures Reported on Exhibit C-1	\$	50,023,865
Less: Expenditures allocated to restricted federal sources as reported on Exhibit D-2		746,851
2010-2011 Adjusted General Fund and Other State Expenditures	\$	49,277,014
Decreased by: On-Behalf TPAF Pension & Social Security		2,823,372
Adjusted 2010-2011 General Fund Expenditures		46,453,642
2% of Adjusted 2010-2011 General Fund Expenditures	\$	929,073
Enter Greater of 2% of Adjusted 2010-2011 General Fund Expenditures or \$250,000	\$	929,073
Increased by: Allowable Adjustment		349,702
Maximum Unassigned Fund Balance	\$	1,278,775

**SECTION 2 - All Districts**

Total General Fund - Fund Balances at June 30, 2011 (Per CAFR Budgetary Comparison Schedule/Statement)	\$	2,810,341
Decreased by:		
Reserved for Encumbrances		345,553
Other Reserved Fund Balances - Capital Reserve		750,000
Unrestricted, Designated for Subsequent Year's Expenditures		913,196
Total Unassigned Fund Balance	\$	801,592

**SECTION 3 - All Districts**

Reserved Fund Balance - Excess Surplus	\$	-
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**Recapitulation of Excess Surplus as of June 30, 2011**

Reserved Excess Surplus		-
Total	\$	-

**\* Detail of Allowable Adjustment**

Extraordinary Aid	\$	141,693
Impact Aid		208,009
	\$	349,702

**HOBOKEN PUBLIC SCHOOLS**  
**Encumbrances**  
**For the Fiscal Year Ended June 30, 2011**

Encumbrances per the June 30, 2011 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	141,404	141,404		
Special Education Instruction	18,124	18,124		
School Sponsored Co-Curricular	17,782	17,782		
Other Instruction	4,229	4,229		
Student Support Services	26,773	26,773		
General Administration	91,478	91,478		
School Administration	7,372	7,372		
Central Services	8,865	8,865		
Operations and Maintenance	17,752	17,752		
Transportation	2,562	2,562		
Unallocated Benefits				
Charter Schools				
Capital Outlay	9,212	9,212		
	<u>345,553</u>	<u>345,553</u>		
Total Encumbrances Cancelled During the Audit				
Orders Reclassified to Accounts Payable by Audit Adjustment				
Fund Balance Reserved for Encumbrances in the CAFR				<u>\$ 345,553</u>

**HOBOKEN PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**RECOMMENDATIONS**

**I. Administration Practices and Procedures**

There are none.

**II. Financial Planning, Accounting and Reporting**

It is recommended that the District properly budget and charge all administrative salaries pursuant to budget guidelines and any allocations to support functions be properly documented.

**III. School Purchasing Program**

It is recommended that purchases entered into pursuant to the State of New Jersey Cooperative Purchasing Program, which exceed the bid threshold be submitted for approval by the Board in accordance with N.J.A.C. 5:34-7.29 and that supporting documentation identifying the State contract be maintained with the purchase order.

**IV. School Food Services**

It is recommended that:

1. All Federal and State lunch subsidy reimbursements be submitted and certified in a timely manner.
2. Appropriate action be taken to ensure adequate funds are available to sustain the operations of the Food Service Fund.
3. Food service collections be deposited in a timely manner.
4. Monthly food service management company's operating statements should be reconciled to District records on a monthly basis.

**V. Scholarship Accounts**

There are none.

**VI. Student Activity Funds**

There are none.

**VII. Application for State School Aid**

There are none.



**HOBOKEN PUBLIC SCHOOLS  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**RECOMMENDATIONS  
(Continued)**

**VIII. Pupil Transportation**

There are none.

**IX. Facilities and Capital Assets**

It is recommended that the District's complete a physical inventory of all property, plant and equipment and integrate these updated records in the District's internal accounting software.

**X. Miscellaneous**

There are none.

**XI. Follow-up on Prior Year Findings**


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

**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



Peter P. Lerch  
Public School Accountant  
PSA Number CS00756