

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

**Board of Education
of the
City of Bayonne School District**

Bayonne, New Jersey

For the Fiscal Year Ended June 30, 2016

CITY OF BAYONNE SCHOOL DISTRICT

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INTRODUCTORY SECTION



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Letter of Transmittal

November 23, 2016

Honorable President and
Members of the Board of Education
Bayonne School District
Hudson County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Bayonne School District for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Bayonne School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, ASBO Certificate of Excellence, the District's organizational chart of principal officials and consultants, independent auditors and advisors. We have included in the transmittal letter a financial ratio and statistical overview of the entity based on entity-wide financial reporting. The financial section includes under the Governmental Accounting Standard Board Statement No. 34, the Report of Independent Auditors, the Management Discussion and Analysis as presented on pages 30 through 40, the basic financial statements, required supplementary information, and the combining and individual fund financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1.) REPORTING ENTITY AND ITS SERVICES: Bayonne School District is a Type II District (elected board), having been reclassified from a Type I (appointed school board) during the General Elections held on November 3, 2015. The District is an independent reporting entity within the criteria adopted by the GASB Statement No. 14. All funds and account groups of the District are included in this report. The Bayonne School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through twelve. These include regular, vocational programs as well as special education for handicapped youngsters. The District completed the 2015 - 2016 fiscal year with an average daily enrollment of 9,359, (not including 464 preschool students), which is 18 more than the previous year's enrollment. The District sent 33 students to charter schools.

The following details the changes in the student enrollment of the District over the last five years.

Average Daily Enrollment		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	9,359	0.19%
2014-2015	9,341	4.17%
2013-2014	8,967	1.66%
2012-2013	8,821	0.55%
2011-2012	8,773	0.23%

2.) ECONOMIC CONDITION AND OUTLOOK: Student population continues to grow. The Board of Education has maintained quality education programs during this expansion of student enrollment, with only a minor increase in tax. The City of Bayonne is an attractive community due to its proximity to New York City, public transportation, affordable housing, strong schools and town programs.

Community revitalization efforts are ongoing. A Light Rail system is in use. An 18-hole golf course is now open on the east side of the City in an area previously used for trash dumping. New housing in the form of multi-unit dwellings is nearing completion.

The District's school buildings have been open as early as 1903 and as recent as 2008. Many of these schools have undergone new construction utilizing New Jersey School Development Authority grant funds.

In 2016, there were 9,359 students in Bayonne's public education system, an increase of 18 students or 0.19% over 2015. These students are becoming increasingly diverse and score respectively with their state peers.

3.) MAJOR INITIATIVES: The School District continues to provide a strong educational program for approximately 9,359 pupils, plus 47 out of District.

Class size average is a very respectable 18.36.

All schools are now connected to the Internet via Cisco Access Points in classrooms and hallways throughout all buildings. Every classroom in every school in the City has WIFI Internet access and a computer. MacBooks were purchased for all staff members. Over 10,000 Chromebooks were purchased for students in designated classrooms grades 3-8 and at the High School level. In addition, to the Chrome book rollout, the school District continues to use Google Apps for Education for all staff and students. For the 2014-2015 school year, the District piloted Grade 8 students with a 1:1 takes home initiative for the Chrome books. Success was documented, and the District moved to making all chrome books 1:1 for taking home for all students 3-12. The Bayonne School District Strategic Plan provides optimum learning opportunities for all students in a safe, secure, inclusive learning environment that foster personal and interpersonal growth, lifelong learning and a strong sense of community. This can be accomplished when administrators, teachers, parents and the community collaborate as a team to accomplish its objectives. The plan addresses four priority areas: Priority Area 1: Student Achievement, Priority Area 2: Staff Development, Priority Area 3: Technology, Priority Area 4: Operations.

Continued oversight of the multi-year Understanding by Design project in which a rigorous and consistent curriculum is being enhanced to meet the new NJ Student Learning Standards; as well as, the NJ Core Curriculum Content Standards and Next Generation Science Standards. This is a popular tool for educational planning focused on teaching and understanding. A coherent and cohesive continuum of instruction will be created and smoother transitions between all grade levels will be established.

The District continues to incorporate rigorous, relevant, and job-embedded professional development to support the New Jersey Student Learning Standards to share practices within and across schools. The District provides job-embedded staff development through the use of off-campus workshops, in-services workshops, and professional learning communities (PLCs).

Use of data in the decision-making a process to analyze strengths and weaknesses on the PARCC assessments in English Language Arts and mathematics. Achievement gaps existing among subgroups, which include white, students with disabilities, English Language Learners, economically disadvantaged, Hispanic, Asian African American and whites are studied to bridge the achievement gaps within our District as well as school wide. The entire District staff is committed to testing data analysis followed by appropriate teaching strategies and support materials to meet the needs of our students. State and local assessments, student achievement gaps, dropout and attendance data are analyzed to improve student performance.

Diagnostic testing will continue to assess student needs early in the school year. This information will enable staff to plan differentiated instruction strategies to meet the growth needs of all students and target the deficiencies of all students. The diagnostic tests can determine if the differentiated instruction is needed, and discover students' preferred learning styles as well as their strengths, weaknesses, and misconceptions. Diagnostic tests are designed to closely follow what will be asked on a summative assessment and can be used to predict how well students will perform on high-stakes tests.

Along with the PARCC administered in grades 3-11, our students in grades 3 and 7 are given the *InView Test*. It is a highly regarded cognitive abilities test that reliably measures skills and abilities that are important for academic success. It features scores for three critical cognitive factors: verbal, nonverbal and memory.

Additionally, training is conducted to support staff members with the creation of SGOs. Student Growth Objectives (SGOs) are academic goals for groups of students that are aligned to state standards and can be tracked using objective measures. As part of the student achievement component of evaluation under AchieveNJ, each teacher sets SGOs with input and approval from his or her principal at the start of the year. Specifically, teachers and principals are expected to collaborate around the instructional content that will be covered and the skills and knowledge that will be measured. Principals are held accountable in their own evaluations for how well they help teachers with this process and for the degree to which the teachers in their school meet SGOs.

Curriculum writers create diagnostic assessments administered in September. Teachers review student baseline data and set attainment scores with guidance from their building level administrators and District directors. Conversations continue regarding SGOs as there are built-in checkpoints and teachers will continue to monitor progress on our abbreviated professional days.

PSAT. Over 2,000 sophomores and juniors participated in the PSAT on October 19th free of charge for the students and their families. The NJ Performance reports focus on PSAT participation versus performance because in many schools the participation is low. Participation in PSAT is a powerful tool and perhaps first signal to school counselors and educators that a student is actively thinking of being college bound. By administering this assessment, students in Bayonne high school will have the opportunity to apply for rigorous coursework.

The District Advisory Committee (D.E.A.C.) continues to encourage stakeholder engagement throughout the implementation of the ACHIEVE NJ evaluation system for teachers and administrators. The D.E.A.C. provides valuable input to the Superintendent and Board of Trustees, who ultimately have decision-making responsibility for the District.

Communication channels were increased through the use of WIKI'S, Gmail, Google drive and Google Docs in all departments. Communication is a knowledge-conveying process between a source and a receiver who understands the message correctly thus the modes of communication from home to school connection has been broadened to accommodate the technological advancements. Moreover, some additional modes of communication include Twitter and Facebook.

DATA Analysis Teams were developed to turnkey for staff on staff in-service days as well as faculty and staff meetings. Data-based inquiry and decision making is a process in which school personnel engages in ongoing data analysis from multiple sources to provide a comprehensive picture of a school's strengths and challenges. Schools then develop a plan to prioritize and address those challenges. Data analysis in qualitative research can include statistical procedures. Data teams generally analyze for patterns in observations through the entire data collection thus the process of systematically applying statistical and/or logical techniques to describe and illustrate, condense and recap, and evaluate data takes place.

The District continues to assist students who exhibit learning and behavior problems prior to referral for Child Study Team evaluations by a restructured I&RS Team process/ procedures that provide interventions and strategies to promote student success.

The Danielson Model is being utilized to conduct the new mandated teacher evaluation process. Training has taken place for all administrators and teachers to assure effective implementation. The Marshall Model is being utilized to conduct the new mandate Principal/ Assistant Principal/ and Director evaluation process. Training has taken place for all administrators to assure effective implementation.

Math

The District has adopted and fully implemented the Math in Focus series for Kindergarten through Grade 5 to correlate to the NJ Student Learning Standards. Specifically, the Math Common Core State Standards are intended to measure students' abilities to (1) make sense of problems and persevere in solving them, (2) reason abstractly and quantitatively, (3) construct viable arguments and critique the reasoning of others, (4) model with mathematics, (5) use appropriate tools strategically. (6) attend to precision, (7) look for and make use of structure, and (8) look for and express regularity in repeated reasoning.

The District adopted and fully implemented the Holt McDougal Mathematics series for Grade 6 through Algebra II to support the students with the NJ Student Learning Standards and prepare students for college and career mathematics. The hallmark of NJ Student Learning Standards for Mathematics is the specification of the content that all students must study in order to be college and career ready. The adoption of the Holt McDougal Series for grades 6 through Algebra II has a strategic, articulated sequence of topics to be developed in depth to allow true mastery.

The District continues to provide highly proficient grade 8 math students in Honors Algebra 1 during zero periods at Bayonne High School. A certified High School Math teacher in the STEM wing at Bayonne High School teaches the grade 8 Honors Algebra 1 class.

The Bayonne Board of Education provides Algebra 1 at each District elementary school for select grade 8 students. Certified k-12 math teachers instruct the Algebra I course. Successful completion of Algebra I is an early predictor that a student is capable of rigorous coursework and is on track to graduate from high school and attend post-secondary education.

The District offers Credit Recovery Classes during the summer to provide at-risk students additional instruction during the summer to recover credits. This initiative provides Bayonne High School students with additional support that extend beyond the regular school hours. The Credit Recovery program is targeted for High School students who had one or more failures for the school year. By succeeding in this program, we hope to get students back on track to graduate from high school in four years. Classes offered from the math department are Algebra I, Geometry and Algebra II. Classes offered from the English Department are English 9,10,11 and 12. The students receive one and a half hours of direct instruction from the certified teacher followed by web-based learning strategies in the computer lab.

A summer "Step Up Computer Science and Math" Program has been created to allow incoming Bayonne High School grade 9 students an opportunity to immerse themselves in a fifteen day Computer Science and Math Program. This program targets weak math students that will take Algebra I during the freshman year of high school.

The Bayonne Board of Education created a 'Gateways to STEM' for current grade 7 and 8 students interested in attending Saturday classes. The classes are taught by certified math and science teachers under the supervision of the Director of Mathematics (Dawn Aiello) and the Director of Science (Tara Degnan). The 'Gateways to STEM' program will enhance our middle school science and math program and give students an extra opportunity to acquire the skills needed to be college and career ready in STEM-related fields. This program offers grade 7 math enhancement classes, grade 8 computer science classes and grade 8 integrated science classes. The 'Gateways to STEM' program will operate on select Saturday mornings from 8:15 – 9:30 and then from 9:45 – 11:00 in the Bayonne High School STEM wing. Parent Informational meetings were held in the fall to explain the details of the program. All District students who successfully applied to the 'Gateways to STEM' program were accepted. This program is offered at no cost to the student.

The Bayonne Board of Education adopted IXL (web-based math program) for grade 2-8 students in 11 elementary schools and Bayonne High School. IXL is a web-based math support for students that can be accessed during the school day and beyond. IXL provides students Common Core State Standards supports. Additionally, IXL provides teachers with data to ensure students are meeting grade level standards. If students need remediation or advancement; the IXL program allows for accommodations based on individual student needs.

Computer Science programs in the math department have growth significantly. Students are provided an opportunity to engage in Computer Science during middle school years. Gateway to STEM Saturday programs has a Computer Science component taught by a certified math teacher. School #14 will incorporate a Computer Science program called 'Introduction to Computer Science' within the technology periods for grade 8 students. Bayonne High School offers several Computer Science classes in the STEM computer lab. The classes are as follows: Foundations to Computer Science, AP Computer Science Principles, and AP Computer Science A. The STEM computer lab is open every day during zero periods to allow students extra coding time. A Computer Science Seminar class is offered to freshman students who are interested in engaging in coding projects beyond the regular Computer Science curriculum.

Advanced Placement math classes have grown. As of September 2016, the math department offers a total of five AP math classes. The classes are as follows: AP Calculus AB, AP Calculus BC, AP Statistics, AP Computer Science A and AP Computer Science Principles. A certified math teacher teaches the AP math classes. All teachers attended summer AP institute workshops to prepare for the rigors of the class.

The math department offers students more choices for a fourth-course math class. Fourth-course math classes are offered to students who successfully completed Algebra II. The additional fourth course that was added to the course offering in September 2016 is Discrete Mathematics. Discrete Mathematics will focus on real-world applications. Discrete Mathematics is less rigorous than Pre-Calculus. The additional fourth course will provide students more math options. Students will enroll in a fourth-course math class under the guidance of their individual guidance counselor based on future career and college paths.

English Language Arts

The English/Language Arts Literacy curriculum in grades 1-8 has been revised. Teachers were introduced to these documents in September 2016. This revision reflects the New Jersey Student Learning Standards. The revision of the high school curriculum is underway and will be ready in September 2017.

Increased emphasis continues to be placed on College and Career Readiness Skills. One of the key challenges students face is the ability to understand the complex text and successfully answer questions citing textual evidence. The reading program Journeys for students in grades K-4 addresses this by focusing on repeated reading of complex material and fostering academic vocabulary. The program provides scaffolding and differentiation in each lesson to support emergent, reluctant or struggling readers to ensure that the needs of every child are met.

The comprehension and vocabulary needs of the students in grades 5 and 6 continue to be met using Reading Street.

Pearson's Words Their Way is a new program in response to the demands of the NJ Student Learning Standards and the needs of our student population. The District adopted Words Their Way. WTW is a phonics, word study, and vocabulary program designed to provide students with a differentiated word study program. This program gives our students the extra supports they need to become better readers.

100 Book Challenge continues to be implemented as a Coordinated Early Intervening Service in the District. It was in place for grades K-2 in nine schools and in grades K-3 in all elementary schools during the 2015-16 school year. The program is an independent reading program designed to maximize the effectiveness of a school's reading curriculum. Its goal is to develop avid, lifelong readers. 100 Book Challenge does this by dramatically increasing the amount of reading a student is expected to do. The program's high standards require a minimum of 30 minutes of independent reading a day in school and an additional 30 minutes of reading at home. It provides each student with a selection of hundreds of books matched to their reading level (each reading level is designated by a different color) and allows students to choose the books they want to read. Students track the amount of reading they complete on log sheets that are signed by parents and are

reviewed daily by their teacher. Teachers regularly hold individual conferences with students to be sure they are engaged with their books, to assess the students' understanding of the material they've read, and to set goals for future reading.

The program takes place after school, two days a week for two hours a session conducted by certified staff members. The American Reading Company provides professional development for all involved. Kick-off for the program is in November. The cost for this entire program is funded with IDEA CEIS grant funds.

The Book Buddy literacy program in Grades Kindergarten through 3 encourages students and parents in the lower grades to share and read as many books as possible at home. In addition students in grades 4-8 are encouraged to read as many books as possible. One of our goals in the District is to foster a love of reading in each child.

Academic Boost Programs: to better support struggling learners in English/Language Arts teachers at Bayonne High School provides after-school assistance. Their academic teachers recommended students who participated.

Tutorials are also held during four periods daily at the high school. Students are encouraged to come to school during zero periods or attend a session during their lunch for additional help to better understand a skill, novel, assignment.

Teachers use a range of outside texts, novels, and Internet resources to enhance the themes taught in grade levels 3-12. The existing novel lists for grades 5-12 continues to be updated based on Lexile levels. The list now includes grades 3 and 4.

Teachers in the AP Program attended a three-day summer institute to enhance their knowledge to be implemented in the classrooms to increase the number of students passing the AP exam. Students in the Humanities or Scholar Program now have to be recommended by their previous year teacher in grades 10 and 11 to be accepted into the AP courses in English Language or English Literature.

An Honors Program now exists for students in grades 11 and 12 enrolled in the Humanities or Scholar Programs. Students who are not recommended for an AP class take Honors. Students can also attend Honors classes that are not enrolled in the Academy in grades 10,11 and 12.

Three Staff Development Days are held each year for the teachers in the District. Directors plan professional development pertinent to their disciplines. Six additional abbreviated sessions are also held for one hour and a half. Topics on these days are State mandated training, building level academic needs and mini-workshops offered by directors.

Teachers in Grades K-12 are always encouraged to attend professional development workshops outside of the District. In turn, these teachers present the material to groups of teachers.

Social Studies

Continued implementation of the Teachers' Curriculum Institute/History Alive Program in Social Studies classes Grades 5-6 & 10-11

Continued maintenance of the award winning We the People Civic Education Program for Social Studies classes in Grade 10. This program, of which Bayonne is one of the few Districts in the State to require all students to participate, promotes civic engagement, critical thinking, and knowledge of US history and government. This program also promotes literacy and public speaking skills.

Continued implementation and refinement of the nationally recognized National History Day Program for Social Studies classes in Grades 7-8 & 11. This program, of which Bayonne is one of the few Districts in the State, which requires all students to participate, promotes the following skills: literacy, critical thinking, and public speaking.

Advanced Placement: continued support for the AP program including teacher training, updating curricular materials and the introduction of AP Human Geography into our Course of Studies.

Continued maintenance of the Document Based Questions Project to promote the use of primary source documents and writing in the social studies. Continued maintenance of the American Reading Company's Research Lab in Grade 7 Social Studies classes; Introduction of Research Labs in Grades 4-5.

Review and piloting of new social studies materials has been put on hold in order to focus on a K-3 pilot in Horace Mann School.

To continue to develop teacher knowledge of content and pedagogy, the District will continue to contract with the Gilder Lehrman Institute to provide professional development on United States History for teachers in Grades 5-6 and Bayonne High School; continue to develop teacher knowledge of content and pedagogy by working with Colonial Williamsburg, Dr. Eric Davis of Rutgers University and Staff Development Workshops to provide professional development for teachers in Grades 5-6, Bayonne High School and select Horace Mann School K-3 teachers.

Continuation of summer academic enrichment programs for students entering Grades 8 and 11. This program provided an opportunity for interested students to begin their research for the National History Day program.

The District supported teacher professional development through the PLC Project. The PLC Project conducted a variety of workshops for teachers on topics such as DBQs and reading in the content-area.

The Academic Boost Program continues to provide supports for students in all Social Studies classes at Bayonne High School. This program takes place before and/or after-school and provides both struggling students and high-achievers with assistance in reaching their academic goals. Continued use of high-quality curriculum material such as Infobase Databases and the exploration of new resources such as J-Stor

Continued exploration of partnerships with institutions of higher learning such as Kean University and Rutgers University

Science

The District has adopted and implemented Science Fusion in Grades 1 - 6. This seven-year adoption (Fusion Series) is a state of the art program designed for building inquiry, STEM skills, and critical thinking in the Elementary Grades. It includes virtual labs, hands-on activities, and a consumable textbook that prepares students for college and career.

The District continues to participate in the Jersey City Medical Center-Barnabas Health STEM Showcase. Grades 5 - 12 students submit a research project in the form of a formal lab investigation. School winners represent the District at the STEM Showcase.

The District continues to offer LEGO - Little Engineers Gain Opportunities in conjunction with Community Education as an after school enrichment program. LEGO introduces students to the fundamentals of robotics.

Students in the District had the opportunity to extend the school year by participating in various STEM-related summer programs. Grade 9 students enrolled in Passport to Biology used the Biological Discovery and Exploration Center (BioDome) as their classroom. This introductory course introduces students to the four core ideas in the Life Sciences. Young Biologists was offered as an enrichment program for STEM Academy students. Students explored ideas that go above and beyond the Grade 9 Biology Curriculum such as Microbiology, Anatomy & Physiology, and Plant Biology.

An additional summer enrichment program was offered to Grade 9 students who have a passion for Engineering. Young Engineers exposed students to the fundamentals of the Engineering Design Process and allowed students to work with computer programming and robotics in a fun, relaxed, summer camp setting.

Major Science Department Curricular initiatives include three levels of Engineering Courses, two First TECH Challenge Robotics Teams, participation in the Jersey City Medical Center-Barnabas Health STEM Showcase, Junior Science and Humanities Symposium, Young Science Achievers, Project SEED, STEAM Tank Challenge, Women in Engineering Evening, and Science League Competitions in the areas of Biology, Chemistry, and Physics.

The STEM Program at the Academy for Fine Arts and Academics continues to provide secondary education students a quality program in the areas of Science, Technology, Engineering, and Mathematics. The STEM Academy includes two upgraded Biology Labs with the Biological

Discovery and Exploration Center, two upgraded Chemistry Labs, an upgraded Physics Lab, and an upgraded Engineering Classroom. The new laboratories are equipped with interactive technology, new casework/furniture, microscopes, glassware, and scientific instrumentation.

The Science Department implemented five new courses in the STEM Academy. Courses include Life Science Seminar, Engineering Technology Seminar, Conceptual Physics, and Advanced Placement Physics 1 and 2.

The District continues to offer Gateways to STEM. This Saturday enrichment program allows Grade 7 and 8 students to select courses in math enrichment, computer science, and Integrated Sciences.

The District continues to identify and help students that need extra support in the area of Biological science in Bayonne High School. The Biology Boost program offers students enrichment activities in the core ideas of Biological Science in preparation for the New Jersey Biology Competency Test.

Advanced Placement Boost continues to offer students tutorial periods to assist with Advanced Placement Content in the areas of Biology, Chemistry, and Physics.

Four Science Laboratories were upgraded in Bayonne High School along with an additional Anatomy & Physiology classroom and two new science classrooms. The new rooms are fully equipped with furniture, casework, microscopes, glassware, scientific instrumentation, and interactive technology.

To prepare for implementation of the Next Generation Science Standards in Grades K - 12 the Science Department continues to participate in numerous professional development opportunities.

The Science Department Curriculum Writing Team is in the process of aligning all curriculum documents, diagnostic tests, District assessments, and pacing guides to the Next Generation Science Standards (Student Learning Standards).

The District purchased a new Physics series. CPO Physics a First Course includes textbooks, online textbooks, laboratory manuals, and equipment kits with interactive equipment.

Environmental Science students and educators worked to restore the Bayonne High School Shoreline as they completed a series of lessons using data logging equipment.

Next Generation Science Standards professional development has been ongoing for teachers in K - 12 science content areas.

Grade 7, 8 students are participating in Project Innovate - Explore, Research, Discover. This District-wide STEM experience includes a summer STEM camp, scientific research with a mentor, and a STEM competition with the opportunity to advance to the Jersey City Barnabas Health STEM Showcase.

Students interested in pursuing careers in the Allied Health Fields are registered for Applied Anatomy & Physiology and Clinical Health Skills as part of the Academy of Health and Medical Sciences. New curricular materials such as skeletons, laboratory kits, microscopes, models, and anatomy laboratory manuals are used in this enhanced course.

K - 12 Science Educators are participating in NJRAISE in conjunction with Stevens Institute of Technology. Ambassadors participated in extensive training and are facilitating Professional Learning Communities in their building sharing NGSS best practices.

Health and Physical Education

The District has fully implemented Janet's Law by providing ongoing certification courses in AED / CPR. We have also implemented the State mandated CRR (Compression-Only) Program required of every high school student. This course is offered in all 4 years of attendance in Health 9, Driver Ed. 10, and Health 11 & 12. Additionally, the District has created an Academy of Health Sciences, geared toward introducing our students to careers in the Health Industry.

In 2015/2016 each Bayonne Public School became a Community School adopting the concepts of Community Education as "Life Long Learning". Programs are unique to each school and include a variety of art, music, practical arts, recreation and sports. Additionally the Bayonne Schools have embraced the Healthier Generation Philosophy expanding physical activities by offering after school programs in volleyball, soccer, lacrosse, cheerleading, flag football, ice skating, ice hockey, running, basketball, futsal and tennis. The Aquatics Program too, has grown including Red Cross swimming lessons, a Bayonne Swim Club, CPR/ Life Guard Certifications and Boating Certification besides general open public swimming.

Career and Technical Education/ Community Education

The "Bee Hive" campus store is located at Bayonne High School and managed by the Business Education and DECA Programs. The Beehive will add real-life, hands-on scenarios to a curriculum that already aims to educate high school students with an interest in business education, management, accounting, fashion, retail, and design.

College and Career Readiness Initiative: *Naviance* is a secure, web-based, post-secondary planning tool used by students, families, teachers, and licensed school counselors in middle and high school. While the vast majority of students today aspire to go on to college, few know what it takes to optimize their potential and reach their goals. The *Naviance* College and Career Readiness Curriculum is a blended learning solution for students beginning in grades 6-12 that helps them develop critical non-cognitive skills and college knowledge, and instills confidence so that they'll persevere to reach their long-term college and career goals.

The guidance curriculum is being revised to be aligned with the Standard 9: 21st Century Life and Career Standards of the New Jersey Core Curriculum Content Standards. The *Naviance* Curriculum is an integral part of the curriculum redesign.

To prepare for the implementation of the *Naviance* program, counselors have taken part in a variety of professional development including webinars and training.

Fine and Performing Arts

The Bayonne High School Drama Society Junior program was implemented in September 2012, in order to provide increased opportunities for students in grades two through eight to participate in extracurricular activities in the performing arts. As a supplement to the school day curriculum, the BHS Drama, Jr. program is in line with the New Jersey standards for music, theater, and dance. BHS Drama, Jr. will produce two fully staged productions each year in the Bayonne High School Alexander X. O'Connor Auditorium and provide additional workshops and performance opportunities to elementary school students throughout the year.

Bayonne Public Schools Art Department values Visual Art as a vital part of our contemporary society. The exploration of media is supported while teaching traditional techniques and progressive creative thinking. With over 15 offerings including AP Studio Art class, the Art Department at Bayonne High School is the place to learn skills and express oneself! All Bayonne Public School Students grades Pre-K - 8 receive comprehensive visual art instruction in line with the NJ SLS. In addition, all BBOED Elementary Schools have an Art Club for students to take advantage of additional art opportunities.

The Bayonne Public Schools Music Department focuses on student achievement in music. Our goal is to help students understand music concepts and performance skills so they can succeed in their schools and throughout the state in activities such as all-state ensembles and state music festivals. The department is also committed to giving college-bound music students the skills they need to succeed post high school. This is accomplished by having high-quality music ensembles, (both large and chamber groups) musicals, cabaret performances and an AP Music Theory Course. Finally, the music department serves the non-traditional music students as well, by giving them opportunities to be involved in courses such as music technology, beginning music theory, Piano Lab 1, Piano Lab II, Choir I and Choir II, as well as numerous after-school activities. This year BHS Music has added Guitar I, Guitar II, Guitar Ensemble Percussion Ensemble, Indoor and Outdoor Drumline ensembles, and Indoor Color Guard.

Dance has been recognized as one of the four fine arts. Dance education enables students to discover their own innate capacity for the communication of ideas, thoughts, and feelings through the medium of dance. Bayonne High School Fine and Performing Arts offer 4 Sections of Dance – Ballet I, Ballet II, Intro to Dance, Musical Theater, and World Dance. In addition, the BHS Dance Company has 70 members and has formed Wednesday and Friday extracurricular Dance Companies. This year BHS Dance has formed a junior program recruiting students from the 6, 7 and 8th grades as well as formulating an additional dance studio called Dance Studio West. In addition BHS Dance offers dance classes for students on Saturday mornings.

Academy Initiative

The Fine and Performing Arts Academy at Bayonne High School was implemented in September 2009 for students with a passion for the arts and a strong inclination to pursue the arts as a possible

career choice. Students now apply to the Arts Track of the Academy for Fine Arts and Academics. The Arts Track is currently comprised of 158 students in grades 9 through 12. Arts Track students follow personalized student learning plans and develop student portfolios throughout their high school careers while completing state mandated graduation requirements as well as focusing on a specific arts major. Majors within the Arts Track include instrumental music, vocal music, drama, musical theater, dance, creative writing and fine art. Admission is based on multiple criteria, including a live audition or portfolio review, and limited to a select group. All District 8th-grade students attend a presentation outlining the academy and application process.

The development of the Academy for Fine Arts and Academics (AfA2) was a District initiative. A committee of teachers and administrators worked over an extended period of time to develop a plan for a program that would: provide greater opportunity for small learning communities and student/teacher collaboration within the honors and arts programs, fit within the overall structure of the Bayonne High School campus, meet the needs of students, teachers, and administrators, and allow for a reasonable amount of flexibility in scheduling options. Further, highlight the successes and the competitive nature of the BHS honors program.

The Academy for Fine Arts and Academics is comprised of four career based Tracks – Scholars, Humanities, STEM, and Arts. Admission is based on multiple criteria, and determined by an admissions committee of curriculum directors and educators.

The STEM Initiative is an expansion of the Academy for Fine Arts and Academic program, developed over an extended period of time by a committee of teachers and administrators. The STEM Track of AfA2 provides students with the opportunity to experience inquiry-based, hands-on learning in the areas of Science, Technology, Engineering, and Mathematics. Students explore careers and prepare for careers in the 21st Century global economy by following a rigorous curriculum in math and science, with specialized areas of focus in life science, engineering and robotics, and computer science. The STEM Initiative for the Academy for Fine Arts and Academics was met with enthusiastic support from local businesses of the Bayonne community. Three corporate sponsors became patrons of our STEM programming through generous donations towards one of our STEM labs. CarePoint Health and the CarePoint Health Foundation sponsored the Biological Discovery Center, or "BioDome" through a donation of \$50,000. IMTT-Bayonne continued its support of our engineering and robotics programs through a gift of \$50,000 towards new equipment for the engineering and robotics lab. Bayonne Community Bank sponsored the Computer Science lab and equipment with a gift of \$50,000. CarePoint medical staff offered guidance and help through the development of the STEM initiative.

A keystone of the STEM initiative, the Academy for Fine Arts and Academics introduced the Biological Discovery Center, or "BioDome", in the fall of 2014. This living laboratory is home to more than 200 different animals and organism, representing over 50 different species. Students across the District will have the opportunity to experience hands-on learning in animal safety, genetics, cell biology, evolution, ecology and more.

The Academy for Professional Studies opened in the fall of 2014 to provide 21st-century career based programs in business education, finance, and business technology to Bayonne High School Students. The Academy for Professional Studies shares a unique partnership with New Jersey City

University to provide dual-admit courses to BHS students in business, finance, and mathematics. Students are able to receive college credit from NJCU at a 75% reduced rate of tuition while completing the course at Bayonne High School. Additionally, students have the opportunity to participate in an on-site admissions process for the NJCU School of Business and Business and Finance Honors Programs. NJCU Honors programs offer students full year scholarship, study abroad opportunity, and a pathway towards an MBA. Additionally, a Junior Chamber of Commerce was developed.

The Bayonne Career Academy opened in the fall of 2014 to provide authentic, real-world training and career preparation for students in the vocational trades. A cohort of 13 seniors participates in a four-period block of study in carpentry, plumbing, welding, and construction trades. Students participate in trips to local union organizations, trade schools, and job sites. Faculty mentors help students plan for life after high school - including guidance towards trade school and job opportunities post graduation.

The Academy of Health and Medical Sciences will open in the fall of 2016. This newest academy will provide hands-on application and training in the allied health fields, creating a pathway for students interested in careers in nursing, emergency medical care, medical technology, occupational and physical therapy, and related health fields. The Academy of Health and Medical Sciences includes introductory-level coursework, as well as advanced clinical skills courses paired with anatomy & physiology, designed to lay the foundation for a career in healthcare. Students will have the opportunity to receive CPR certification and to participate in an extracurricular evening Emergency Medical Technician-Basic certification course through a partnership with the Jersey City Medical Center as well as the bridged connection with IMTT.

Technology

To continue the District's plan to reduce hardware, decrease our carbon footprint and maximize efficiency, managed print service stations were implemented to replace stand-alone printers in all the elementary schools. Multiple copiers were purchased for each elementary school for teacher and staff use. For the 2015-2016 school year, the District purchased Cloud Based Printing so the Chromebooks may also print using the PaperCut application. In 16-17 all staff will have access to building copiers and cloud-based printing through PCs, Macintosh and Chromebook devices.

The District systematically updates all high school PC computers to ensure that each had the latest virus protection software installed. The District also transferred to Barracuda content filtering, a single-interface configuration to support Proxy traffic and web filtering to replace the District's current use of iPrism. For both the 15-16 and 16-17 school year the District continues to implement Barracuda content filtering as well as maintain all devices to ensure student and staff protection as well as the protection of the District infrastructure.

The District also renewed a license for Learn 360. Currently, all staff and teachers have access to this interactive media service, that provides on-demand streaming video, audio and support materials for K-12 education. Learn 360 supports web-based learning by providing an online collaborative environment where users can share information and ideas 24 hours a day, 7 days a week. For both the 15-16 and 16-17 school year this program has been renewed based on positive

teacher feedback. New staff is trained on the program and accounts are maintained by the technology department.

Finally, the District also renewed Go To Meeting licensing to assist in the delivery of professional development and staff based meetings. This service helps the District provide distance-learning opportunities through a collaborative online meeting space beyond the traditional school day. It helps us reduce the use of District resources and enhance communication among staff. Each school year the online program is renewed to offer online professional development to staff as well as allow the District to hold online departmental meetings.

The Breakfast in the Classrooms (B.I.C.) program at all schools has provided a nutritional start to the day for many eligible students receiving free and reduced benefits. B.I.C. is implemented and working successfully at all elementary schools.

Grade Book, already implemented in all elementary schools, was implemented at Bayonne High School. Teachers will grade and complete lesson plans electronically. This will enable staff to have access and analyze assessment data efficiently and effectively. For the 15-16 school year, Gradebook became live to all parents through the parent portal. The District also implemented a student portal for BHS students so they are able to have their own unique login to keep track of their own attendance grades, etc. Students and parents can now see grades live as their classroom teachers input them. This process will continue for the 16-17 school year.

The District removed the prism and upgraded to a 1G Barracuda appliance for a single-interface configuration to support a content filter for web traffic and web filtering. For both the 15-16 and 16-17 school year the District continues to implement Barracuda content filtering as well as maintain all devices to ensure student and staff protection as well as the protection of the District infrastructure.

The District purchased GoGuardian, an online tool that provides Chromebook monitoring, filtering, and anti-theft solution for tracking. Chromebooks are monitored for inappropriate conduct by students and staff at the school and at home. For both the 15-16 and 16-17 school year this program has been renewed as monitoring can also take place off campus when students take their devices home. During the 15-16 school year, students in grade 3-8 could take their devices home on a volunteer basis. For the 16-17 school year, students in grade 3-12 participate in the take home program. Additionally, surveillance cameras have been placed in all elementary and Bayonne High School to ensure to safety and security of all children.

World Languages

Arabic & Latino Family Projects - designed to establish family reading routines for Arabic- and English-speaking parents and their children. The program involves family reading, vocabulary development, and English-language development for both Spanish & Arabic parents and their children. Childcare and refreshments are provided.

ESL students in the high school participate in an after school tutorial program to help prepare for state mandated tests. Also, our ESL/Bilingual elementary students are provided an After School Tutorial/Homework Helper.

ESL/ Bilingual students use Brain Pop and Rosetta Stone. IPAD's & Mac Book carts are utilized in the elementary ESL/Bilingual Program.

World Language Department has a partnership with Seton Hall University, through the Project Acceleration Program, to provide high school students college credit courses in Spanish and Italian. World Language Program Grade 8 in all elementary schools.

The National Italian, Latin, and Spanish exams are administered at the high school. BHS Latin students participate in the annual convention for the N.J. Classical League. Events at the convention consist of academic, art & athletic events. BHS Juniors and Seniors are recognized for their academic accomplishments in World Languages and are inducted into their respective honor societies.

BHS students participate in the William Paterson University World Language Poetry Recitation Contest.

Special Services

The District renewed licenses for Read 180 in Washington Community School, Bayonne High School, and Midtown Community School. Read 180 is a web-based reading intervention program and comprehensive curricula resource used by teachers to enhance instruction, assessment, and professional development and raise reading achievement for struggling readers.

The completion of another life skills project called the Bayonne High School Culinary Room has been created for our special needs students to learn basic needs and be exposed to cooking, washing clothes and maintenance of kitchen area. In the District, social and life skills are taught in Woodrow Wilson, Lincoln, Washington, and Bayonne High School all with the state of the art kitchen sites.

The department contracted with KDH Enterprises to provide ongoing, weekly consultation for the 2015-16 school year in the Autistic program at Woodrow Wilson School to improve and enhance the existing program. The department will continue with four consultations during the 2016-17 school year to assess program changes and recommendations as well as any other matters with the existing program.

Special Education inclusion has been expanded and increased District-wide to ensure that every classified student is educated in the Least Restrictive Environment in their neighborhood school whenever possible. This initiative will continue during the current school year as well.

A Board Certified Behavior Analyst has been contracted for the 2016-17 school year as a consultant to provide strategies and data collection management oversight to special education

teachers in the Bayonne High School Multiply Disabled program.

During 2015-16 the District provided professional development to District co-teaching teams from grades Pre-K through 12 in an effort to expand and improve the in-class resource program. During the 2016-17 school year, high school co-teaching, workshops will continue. The District will also provide professional development to elementary self-contained special services teachers on the topic of differentiated instruction during the 2016-17 school year.

The District will provide 2 hours of professional development to all K through grade 3 teachers, speech teachers and special services teachers on Dyslexia.

The District continues to expand the Structured Learning Experience for BHS Special Education students who work in the community in a supervised setting during the school day to include a total of ten work sites in 2015-16 and an additional site in 2016-17. In addition several high school students receive Community Based Instruction by visiting sites weekly within the community in accordance with the goals and objectives of the Life Centered Education curriculum.

The department contracts with Children's' Specialized Hospital for an "In House" psychiatry clinic where physically disabled students are seen by the CSH doctor 4 times yearly at Lincoln Community School.

Title I

Parents are engaged on a meaningful level by offering a variety of parent workshops at convenient times at all eleven elementary schools

There is continued revision of web-enabled curriculum aligned to the New Jersey Core Curriculum Content Standards and the NJ Student Learning Standards

Ipad and Ipad carts have been purchased for small group instruction in English Language Arts and Mathematics in Grades K - 4. Apps for instruction in the Common Core are constantly reviewed and uploaded for student use.

The Title 1 Department continues to provide resources for the parent information center located at each school.

ARMS classes are provided for identified students who are borderline at risk on standardized testing. ARMS classes take place after school for students in Grades 3 – 8.

The Title One Department focuses on obtaining a high-quality education and achieves, at a minimum, proficiency on the challenging NJ Student Content Standards as measured by state assessments through bridging the gap between low-income students and other students.

Improving and strengthening accountability, teaching, and learning by using State assessment systems designed to ensure that students are meeting challenging State academic achievement and content standards and increasing achievement overall, but especially for the disadvantaged

Business Education:

Provides leadership to advance innovative and performance-driven educational opportunities that promote equity and excellence for all students to become productive members of a global society. This is achieved by providing guidance to schools on implementing New Jersey Student Content Standards, Career Ready Practices; personal financial literacy; career awareness, exploration and preparation; and career and technical education.

Business education provides the opportunity for students to acquire business skills and knowledge necessary for functioning in society. As an essential component of the educational mainstream, business education focuses construction for and about business. The Business Education Department offers a comprehensive program that complements and supports general education through such content areas as typewriting, computer applications, accounting, general business, and marketing and employability skills. Courses offered to both academic and nonacademic students, are designed to make the first step from high school to the business world or post-secondary education a successful one.

NJCU/ BHS Partnership: The Honors Program in Business provides a select group of outstanding students with an academically enriched program that prepares them for business-related leadership roles in the global marketplace. The program is cohort-based, featuring small classes and personalized faculty support. By focusing on the integration of theory and real-world practices, the Honors Program in Business helps students develops the quantitative, communications, and critical-thinking skills needed to succeed in today's increasingly competitive workplace. Students enrolled in the program are provided with four-year full-tuition scholarships, financial support for study abroad experiences, integrated work internships, a university-provided laptop computer, dedicated honors advisement, and many other important benefits.

The benefits of the honors program in Business allow for the opportunity to interact with our graduate program students and faculty. Shuttle buses between Harborside and our main campus will be provided. Honors Scholars will attend program courses together, facilitating the development of strong peer-to-peer ties between the members each cohort.

Study Abroad: Honors Scholars will receive financial support for a minimum of two study-abroad experiences during their time in the program. Such experiences will prepare students for the global marketplace expose students to international business-related practices.

BHS BEN-TV

Bayonne High School and the District operate a 24-hour educational TV channel produced at Bayonne High School. Educational programming is designed, developed, edited, and produced for the BEN-TV network utilizing students enrolled in the TV Production I, TV Production II, and Digital Video Editing. In addition, BEN-TV will run a student film class this year which will allow students to create their own films for NJ State Competitions.

4.) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs.

As part of the District's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5.) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Trustees. In addition, the School District certifies on a monthly basis that major accounts/funds balances have not been over-expended and that sufficient funds are available to meet the District's financial obligations for the remainder of the fiscal year.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016

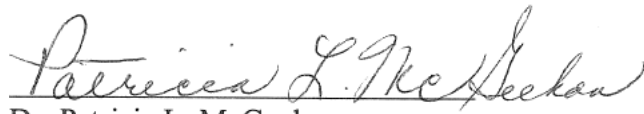
6.) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of DONOHUE, GIRONDA DORIA & TOMKINS, LLC was selected by the Board to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the related Uniform Guidance and New Jersey OMB Circular 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

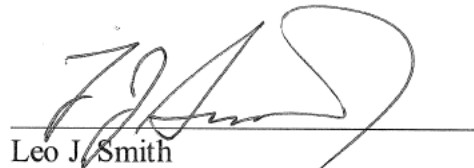
Awards – The District was awarded the Certificate of Excellence in Financial Reporting by School Districts for its comprehensive annual financial report for the fiscal years ended June 30, 2015. This award certifies that the annual financial report substantially conforms to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The District will apply again for fiscal year ended June 30, 2016.

7.) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Bayonne School District for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Dr. Patricia L. McGeehan
Superintendent



Leo J. Smith
School Business Administrator



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting Award
is presented to**

City of Bayonne School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Brenda Burkett

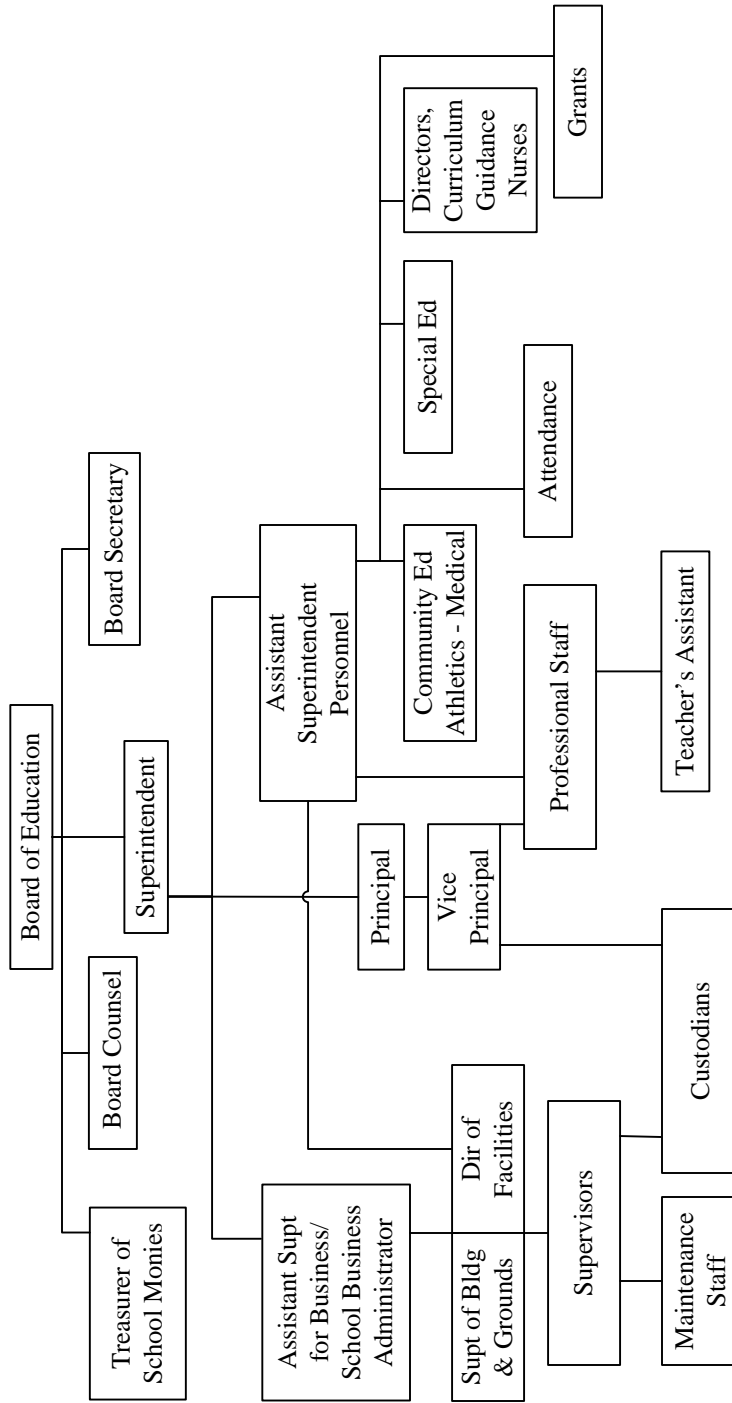
Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

CITY OF BAYONNE SCHOOL DISTRICT

ORGANIZATIONAL CHART



POLICY Administration 1110

Adopted: 28 July 1997

Revised: 26 November 2001

Revised: 30 October 2008

Revised: 25 July 2012

**CITY OF BAYONNE SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2016**

Members of the Board of Education

Term Expires

Joseph Broderick, President	January 2019
Denis F. Wilbeck, Vice President	January 2017
Carol Cruden	January 2017
Mary Jane Desmond	January 2017
Theodore Garelick	January 2018
Mikel Lawandy	January 2018
Christopher Munoz	January 2018
Ava Finnerty	January 2019

Other Officials

Patricia L. McGeehan, Ed.D., Superintendent of Schools
Robert C. Craig, Assistant Superintendent of Schools
Leo J. Smith, Jr., Assistant Superintendent for Business/School Business Administrator
Kenneth Kopacz, Assistant Superintendent of Schools
Gary R. Maita, D.M.D., School Board Secretary
Janet Convery, Treasurer of School Monies

**CITY OF BAYONNE SCHOOL DISTRICT
Consultants, Independent Auditors and Advisors**

Architects

DMR Architects
777 Terrace Avenue
Hasbrouck Heights, New Jersey

Audit Firm

DONOHUE, GIRONDA , DORIA & TOMKINS, LLC
Certified Public Accountants
310 Broadway
Bayonne, New Jersey 07002

Attorneys

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Somerset Hills Corporate Center
25 Independence Boulevard
P.O. Box 112
Liberty Corner, New Jersey 07938

Chasan, Leyner & Lamparello, P.C.
300 Harmon Meadow Boulevard
Secaucus, New Jersey 07094-3621

Environmental Engineer/Consultants

T & M Associates
11 Tindall Road
Middletown, New Jersey 07748

Neglia Engineering Associates
34 Park Avenue - P.O. Box 426
Lyndhurst, New Jersey 07071

Official Depositories

BCB Community Bank
591-595 Avenue C
Bayonne, New Jersey 07002

The Provident Bank
464-472 Avenue C
Bayonne, New Jersey 07002

FINANCIAL SECTION

DONOHUE, GIRONDA, DORIA & TOMKINS LLC

Certified Public Accountants

Matthew A. Donohue, CPA
Robert A. Gironda, CPA
Robert G. Doria, CPA (N.J. & N.Y.)
Frederick J. Tomkins, CPA, RMA

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Linda P. Kish, CPA, RMA
Mark W. Bednarz, CPA, RMA
Jason R. Gironda, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
City of Bayonne School District
County of Hudson
Bayonne, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bayonne School District (the "District"), in the County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and pension information on pages 30 through 40, pages 95 through 102, and pages 103 through 106 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, respectively, and are also not required parts of the basic financial statements.

The combining and individual fund financial statements, long-term debt schedules, and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual fund financial statements, long-term debt schedules, and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

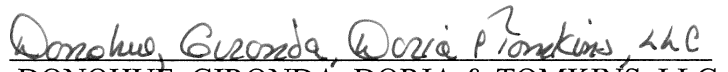
Emphasis of Matter

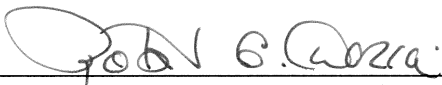
Overcommitted Fund Balance

The District over committed the fund balance for the succeeding year's budget. This could result in the district having a deficit in fund balance in the succeeding year. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants


ROBERT G. DORIA
Certified Public Accountant
Public School Accountant
License No. CS 00778

Bayonne, New Jersey
November 23, 2016

REQUIRED SUPPLEMENTARY INFORMATION

PART I

**CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The discussion and analysis of the City of Bayonne School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal years 2016 and 2015 are as follows, respectively:

- In total, net position is \$41,126,232 and \$50,810,233. Net position of governmental activities is \$38,729,668 and \$47,861,365. Net position of the business-type activity, which represents food service, is \$2,396,564 and \$2,948,868. This reflects a change in net position in the amount of (\$9,684,001) and (\$54,563,358) with adjustments to recognize prior year pension liability of \$0 and (\$38,110,310).
- Total general revenues accounted for \$63,654,682 and \$61,253,290 while the local tax contribution to General Revenues are \$61,174,248 and \$59,392,474. Operating Grants and Contributions are \$95,653,695 and \$90,415,285 and Federal and State Aid not restricted are \$0 and \$162,262.
- The District continues to experience stability in student enrollment. Average Daily Enrollment for the year ending June 30, 2016 and 2015 were 9,359 and 9,341, respectively, which reflects increases of 0.19% and 0.55% from the previous years, respectively. The District enrollment has increased by 518 in the last 10 years.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. This Report is organized to show the reader the District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in a single column. For the District, the General Fund is the most significant fund.

**CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Reporting the City of Bayonne School District as a Whole

Statement of Net Position and Statement of Activities

While this report contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2016?" The statement of net position and the statement of activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the District's net position and changes in those net positions. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in New Jersey, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, the District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Business-Type Activity - This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Reporting the City of Bayonne School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City of Bayonne School District's most significant funds. The District's major governmental funds are the General Fund, Special Revenue Fund and Capital Projects Fund. The General Fund cash and cash equivalents and receivables are considered significant balances of the District's general fund financial statements. Cash and cash equivalents and receivables are considered significant balances for the Special Revenue Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, their statements are essentially the same.

The City of Bayonne School District as a Whole

The perspective of the statement of net position is of the District as a whole. Table 1 provides a summary of the District's net position for the fiscal years 2016 and 2015, respectively.

**CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The City of Bayonne School District as a Whole (Continued)

**Table 1
Net Position**

	Governmental Activities		Business Type Activity		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and Other Assets	\$ 22,179,499	\$ 31,417,820	\$ 1,646,812	\$ 2,159,494	\$ 23,826,311	\$ 33,577,314
Capital Assets, Net	<u>72,797,326</u>	<u>75,422,111</u>	<u>749,752</u>	<u>789,374</u>	<u>73,547,078</u>	<u>76,211,485</u>
Total Assets	<u>94,976,825</u>	<u>106,839,931</u>	<u>2,396,564</u>	<u>2,948,868</u>	<u>97,373,389</u>	<u>109,788,799</u>
DEFERRED OUTLOWS OF RESOURCES						
	<u>10,088,357</u>	<u>3,099,192</u>	-	-	<u>10,088,357</u>	<u>3,099,192</u>
LIABILITIES						
Current and Other Liabilities	\$ 15,842,449	\$ 19,533,186	\$ -	\$ -	\$ 15,842,449	\$ 19,533,186
Long-Term Liabilities	2,307,834	2,856,345	-	-	2,307,834	2,856,345
Net Pension Liability	<u>47,422,764</u>	<u>37,456,050</u>	<u>-</u>	<u>-</u>	<u>47,422,764</u>	<u>37,456,050</u>
Total Liabilities	<u>65,573,047</u>	<u>59,845,581</u>	<u>-</u>	<u>-</u>	<u>65,573,047</u>	<u>59,845,581</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>762,467</u>	<u>2,232,177</u>	<u>-</u>	<u>-</u>	<u>762,467</u>	<u>2,232,177</u>
NET POSITION						
Net Investment in Capital Assets	70,252,999	71,534,738	749,752	789,374	71,002,751	72,324,112
Restricted	11,423,675	13,611,071	-	-	11,423,675	13,611,071
Unrestricted	<u>(42,947,006)</u>	<u>(37,284,444)</u>	<u>1,646,812</u>	<u>2,159,494</u>	<u>(41,300,194)</u>	<u>(35,124,950)</u>
Total Net Position	<u>\$ 38,729,668</u>	<u>\$ 47,861,365</u>	<u>\$ 2,396,564</u>	<u>\$ 2,948,868</u>	<u>\$ 41,126,232</u>	<u>\$ 50,810,233</u>

Total assets as of June 30, 2016 and June 30, 2015 equal \$97,373,389 and \$109,788,799, respectively. Total assets for Governmental Activities are \$94,976,825 and \$106,839,931. Total assets for Business Type Activities are \$2,396,564 and \$2,948,868.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment); less any related debt (general obligation bonds payable and obligations under capital leases less unspent bond proceeds) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligations to students, employees, and creditors. The unrestricted net position includes the amount of long-term obligations that are not invested in capital assets, such as compensated absences.

At the end of the current fiscal year, the District is able to report a positive balance in total net position. The same situation held true for the prior fiscal year.

**CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The City of Bayonne School District as a Whole (Continued)

Table 2 reflects the change in net position for fiscal years 2016 and 2015, respectively.

	Governmental Activities		Business Type Activity		Total	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program Revenues:						
Charges for Services	\$ 64,792	\$ 87,707	\$ 1,038,210	\$ 1,013,658	\$ 1,103,002	\$ 1,101,365
Operating Grants	95,653,695	90,415,285	3,633,974	3,672,574	99,287,669	94,087,859
Capital Grants	(230,764)	(1,732,099)	-	-	(230,764)	(1,732,099)
Total Program Revenues	<u>95,487,723</u>	<u>88,770,893</u>	<u>4,672,184</u>	<u>4,686,232</u>	<u>100,159,907</u>	<u>93,457,125</u>
General Revenues:						
Property Taxes	61,174,248	59,392,474	-	-	61,174,248	59,392,474
Grants and Entitlements	-	162,262	-	-	-	162,262
Interest	49,953	21,621	-	-	49,953	21,621
Miscellaneous	2,430,481	1,676,933	-	-	2,430,481	1,676,933
Total General Revenues	<u>63,654,682</u>	<u>61,253,290</u>	<u>-</u>	<u>-</u>	<u>63,654,682</u>	<u>61,253,290</u>
Total Revenues	<u>159,142,405</u>	<u>150,024,183</u>	<u>4,672,184</u>	<u>4,686,232</u>	<u>163,814,589</u>	<u>154,710,415</u>
EXPENSES						
Function/Program						
Instruction	113,769,105	110,634,687	-	-	113,769,105	110,634,687
Support Services:						
Pupils and Instructional Staff	19,891,997	23,678,125	-	-	19,891,997	23,678,125
General and Business						
Administrative Services	14,916,114	14,420,861	-	-	14,916,114	14,420,861
Plant Operations and Maintenance	15,225,585	13,897,008	-	-	15,225,585	13,897,008
Pupil Transportation	4,100,159	3,199,941	-	-	4,100,159	3,199,941
Special Schools	596,200	504,322	-	-	596,200	504,322
Charter Schools	312,481	203,546	-	-	312,481	203,546
Food Service	-	-	4,663,524	4,557,667	4,663,524	4,557,667
Total Expenses	<u>168,811,641</u>	<u>166,538,490</u>	<u>4,663,524</u>	<u>4,557,667</u>	<u>173,475,165</u>	<u>171,096,157</u>
Excess (Deficit) Before Special Items and Transfers	(9,669,236)	(16,514,307)	8,660	128,565	(9,660,576)	(16,385,742)
Special Items	(23,425)	(67,306)	-	-	(23,425)	(67,306)
Transfers	560,964	(560,964)	(560,964)	560,964	-	-
Change in Net Position	(9,131,697)	(17,142,577)	(552,304)	689,529	(9,684,001)	(16,453,048)
Net Position, July 1	47,861,365	103,114,252	2,948,868	2,259,339	50,810,233	105,373,591
Prior Year Adjustment	-	(38,110,310)	-	-	-	(38,110,310)
Net Position, June 30	<u>\$ 38,729,668</u>	<u>\$ 47,861,365</u>	<u>\$ 2,396,564</u>	<u>\$ 2,948,868</u>	<u>\$ 41,126,232</u>	<u>\$ 50,810,233</u>

The total changes in net position for the fiscal years 2016 and 2015 for Governmental Activities are (\$9,131,697) and (\$17,142,577). The total changes in net position for the Business-Type Activity are (\$552,304) and \$689,529. The total changes in net position are (\$9,684,001) and (\$16,453,048).

**CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Governmental Activities

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. Table 3a, for government activities, indicates the total cost of services and the percentage cost of services. It identifies the cost of these services supported by tax revenues and unrestricted state entitlements.

Table 3a.
Governmental Activities

	<u>Total Cost of Services</u>		<u>Percent of Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction	\$ 113,769,105	\$ 110,634,687	67.39%	66.44%
Support Services:				
Pupils and Instructional Staff	19,891,997	23,678,125	11.78%	14.22%
General and Business				
Administrative Services	14,916,114	14,420,861	8.84%	8.66%
Plant Operations and Maintenance	15,225,585	13,897,008	9.02%	8.34%
Pupil Transportation	4,100,159	3,199,941	2.43%	1.92%
Charter Schools	312,481	203,546	0.19%	0.12%
Total Expenses	<u>\$ 168,811,641</u>	<u>\$ 166,538,490</u>	<u>100.00%</u>	<u>100.00%</u>

Total Expenses for governmental activities for fiscal years 2016 and 2015 were \$168,811,641 and \$166,538,490.

The Governmental Activities in the above chart demonstrates that for fiscal years 2016 and 2015 \$168,811,641 and \$166,538,490 are allocated to School Based Budget. \$113,769,105 and \$110,634,687 are identified as Instruction. Additionally, Pupil and Instructional Staff activities are \$19,891,997 and \$23,678,125. Combined resources from Instruction and Pupil and Instructional Staff totals \$133,661,102 and \$134,312,812.

Together the aforementioned categories account for 79.17% of the Governmental Activities.

Pupil transportation costs reflect the cost for salaries, overtime, maintenance of fleet and contracted transportation services.

To date the District has not been adversely impacted by Charter Schools. Currently the contribution to Charter Schools by the Board for fiscal years 2016 and 2015 is \$312,481 and \$203,546. The Board sends a total of 33 students to five Charter Schools.

**CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Business-Type Activity

Table 3b.
Business Activity

	Total Cost of Services		Percent of Total	
	2016	2015	2016	2015
Revenue				
Charges for Services	\$ 1,038,210	\$ 1,013,658	22.22%	19.32%
Operating Grants	3,633,974	3,672,574	77.78%	69.99%
Total Revenue	4,672,184	4,686,232	100.00%	89.31%
Function/Program Expenses				
Food Service	4,663,524	4,557,667	89.26%	100.00%
Total Expense	4,663,524	4,557,667	89.26%	100.00%
Operating Gain	8,660	128,565		
Transfers	(560,964)	560,964	10.74%	10.69%
(Decrease)/Increase in Net Position	\$ (552,304)	\$ 689,529		

The business-type activity of the District is the food service operation. This program had revenues for the fiscal years 2016 and 2015 of \$4,672,184 and \$4,686,232 and expenses of \$4,663,524 and \$4,557,667. For the fiscal years 2016 and 2015 operating gains of \$8,660 and \$128,565 were sustained prior to the Board transferring (\$560,964) and \$560,964 out of and into the food program.

The District suggests efforts that continue to increase sales and reduce costs. In light of the steady increase of student enrollment, an increase in sales may provide steady revenue growth necessary for a self sustaining food service operation. The District and school administrators are committed and have concentrated efforts to ensure that all students who are eligible for Free/Reduced lunch submit the proper forms for eligibility in a timely manner.

**CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Sources of Revenue

The local tax revenue increased for the first time in three years. The community, as a whole, is 38.44% of the support and other revenue accounts for 1.60% of the total cost of programs for the District students.

Table 4
Sources of Revenue

Fiscal Year Ended June 30,	Local Tax Levy	Other Local Revenue	Operating Grants	Capital Grants and Contributions	State Aid Not Restricted	Total
2016	\$ 61,174,248	\$ 2,545,226	\$ 95,653,695	\$ (230,764)	\$ -	\$ 159,142,405
2015	59,392,474	1,786,261	90,415,285	(1,732,099)	162,262	150,024,183

The total revenue from all governmental sources for the fiscal years 2016 and 2015 are \$159,142,405 and \$150,024,183, respectively. Revenue from general fund sources for the fiscal years 2016 and 2015 are \$131,481,828 and \$128,311,692 composed mainly from the local tax levy of \$61,174,248 and \$59,392,474 and state grants of \$67,955,758 and \$66,977,550. Revenue from special revenue fund sources for fiscal years 2016 and 2015 are \$9,036,496 and \$8,952,410 composed mainly from state grants of \$2,647,794 and \$3,005,409 and federal grants of \$5,817,159 and \$5,690,232, respectively. Revenues from capital fund sources for fiscal year 2016 are (\$249,892) composed mainly from state grants of (\$249,892) and local financing sources of \$0 , while there were no revenues for fiscal year 2015.

The City of Bayonne School District's Funds

The District's governmental funds are accounted for using standards established by the Governmental Accounting Standards Board Statement No. 34. Total governmental funds had revenues and other financing sources of \$141,499,179 and expenditures and other financing uses of \$148,152,404. The positive fund balance for the year reflects that the District was able to meet current costs. The District has significant balances in interfunds receivable and receivables due from other governments which may affect availability of resources for future use. Interfunds due from other funds total \$9,767,757 and receivables due from other governments are \$15,378,600 as of June 30, 2016.

**CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law as it pertains to School Districts. During the 2015 - 2016 School Year all schools in the district operated within the boundaries of State guidelines.

The District's budget is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2016, the District amended its General Fund budget as needed. The budgeting systems are designed to tightly control total site budgets, but provide flexibility for site management. There were significant variations between the final budget and actual revenues or expenditures other than the on-behalf TPAF pension contributions and the TPAF social security contributions which are not budgeted but recognized as revenue and expenditures on the budgetary comparison schedule. Salaries of teachers grades 9-12 were over expended during the 2015-2016 school year.

For the General Fund, final budgeted revenues, fund balance to be utilized and other financing sources in the amount of \$125,811,430 was equal to the original budgeted revenues, fund balance to be utilized and other financing sources.

General Fund revenues and other financing sources were less than expenditures and other financing uses. However, funds from these sources did not add to excess surplus. The District has \$0 in excess surplus to allocate in the 2017-2018 District School Budget. At June 30, 2016 there was \$1,523,324 excess surplus designated for subsequent year's budget. The allocation and projection of surplus are in compliance with New Jersey Department of Education Budgetary Guidelines. The excess fund balance reflects a \$5,317,704 final state aid payment for June 30, 2016, however this amount is not reflected in the District Intergovernmental Receivable Account.

Capital Assets and Depreciation

Capital Assets

At the end of fiscal years 2016 and 2015, the District had \$72,797,326 and \$75,422,111 invested in capital assets (net of depreciation), for governmental activities. This amount represents a net decrease (including additions) of \$2,624,785 from 2016 to 2015 due to depreciation expense exceeding improvements and acquisitions during fiscal year 2016. More information on capital assets and depreciation is represented in Note 4 to the basic financial statements.

**CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Debt

At June 30, 2016 and 2015, the District had \$3,812,346 and \$5,112,109 in long-term debt payable from governmental fund resources and no long-term debt payable from proprietary fund resources. More detailed information about long-term debt is represented in Note 6 to the basic financial statements.

Net Pension Liability

GASB Statement No. 68 *Accounting and Financial Reporting for Pension* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB No. 68* require participating employers in pension plans to recognize their proportionate share of their collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions.

At June 30, 2016, the net pension liabilities for PERS and TPAF were as follows:

<u>Year Ending</u>	<u>PERS Proportionate Share</u>		<u>TPAF Proportionate Share</u>	
	<u>Employer</u>	<u>Nonemployer</u>	<u>Employer</u>	<u>Nonemployer</u>
	<u>School District</u>	<u>State of New Jersey</u>	<u>School District</u>	<u>State of New Jersey</u>
June 30, 2016	\$ 47,422,764	\$ -	\$ -	\$ 355,580,617

For the year ended June 30, 2016, the District recognized PERS pension expense of \$3,507,225

For the year ended June 30, 2016, the District recognized on-behalf TPAF pension expense of \$18,873,973 off set by an on-behalf TPAF pension contribution for the same amount.

More detailed information about net pension liability is represented in Note 7 to the basic financial statements.

**CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Current Issues

The District has been and continues to utilize sound accounting practices in the state of a declining economy and uncertainty in state funding.

The Business Office, through collaboration with district and building administrators, will be responsible for updating the internal controls to meet the demands of updated DOE regulations and the applicable OMB circulars. Currently underway is a concerted effort to develop plans for expending funds to the maximum benefit of the schools for the current and upcoming year.

Accountability and internal controls will continue to guide the operations of the district.

Contacting the City of Bayonne School District's Financial Management

The Management Discussion and Analysis of this financial report is designed to provide citizens, taxpayers and investors with a snapshot of the District's finances. Also, to reflect the District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Leo Smith, School Business Administrator, Bayonne Board of Education, 29th Street and Avenue A, Bayonne, New Jersey 07002.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BAYONNE SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 286,705	\$ -	\$ 286,705
Receivables, net	15,378,600	731,997	16,110,597
Other receivable	1,094,461	-	1,094,461
Inventory	-	68,856	68,856
Due from fiduciary funds	175,052	-	175,052
Internal balance	-	845,959	845,959
Restricted cash and cash equivalents	5,244,681	-	5,244,681
Capital assets, net:			
Depreciable	71,277,119	749,752	72,026,871
Non-depreciable	1,520,207	-	1,520,207
Total assets	<u>\$ 94,976,825</u>	<u>\$ 2,396,564</u>	<u>\$ 97,373,389</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts of net pension liability	<u>\$ 10,088,357</u>	<u>\$ -</u>	<u>\$ 10,088,357</u>
LIABILITIES			
Payable to state government	3,046	-	3,046
Accounts payable	6,933,299	-	6,933,299
Internal balances	845,959	-	845,959
Unearned revenue	1,555,633	-	1,555,633
Loan payable	5,000,000	-	5,000,000
Noncurrent liabilities:			
Due within one year	1,504,512	-	1,504,512
Due beyond one year	2,307,834	-	2,307,834
Net pension liability	47,422,764	-	47,422,764
Total liabilities	<u>65,573,047</u>	<u>-</u>	<u>65,573,047</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts of net pension liability	<u>762,467</u>	<u>-</u>	<u>762,467</u>
NET POSITION			
Net investment in capital assets	70,252,999	749,752	71,002,751
Restricted for:			
Capital projects	9,900,351	-	9,900,351
Other purposes	1,523,324	-	1,523,324
Unrestricted	(42,947,006)	1,646,812	(41,300,194)
Total net position	<u>\$ 38,729,668</u>	<u>\$ 2,396,564</u>	<u>\$ 41,126,232</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

CITY OF BAYONNE SCHOOL DISTRICT
Statement of Activities
for the Fiscal Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activity	Total
Governmental activities:							
Instruction:							
Regular	\$ 87,223,327	\$ 64,792	\$ 46,774,657	\$ -	\$ (40,383,878)	\$ -	\$ (40,383,878)
Special education	21,223,351	-	10,519,314	-	(10,704,037)	-	(10,704,037)
Other special instruction	2,348,059	-	1,152,445	-	(1,195,614)	-	(1,195,614)
Vocational	1,324,497	-	684,535	-	(639,962)	-	(639,962)
Other instruction	1,649,871	-	927,155	-	(722,716)	-	(722,716)
Support services:							
Tuition	3,704,564	-	3,015,421	-	(689,143)	-	(689,143)
Student & instruction related services	16,187,433	-	10,406,423	-	(5,781,010)	-	(5,781,010)
School administrative services	8,669,898	-	4,323,837	-	(4,346,061)	-	(4,346,061)
General and business administrative services	6,246,216	-	4,133,207	-	(2,113,009)	-	(2,113,009)
Plant operations and maintenance	15,225,585	-	10,545,310	(230,764)	(4,911,039)	-	(4,911,039)
Pupil transportation	4,100,159	-	2,573,506	-	(1,526,653)	-	(1,526,653)
Special schools:							
Current:							
Instruction	596,200	-	329,270	-	(266,930)	-	(266,930)
Charter schools	312,481	-	268,615	-	(43,866)	-	(43,866)
Total governmental activities	168,811,641	64,792	95,653,695	(230,764)	(73,323,918)	-	(73,323,918)
Business-type activity:							
Food service	4,663,524	1,038,210	3,633,974	-	-	8,660	8,660
Total business-type activities	4,663,524	1,038,210	3,633,974	-	-	8,660	8,660
Total primary government	\$ 173,475,165	\$ 1,103,002	\$ 99,287,669	\$ (230,764)	(73,323,918)	8,660	(73,315,258)
General revenues:							
Taxes:							
Property taxes, levied for general purpose, net					61,174,248	-	61,174,248
Investment earnings					49,953	-	49,953
Miscellaneous income					2,430,481	-	2,430,481
Special item - interest payment					(23,425)	-	(23,425)
Operating transfer in - prior year contributions to food service returned					560,964	(560,964)	-
Total general revenues, special items and transfers					64,192,221	(560,964)	63,631,257
Change in net position					(9,131,697)	(552,304)	(9,684,001)
Net position, July 1					47,861,365	2,948,868	50,810,233
Net position, June 30					\$ 38,729,668	\$ 2,396,564	\$ 41,126,232

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

CITY OF BAYONNE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 286,705	\$ -	\$ -	\$ 286,705
Accounts receivable - (tuition)	58,568	-	-	58,568
Accounts receivable - (other)	450,000	585,893	-	1,035,893
Receivables from other governments	779,839	6,537,748	8,061,013	15,378,600
Interfund receivable	8,359,820	-	1,407,937	9,767,757
Restricted cash and cash equivalents	-	4,671,966	572,715	5,244,681
Total assets	<u>\$ 9,934,932</u>	<u>\$ 11,795,607</u>	<u>\$ 10,041,665</u>	<u>\$ 31,772,204</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payable to state government	\$ -	\$ 3,046	\$ -	\$ 3,046
Accounts payable	4,792,599	-	141,314	4,933,913
Interfund payable	-	10,438,664	-	10,438,664
Deferred revenue	-	1,555,633	-	1,555,633
Loan payable	5,000,000	-	-	5,000,000
Total liabilities	<u>9,792,599</u>	<u>11,997,343</u>	<u>141,314</u>	<u>21,931,256</u>
Fund Balances:				
Restricted for:				
Reserve for Excess surplus - prior year - designated for subsequent year's expenditures	1,523,324	-	-	1,523,324
Committed to:				
Year-end encumbrances	5,940,338	-	1,316,204	7,256,542
Assigned to:				
Capital projects fund	-	-	8,584,147	8,584,147
Unassigned				
General fund	(7,321,329)	-	-	(7,321,329)
Special revenue fund	-	(201,736)	-	(201,736)
Total fund balances	<u>142,333</u>	<u>(201,736)</u>	<u>9,900,351</u>	<u>9,840,948</u>
Total liabilities and fund balances	<u>\$ 9,934,932</u>	<u>\$ 11,795,607</u>	<u>\$ 10,041,665</u>	

Reconciliation of balance sheet to statement of net position:

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$193,422,461, and the accumulated depreciation is \$120,625,135.

72,797,326

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of resources
Deferred inflows of resources

10,088,357
(762,467)

Accounts Payable for Pension

(1,999,386)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Net pension liability

(3,812,346)
(47,422,764)

Net position of governmental activities

\$ 38,729,668

CITY OF BAYONNE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
for the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local sources:				
Local tax levy	\$ 61,174,248	\$ -	\$ -	\$ 61,174,248
Tuition	64,792	-	-	64,792
Interest earned	49,953	-	-	49,953
Miscellaneous	1,858,938	571,543	-	2,430,481
Total local sources	63,147,931	571,543	-	63,719,474
State sources	67,955,758	2,647,794	(249,892)	70,353,660
Federal sources	378,139	5,817,159	-	6,195,298
Total revenues	131,481,828	9,036,496	(249,892)	140,268,432
EXPENDITURES				
Current:				
Instructional:				
Regular instruction	48,096,958	5,511,908	-	53,608,866
Special education instruction	12,266,080	-	-	12,266,080
Other special instruction	1,348,578	-	-	1,348,578
Vocational education	798,619	-	-	798,619
Other instruction	1,076,115	-	-	1,076,115
Support services and undistributed costs:				
Tuition	3,517,867	-	-	3,517,867
Student & instruction related services	8,060,310	3,491,750	-	11,552,060
School administrative services	5,035,674	-	-	5,035,674
Other administrative services	4,818,459	-	-	4,818,459
Operation and maintenance of plant services	12,290,975	-	-	12,290,975
Student transportation	2,996,766	-	-	2,996,766
Employee benefits	34,957,175	-	-	34,957,175
Special schools:				
Current:				
Instruction	381,366	-	-	381,366
Charter schools	312,481	-	-	312,481
Capital outlay	1,357,586	19,128	1,814,609	3,191,323
Total expenditures	137,315,009	9,022,786	1,814,609	148,152,404
Excess (deficiency) of revenues over expenditures	(5,833,181)	13,710	(2,064,501)	(7,883,972)
OTHER FINANCING SOURCES (USES)				
Capital lease (Non budgeted)	1,230,747	-	-	1,230,747
Special item - interest payment	(23,425)	-	-	(23,425)
Operating transfer in - prior year contributions to food service returned	560,964	-	-	560,964
Transfer in (out) - capital projects fund unassigned fund balance	122,895	-	(122,895)	-
Total other financing sources (uses)	1,891,181	-	(122,895)	1,768,286
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(3,942,000)	13,710	(2,187,396)	(6,115,686)
Fund balances, July 1	4,084,333	(215,446)	12,087,747	15,956,634
Fund balances, June 30	\$ 142,333	\$ (201,736)	\$ 9,900,351	\$ 9,840,948

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

CITY OF BAYONNE SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
for the Fiscal Year Ended June 30, 2016

Total net change in fund balances - governmental funds (from B-2) \$ (6,115,686)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.

	Depreciation expense	\$ (5,816,108)	
	Capital outlays	<u>3,191,323</u>	
			(2,624,785)

Repayment of capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities

	Issuance of capital leases	(1,230,747)	
	Payment of capital leases	<u>2,573,793</u>	
			1,343,046

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

	Change in compensated absences	(43,283)	
	Additional PERS pension expense recognized	(1,690,989)	
	Additional on-behalf TPAF pension expense	18,873,973	
	Additional on-behalf TPAF pension contribution	<u>(18,873,973)</u>	
			<u>(1,734,272)</u>

Change in net position of governmental activities \$ (9,131,697)

PROPRIETARY FUND

CITY OF BAYONNE SCHOOL DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2016

	<u>Business-type Activity - Enterprise Fund Food Service</u>
ASSETS	
Current assets:	
Accounts receivable	\$ 731,997
Inventory	68,856
Interfund receivable	845,959
Total current assets	<u>1,646,812</u>
Noncurrent assets:	
Furniture, machinery and equipment	1,741,728
Less: accumulated depreciation	<u>(991,976)</u>
Total noncurrent assets	<u>749,752</u>
Total assets	<u><u>\$ 2,396,564</u></u>
NET POSITION	
Net investment in capital assets	\$ 749,752
Unrestricted	<u>1,646,812</u>
Total net position	<u><u>\$ 2,396,564</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

CITY OF BAYONNE SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
for the Fiscal Year Ended June 30, 2016

	<u>Business-type Activity - Enterprise Fund Food Service</u>
OPERATING REVENUES	
Charges for services:	
Daily sales - non-reimbursable programs	\$ 979,707
Special functions	57,089
Miscellaneous income	1,414
Total operating revenues	<u>1,038,210</u>
OPERATING EXPENSES	
Cost of sales	2,025,170
Salaries	2,000,019
Employee benefits	124,141
Supplies and materials	341,229
Depreciation expense	129,050
Insurance - other	43,915
Total operating expenses	<u>4,663,524</u>
Operating (loss)	<u>(3,625,314)</u>
NONOPERATING REVENUES	
State sources:	
State school lunch program	45,392
Federal sources:	
School breakfast program	1,073,025
National school lunch program	2,312,188
Special milk program	2,157
Snack program	34,843
Summer food program	72,308
Food distribution program	94,061
Total nonoperating revenues	<u>3,633,974</u>
Net income before transfer	<u>8,660</u>
Operating transfer out - prior year contributions from general fund returned	<u>(560,964)</u>
Change in net position	(552,304)
Total net position, July 1	<u>2,948,868</u>
Total net position, June 30	<u><u>\$ 2,396,564</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

CITY OF BAYONNE SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
for the Fiscal Year Ended June 30, 2016

	<u>Business-type Activity - Enterprise Fund Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 979,707
Other Receipts	57,089
Guaranteed revenue contribution receipt	1,414
Payments to employees	(2,000,019)
Payments for employee benefits	(124,141)
Payments to suppliers	(2,313,673)
Net cash (used for) operating activities	<u>(3,399,623)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State sources	39,808
Federal sources	3,042,641
Transfers out - General fund	(58,279)
Net cash provided by non-capital financing activities	<u>3,024,170</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital expenditures - payment for equipment	<u>(89,428)</u>
Net decrease in cash and cash equivalents	(464,881)
Balance, July 1	464,881
Balance, June 30	<u>\$ -</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES	
Operating (loss)	<u>\$ (3,625,314)</u>
Adjustment to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	129,050
Food distribution program	94,061
Decrease in inventory	2,580
Total adjustments	<u>225,691</u>
Net cash (used for) operating activities	<u>\$ (3,399,623)</u>
NON-CASH ACTIVITY FROM NON-CAPITAL FINANCING ACTIVITIES	
Food commodities from the U.S. Department of Agriculture	<u>\$ 94,061</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

CITY OF BAYONNE SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 175,052	\$ 1,153,198
Total assets	<u>\$ 175,052</u>	<u>\$ 1,153,198</u>
LIABILITIES		
Net Payroll	\$ -	\$ 28,759
Social Security and withholdings	-	4,783
New Jersey income tax	-	1,799
Exchange checking	-	3,610
Trust and Agency	-	171
Flex spending	-	19,606
Pension	-	705,127
PA gross income tax	-	1,048
Due to student groups	-	388,295
Due to general fund	175,052	-
Total liabilities	<u>\$ 175,052</u>	<u>\$ 1,153,198</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

CITY OF BAYONNE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
for the Fiscal Year Ended June 30, 2016

**Unemployment
 Compensation
 Insurance
 Trust Fund**

ADDITIONS

Local sources:		
Contributions	\$ 243,952	
Interest on investment	216	
Total additions	<u>244,168</u>	

DEDUCTIONS

Unemployment claims	235,375	
Due to General Fund	8,793	
Total deductions	<u>244,168</u>	

Change in net position		-
Net position, July 1		<u>-</u>
Net position, June 30		<u><u>\$ -</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the “Board”) of the City of Bayonne School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District’s Proprietary Funds have elected not to apply the standards issued by FASB after November 30, 1989.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management’s Discussion and analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Board’s overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the District’s activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

The more significant of the District’s accounting policies are described below.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity:

The City of Bayonne School District is a Type II district located in the County of Hudson, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The District was reclassified from a Type I (appointed school board) to a Type II (elected school board) District during the general elections held on November 3, 2015. The purpose of the District is to educate students in grades K-12. The School District had an approximate enrollment at June 30, 2016 of 9,359 students.

The District does not have any component units nor is it a component of another entity.

B. Basic Financial Statements - Government-Wide Statements:

The District's basic financial statements include both District-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the District-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general operating services, special revenue, capital projects, debt service and non expendable trust funds are classified as governmental activities. The District's food service operation is classified as business-type activity.

The Statement of Net Position and Statement of Activities display information about the reporting district as a whole. They include all funds of the reporting entity except for fiduciary funds and component units that are fiduciary in nature.

In the district-wide Statement of Net Position, both the Districts' governmental and business-type activity columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net positions are reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The district-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activity. The functions are also supported by general government revenues (property and certain intergovernmental revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements – Government-Wide Statements (Continued):

The net costs (by function or business-type activity) are normally covered by general revenue (property, taxes, intergovernmental revenues, interest income, etc.)

The District does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

The district-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. Basic Financial Statements - Fund Financial Statements:

The financial transactions of the Board are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements (Continued):

The following fund types are used by the Board:

1. GOVERNMENTAL FUNDS

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements (Continued):

2. PROPRIETARY FUND

The focus of Proprietary Fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Fund of the District:

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

The Proprietary Fund is accounted for on a cost of services or "economic resource" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported net position (net total assets) is segregated into invested in capital assets, net of related debt, restricted for capital projects or unrestricted, if applicable. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of all exhaustive capital assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Funds balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

<u>Food Service Fund:</u>	
Machinery and Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements (Continued):

3. FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds and therefore are not available to support district programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

Expendable Trust Funds - An Expendable Trust Fund is accounted for in essentially the same manner as the Governmental Fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include Unemployment Compensation Insurance trust fund.

Agency Funds - Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District considers all governmental and business-type activities to be major.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (agency and expendable trust). Since by definition these assets are being held for the benefit of a third party (other local governments, students, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the Government-wide statements.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting and Measurement Focus:

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the District-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds and expendable trust funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operation; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the district-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting and Measurement Focus (Continued):

Basis of Accounting (Continued)

In the fund financial statements, governmental funds, expendable trust funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are reported when due.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule.

All proprietary funds and non-expendable trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office for approval and are approved by the board of school estimate. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item units are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Line-item transfers from an advertised appropriation account as defined under N.J.A.C. 6A:23A-2.3, which on a cumulative basis exceed ten percent of the amount included in the original budget, require county superintendent approval.

Effective December 2004, line-item transfers to an advertised appropriation account identified as either general administration, school administration, central services and administrative information technology or other support services that, on a cumulative basis, exceed 10% of the amount included in the original budget require county superintendent approval. The District did not get proper approval for these transfers, therefore, this is finding 2016-02.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued):

Pursuant to N.J.S.A. 18A:22-8 and N.J.A.C. 6A:23A-2.3 appropriation of surplus or other unbudgeted or underbudgeted revenue is allowed only between April 1 and June 30 and requires Regional Assistant Commissioner Approval. Six revenue categories identified under N.J.A.C. 6A:23A-2.3(c) are excluded from this requirement.

Prior to April 1, a school board may petition the Commissioner for appropriation of surplus or other unbudgeted or underbudgeted revenue (Except for those exempted under N.J.A.C. 6A:23A-2.3(c) an “emergent circumstance.” Such petition must be submitted by a two-thirds affirmative vote of the authorized membership of the Board and include the items listed and demonstrate the need pursuant to N.J.A.C. 6A:23A-2.3(b). During the fiscal year, the District made no supplementary budgetary appropriations.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued):

The following presents a reconciliation of the Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

	2015 - 2016
Total Revenues (Budgetary Basis)	\$ 9,224,896
Adjustments:	
Add: Prior Year Encumbrances	883,590
Less: Current Year Encumbrances	(1,085,700)
Adjust for State Aid Payment Recognize for GAAP Statements in the Current Year, Previously Recognized for Budgetary Purposes	215,446
Adjust for State Aid Payment Not Recognized for GAAP Purpose until the Subsequent Year	(201,736)
Total Revenues (GAAP Basis)	\$ 9,036,496
Total Expenditures (Budgetary Basis)	\$ 9,224,896
Adjustments:	
Add: Prior Year Encumbrances	883,590
Less: Current Year Encumbrances	(1,085,700)
Total Expenditures (GAAP Basis)	\$ 9,022,786

F. Encumbrances:

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds, other than the Special Revenue Fund, are reported as committed fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey School Districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et.seq. establishes the requirements for the security of deposits of governmental units. The Statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

H. Receivables and Payables:

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Receivables and Payables (Continued):

Tuition Receivable – For the year ending June 30, 2016, there was \$58,568 in tuition charges due to the Board of Education.

Tuition Payable - Tuition charges for the fiscal years 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined and certified by the State Department of Education.

I. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The District uses the purchase method for expensing inventory. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

J. Short-Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

K. Capital Assets:

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements. The District considers all property, plant and equipment with a cost over \$2,000 to be a capital asset.

District-wide Statements

All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2001.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets (Continued):

District-wide Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	30-50 years
Improvements	20-30 years
Machinery and Equipment	10 years
School Buses	20 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the District-wide statements.

L. Restricted Assets:

Restricted assets include cash and cash equivalents for grant expenditures and for capital projects.

M. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, sabbatical leave and salary related payments. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The liability for these compensated absences is recorded as long-term debt in the district-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Deferred Revenue:

Deferred revenue in the Special Revenue Fund represents cash that has been received but not yet earned.

O. Long-Term Debt:

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

All long-term debt to be paid from governmental and business-type resources are reported as liabilities in the District-wide statement. The long-term debt consists primarily of accrued compensated absences, early retirement incentives and obligations under capital leases.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The accounting for proprietary fund is the same in the fund statements as it is in the district-wide statements.

P. Pensions

For Purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense of the Public Employees Retirement System (PERS) have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Q. Deferred Outflows of Resources

Decreases in net position that relate to future periods are reported as deferred outflows of resources in a separate section of the statement of net position. The only deferred outflow of resources reported is for net pension liability. Deferred outflows of resources for net pension liability result from (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Deferred Inflows of Resources

Increases in net position that relate to future periods are reported as deferred inflows of resources in a separate section of the statement of net position. Related revenues are not recognized until a future event occurs. The only deferred inflow of resources reported are for net pension liability. Deferred inflows of resources for net pension liability result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

S. Equity Classifications:

Government-wide Statements

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net assets to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements.

Net position represents the difference between assets, deferred inflows, deferred outflows and liabilities in the Government-wide and proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are reported as restricted in the Government-wide and fund financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Equity Classifications (Continued)

Unrestricted net position - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”) established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balance is further categorized as restricted, committed, assigned, or unassigned fund balance. Restrictions include amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Restricted - For Excess Surplus – Prior Year - Designated for Subsequent Year's Budget - This reserve was created to represent the June 30, 2015 audited excess surplus that will be appropriated in the 2016-2017 original budget certified for taxes.

Restricted - For Excess Surplus - This reserve was created to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017-2018 original budget certified for taxes.

Committed – This commitment includes amounts that can be used only for the specific purposes imposed by a formal action of the government’s highest level of decision making authority. The District’s highest level of decision-making authority is the State Executive Superintendent and formal action is taken by resolution at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the State Executive Superintendent revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds. Commitments were created to represent capital reserves committed by the District to fund future capital expenditures. Commitments were also created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

Assigned – This designation is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by either the State Executive Superintendent or Business Administrator, to whom the State Executive Superintendent has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – All other fund balance that did not meet the definition of restricted, committed, or assigned.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Equity Classifications (Continued)

Fund Statements (Continued)

Restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted. Decreases in fund balance first reduce unassigned fund balance. In the event that unassigned fund balances becomes zero, then assigned and committed fund balances are used in that order.

T. Operating and Nonoperating Revenue:

Operating revenues for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue not related to capital and related financing, noncapital financing, or investing activities. Nonoperating revenues include reimbursements by the State for school breakfast, lunch and food distribution programs.

U. Expenditures/Expenses:

In the district-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by function) Capital Outlay
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Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. The proprietary fund reports expenses relating to use of economic resources.

V. Use of Estimates:

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

W. Subsequent Events:

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2016 through November 23, 2016, the date that the financial statements were issued for possible disclosure and recognition in the financial statements. No other items, other than those already included in Note 11, contingent liabilities, have come to the attention of the District that would require disclosure.

NOTE 2. CASH AND CASH EQUIVALENTS

It is the District's policy to only deposit and invest funds with financial institutions located in the State of New Jersey which are insured as part of the Governmental Unit Deposit Protection ACT (GUDPA).

Custodial credit risk is the risk that in the event of a bank failure, the District will not be able to recover deposits or may not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a) Uncollateralized.
- b) Collateralized with securities held by the pledging financial institution.
- c) Collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

The District does not have a deposit policy for custodial credit risk. As of June 30, 2016, none of the District's bank balances totaling \$8,718,970 was exposed to custodial credit risk.

As of June 30, 2016, the District's deposits and investments are summarized as follows:

	Book Balance
Insured - FDIC	\$ 500,000
Insured - GUDPA	2,942,902
NJ Cash Management	3,416,734
	\$ 6,859,636
Reconciliation to Government-Wide Statement of Net Position:	
Unrestricted Cash	\$ 286,705
Restricted Cash	5,244,681
Trust and Agency Fund Cash (Not Included in District-Wide Statement)	1,328,250
	\$ 6,859,636

As of June 30, 2016, the District's investments are recorded in the basic financial statements and have been recorded at the carrying amount. The difference between the carrying amount and market value is not material to the basic financial statements.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3. DEPOSIT AND INVESTMENT RISK

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

All deposits in the New Jersey Cash Management Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the Other-than-State participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2016, the District had \$3,416,734 on deposit with NJ Cash Management Fund.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the District's name, and are held by either:

- a. The counterparty or
- b. The counterparty's trust department or agent but not in the District's name

Foreign currency risk is the risk that changes in exchange rates will adversely affect investments. The District does not have investments denominated in foreign currency.

At June 30, 2016 the District's deposits were not exposed to custodial credit risk or foreign currency risk.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3. DEPOSIT AND INVESTMENT RISK (Continued)

GASB Statement No. 40 requires that the District disclose the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The District is exempt from this requirement because all its investments at June 30, 2016 are invested in U.S. government securities.

Concentration of Credit Risk - The District places no formal limits on the amount they may invest in any one issue. At June 30, 2016 the District did not have any investments which would expose it to credit rate risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. At June 30, 2016 the District did not have any investments which would expose it to interest rate risk.

NOTE 4. CAPITAL ASSETS AND DEPRECIATION

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets.

Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 30-50 years; improvements, 20-30 years; equipment, 10 years; and school buses, 20 years.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4. CAPITAL ASSETS AND DEPRECIATION (Continued)

Capital assets for governmental activities for the year ended June 30, 2016, were as follows:

	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Balance at June 30, 2016</u>
Governmental Activities:			
Non-Depreciable:			
Land	\$ 1,520,207	\$ -	\$ 1,520,207
Depreciable:			
Buildings	83,239,013	-	83,239,013
Improvements	74,793,882	1,814,609	76,608,491
Machinery and Equipment	27,665,709	1,376,714	29,042,423
Vehicles	3,012,327	-	3,012,327
Total at Historical Cost	<u>188,710,931</u>	<u>3,191,323</u>	<u>191,902,254</u>
Less: Accumulated Depreciation:			
Buildings	(67,949,154)	(1,670,519)	(69,619,673)
Improvements	(25,947,114)	(2,526,709)	(28,473,823)
Machinery and Equipment	(18,781,567)	(1,526,099)	(20,307,666)
Vehicles	(2,131,192)	(92,781)	(2,223,973)
Total Accumulated Depreciation	<u>(114,809,027)</u>	<u>(5,816,108) *</u>	<u>(120,625,135)</u>
Depreciable Capital Assets, Net	<u>73,901,904</u>	<u>(2,624,785)</u>	<u>71,277,119</u>
Governmental Activities - Capital Assets, Net	<u>\$ 75,422,111</u>	<u>\$ (2,624,785)</u>	<u>\$ 72,797,326</u>

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4. CAPITAL ASSETS AND DEPRECIATION (Continued)

* Depreciation expense was charged to Governmental Activities as follows:

Instruction:		
Regular		\$ 2,842,332
Special Education		650,241
Other Special Education		71,538
Vocational Education		42,458
Other Instruction		56,998
Total Instruction		<u>3,663,567</u>
Support Services:		
Tuition		186,697
Student & Instruction Related Services		612,436
School Administrative Services		266,959
General & Business Administrative Services		255,327
Operation & Maintenance of Plant		651,986
Pupil Transportation		158,780
Special Schools		20,356
Total Support Services		<u>2,152,541</u>
Total Depreciation Expense		<u>\$ 5,816,108</u>

Capital asset for business-type activity for the year ended June 30, 2016, was as follows:

	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Balance at June 30, 2016</u>
Business-type Activity:			
Depreciable			
Machinery and Equipment	\$ 1,500,329	\$ 89,428	\$ 1,589,757
Vehicles	151,971	-	151,971
Total at Historical Cost	<u>1,652,300</u>	<u>89,428</u>	<u>1,741,728</u>
Less: Accumulated Depreciation:			
Machinery and Equipment	(778,805)	(96,235)	(875,040)
Vehicles	<u>(84,121)</u>	<u>(32,815)</u>	<u>(116,936)</u>
Total Accumulated Depreciation	<u>(862,926)</u>	<u>(129,050)</u>	<u>(991,976)</u>
Business-type Activity - Capital Assets, Net	<u>\$ 789,374</u>	<u>\$ (39,622)</u>	<u>\$ 749,752</u>

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5. LOAN PAYABLE

The District obtained a short term loan of \$5,000,000 in June 2016 to prevent a projected cash shortage due to the State temporarily withholding the last two state aid payments until the following budget year. The loan balance was paid in July 2016 when the last two state aid payments were released by the State.

NOTE 6. LONG-TERM DEBT

The Board's long-term debt is summarized as follows:

Governmental Activities

As of June 30, 2016, the governmental long-term debt of the District consisted of the following:

Accrued Compensation Absences:	
Current Portion	\$ 83,375
Noncurrent Portion	1,184,644
Capital Lease Obligation:	
Current Portion	1,421,137
Noncurrent Portion	<u>1,123,190</u>
Total Governmental Activity Debt	<u><u>\$ 3,812,346</u></u>

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016	Amounts Due Within One Year	Long-Term Portion
Governmental Activities:						
Capital Lease Obligations	\$ 3,887,373	\$ 1,230,747	\$ (2,573,793)	\$ 2,544,327	\$ 1,421,137	\$ 1,123,190
Compensated Absences	<u>1,224,736</u>	<u>157,155</u>	<u>(113,872)</u>	<u>1,268,019</u>	<u>83,375</u>	<u>1,184,644</u>
Total	<u><u>\$ 5,112,109</u></u>	<u><u>\$ 1,387,902</u></u>	<u><u>\$ (2,687,665)</u></u>	<u><u>\$ 3,812,346</u></u>	<u><u>\$ 1,504,512</u></u>	<u><u>\$ 2,307,834</u></u>

The general fund is used to liquidate long-term liabilities other than debt.

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters (Type II School District). All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the City on behalf of the District while a Type I school district are on the records of the City. Retirement of Type I bonds and interest payments are made in the operating budget of the City.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 6. LONG-TERM DEBT (Continued)

B. Capital Leases:

The District is currently leasing computers, copiers, network upgrades, a truck, and a vehicle for various schools. During fiscal year 2016, the District paid \$2,573,793 for lease payments.

The following schedule of the future minimum lease payments under the capital leases and the present value of the remaining net minimum lease payments as of June 30, 2016:

<u>Year Ending</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Total</u>
June 30, 2017	\$ 1,465,711	\$ 7,265	\$ 1,472,976
June 30, 2018	1,008,353	7,265	1,015,618
June 30, 2019	75,015	-	75,015
June 30, 2020	47,326	-	47,326
June 30, 2021	19,085	-	19,085
Total Minimum Lease Payments	2,615,490	14,530	2,630,020
Less: Amount Representing Interest	(85,155)	(538)	(85,693)
Present Value of Net Minimum Lease Payments	<u>\$ 2,530,335</u>	<u>\$ 13,992</u>	<u>\$ 2,544,327</u>

NOTE 7. PENSION PLANS

A. Description of Plans:

All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

**CITY OF BAYONNE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 7. PENSION PLANS (Continued)

B. Teachers' Pension and Annuity Fund (TPAF):

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, by which the State of New Jersey is responsible to fund 100% of the employer contributions, excluding and local employer retirement incentive (ERI) contributions. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

C. Public Employees' Retirement System (PERS):

The Public Employees' Retirement System was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

D. Vesting and Benefit Provisions:

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for PERS and TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 7. PENSION PLANS (Continued)

D. Vesting and Benefit Provisions (Continued):

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each service credit available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increase were suspended for all current and future retirees of all retirement systems.

E. Contribution Requirements:

The contribution policy is set by N.J.S.A. 43:15A for PERS and N.J.S.A. 18:66 for TPAF, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in fiscal year 2016. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent fiscal year.

Employers' contribution amounts for PERS are based on an actuarially determined rate. The annual employer contributions for PERS include funding for basic retirement allowances, cost-of-living adjustments, and noncontributory death benefits. Under current Statute, the District is a non-contributing employer of the TPAF.

Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions for the pension plans on a phased-in basis over a seven-year period beginning in fiscal year 2012. For fiscal year 2013, the State's minimum required contribution was 2/7th of the full recommended amounts determined on the basis of the July 1, 2011 actuarial valuation.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 7. PENSION PLANS (Continued)

E. Contribution Requirements (Continued):

During the years ended June 30, 2016, 2015 and 2014 the District was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal pension contributions and non-contributory group life insurance (NCGI) in the following amounts.

Three-Year Trend Information

Year Funding	PERS Contributed by the District		TPAF Paid on behalf of the district	
	Pension	NCGI	Pension	NCGI
June 30, 2016	\$ 1,723,935	\$ 92,301	\$ 4,103,704	\$ 204,420
June 30, 2015	1,545,446	103,791	2,837,425	204,140
June 30, 2014	1,477,353	25,125	2,265,498	199,968

F. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

GASB Statement No. 68, *Accounting and Financial Reporting for Pension* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB No. 68* require participating employers in pension plans to recognize their proportionate share of their collective net pension liability, collective deferred inflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions.

At June 30, 2016 the Districts net pension liability for PERS was \$47,422,764.

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, Districts PERS proportion was 0.2113%, which was an increase of 0.0112% from its proportion measured as of June 30, 2014.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 7. PENSION PLANS (Continued)

F. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2016, the District recognized PERS pension expense of \$3,507,225. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and accrual experience	\$ 1,131,341	\$ -
Changes in assumptions	5,092,826	-
Net differences between projected and actual investment earnings on pension plan investments	-	762,467
Changes in proportion	1,864,804	-
District contributions subsequent to measurement date	<u>1,999,386</u>	<u>-</u>
Total	<u><u>\$ 10,088,357</u></u>	<u><u>\$ 762,467</u></u>

\$1,999,386 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u>	
June 30, 2016	\$ 1,397,628
June 30, 2017	1,397,629
June 30, 2018	1,397,629
June 30, 2019	1,955,673
June 30, 2020	<u>1,177,945</u>
	<u><u>\$ 7,326,504</u></u>

**CITY OF BAYONNE SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 7. PENSION PLANS (Continued)

**F. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and
 Deferred Inflows of Resources Related to Pensions (Continued)**

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.04%
Salary increases: 2012-2021	2.15 – 4.40%
Thereafter	3.15 5.40% Based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement beneficiaries of former members with adjustments for mortality improvements from the base year of 201 based on Projections Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actual assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact will be on future financial statements.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 7. PENSION PLANS (Continued)

F. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
Core Bonds	1.75%	1.64%
Intermediate-Term Bonds	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 7. PENSION PLANS (Continued)

F. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employees will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the District's proportionate share of the net pension liability as of June 30, 2015, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of PERS net pension liability	\$ 58,940,694	\$ 47,422,764	\$ 37,766,216

Pension Plan fiduciary net position

Detailed information about the pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 7. PENSION PLANS (Continued)

F. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Payable to the pension plan

At June 30, 2016 the District reported accounts payable to the PERS of \$1,999,386 for the required actuarially determined contribution to PERS for the year ended June 30, 2016.

G. TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2016 the State’s net pension liability for TPAF associated with the District was \$355,580,617. For the year ended June 30, 2016, the District recognized an on-behalf TPAF pension expense of \$18,873,973 offset by an on-behalf TPAF pension contribution for the same amount.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, Districts TPAF proportion was 0.5626%, which was a decrease of 0.0202% from its proportion measured as of June 30, 2014.

Actuarial Assumptions

The total TPAF pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases: 2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 7. PENSION PLANS (Continued)

G. TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

Actuarial Assumptions (Continued)

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from base year of 2000 until valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 7. PENSION PLANS (Continued)

G. TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds – MultiStrategy	4.00%	4.59%
Hedge Funds – Equity Hedge	4.00%	5.68%
Hedge Funds – Distressed	4.00%	4.30%

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 7. PENSION PLANS (Continued)

G. TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate

The discount rate used to measure the total pension liability for TPAF was 4.13% as of June 30, 2015. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contributions rates and that contributions from employees will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Pension Plan fiduciary net position

Detailed information about the pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

H. Reimbursed TPAF Social Security Contributions

Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$4,410,183 during the year ended June 30, 2016, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the required supplementary information schedules as a revenue and expenditure in accordance with GASB 27.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 8. POST-RETIREMENT BENEFITS

The District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP.

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c. 62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' postretirement benefits on behalf of the School District for the years ended June 30, 2016, 2015 and 2014 were \$5,129,786, \$4,828,487 and \$4,042,438, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 8. POST-RETIREMENT BENEFITS (Continued)

Chapter 78, P.L. 2011, effective October 2011, established new employee contribution requirements towards the cost of employee provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011, the 4-year phase-in does not apply and contributions based on the full percentage rate of contribution are required.

Under Chapter 78 certain future retirees eligible for employer-paid health care coverage at retirement will also be required to pay a percentage of the cost of their medical coverage determined on the basis of their annual retirement benefit.

Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the State had an \$16.8 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) for local and \$41.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2015, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 8. POST-RETIREMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits, issues a publicly available financial report that include the financial statements and required supplementary information for the SHBP. The financial report may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

NOTE 9. COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A Liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the governmental fund types is recorded as current and long-term liabilities.

NOTE 10. ECONOMIC DEPENDENCY

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 11. CONTINGENT LIABILITIES

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the District's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District nor would they be material to the financial statements.

The District over committed the fund balance for the succeeding year's budget resulting in a deficit unassigned fund balance of (\$2,003,625). The District has also appropriated less for total salaries in the succeeding year's budget when compared to actual total salaries for the current year. This could result in the District having a deficit in fund balance in the succeeding year.

The District is in ongoing labor contract negotiations that include the current fiscal year ended June 30, 2016. There is a potential for any retroactive increases in labor contracts for the fiscal year ended June 30, 2016; however the amount of the potential liability cannot be determined at the time of the audit.

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District did not significantly reduce insurance coverage during fiscal year 2016. Insurance claims have not exceeded coverage in any of the past three fiscal years.

A. Property and Liability Insurance:

The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 12. RISK MANAGEMENT (Continued)

B. New Jersey Unemployment Compensation Insurance:

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of district contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s Expendable Trust Fund for the current and the previous year:

<u>Year Ending</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Transferred/ Reimbursed</u>	<u>Interest Earned</u>	<u>Ending Balance</u>
June 30, 2016	\$ -	\$ 243,952	\$ 244,168	\$ 216	\$ -
June 30, 2015	-	241,402	241,558	156	-
June 30, 2014	363,071	200,990	324,103	201	-

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet of the governmental fund financial statement at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 8,359,820	\$ -
Special Revenue	-	10,438,664
Capital Projects	1,407,937	-
Enterprise	845,959	-
Fiduciary	-	175,052
Total	<u>\$ 10,613,716</u>	<u>\$ 10,613,716</u>

The above balances are the result of revenues earned in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in a cash overdraft position. The special revenue fund interfund payable is due to grant provisions whereas significant funding is only received in the form of reimbursements for allowable expenditures, whereby the special revenue fund has borrowed funds from other funds to temporarily fund such expenditures. The District expects to liquidate all interfund balances within one year.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES (Continued)

During the fiscal year ended June 30, 2016 the enterprise fund returned its 2014-2015 year contributions back to the general fund in the amount of \$560,964.

NOTE 14. INVENTORY

Inventory in the Food Service Fund at June 30, 2016, consisted of the following:

Food and Supplies	\$ 68,856
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 15. FUND BALANCE APPROPRIATED

Fund Statements:

General Fund - Of the \$142,333 General Fund fund balance at June 30, 2016, \$1,523,324 is restricted as reserved excess surplus in accordance with N.J.S.A. 18A:7F-7; \$5,940,338 is committed for other purposes and a deficit of (\$7,321,329) is unassigned.

Special Revenue Fund – The (\$201,736) Special Revenue Fund deficit fund balance at June 30, 2016 is unassigned.

Capital Projects Fund – of the \$9,900,351 Capital Projects Fund fund balance at June 30, 2016, \$1,316,204 is committed for other purposes; and \$8,584,147 is assigned to the capital projects fund.

The total Governmental Funds fund balance is \$9,840,948.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 15. FUND BALANCE APPROPRIATED (Continued)

Government-wide Statements:

The following is a summary of adjustments made to the fund statements to arrive at the total net position per the District-wide Statement of Net Position:

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Fund Balance/Net Position	\$ 9,840,948	\$ 2,396,564	\$ 12,237,512
Add: Capital Assets, Net of Accumulated Depreciation	72,797,326	-	72,797,326
Deferred Outflows of Resources	10,088,357	-	10,088,357
Less: Accounts Payable for Pension	(1,999,386)	-	(1,999,386)
Long-Term Liabilities	(3,812,346)	-	(3,812,346)
Net Pension Liability	(47,422,764)	-	(47,422,764)
Deferred Inflows of Resources	<u>(762,467)</u>	<u>-</u>	<u>(762,467)</u>
Total Net Position	<u>\$ 38,729,668</u>	<u>\$ 2,396,564</u>	<u>\$ 41,126,232</u>

NOTE 16. DEFICIT FUND BALANCES

The District has a deficit fund balance of (\$201,736) in the Special Revenue Fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). P.L. 2003, c. 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last two state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the General Fund deficit balance and the Special Revenue Fund deficit balance does not alone indicate that the district is facing financial difficulties.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 16. DEFICIT FUND BALANCES (Continued)

Pursuant to P.L. 2003, c. 97 any negative unreserved, undesignated fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. However, the District's deficit in the GAAP funds statements of (\$7,523,065) is not less than the last two state aid payments totaling \$5,519,440 because the District has a negative unassigned fund balance (\$2,003,625) due to overcommitment of fund balance for the succeeding year's budget.

NOTE 17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance for year ended June 30, 2016 is \$0

NOTE 18. RECEIVABLES FROM OTHER GOVERNMENTS

Receivables from other governments as reported on the general fund balance sheet amounting to \$779,839 are from state sources.

Receivables from other governments as reported on the special revenue fund balance sheet amounting to \$6,537,748 are comprised of \$6,221,678 from federal sources and \$316,070 from state sources.

Receivables from other governments as reported on the capital projects fund balance sheet amounting to \$8,061,013 are from state sources.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

CITY OF BAYONNE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES					
Local sources:					
Local tax levy	\$ 61,174,248	\$ -	\$ 61,174,248	\$ 61,174,248	\$ -
Tuition	75,000	-	75,000	64,792	(10,208)
Interest earned	-	-	-	49,953	49,953
Miscellaneous	1,350,000	-	1,350,000	1,858,938	508,938
Total - local sources	<u>62,599,248</u>	<u>-</u>	<u>62,599,248</u>	<u>63,147,931</u>	<u>548,683</u>
Federal sources:					
Special Education Medicare Reimbursement Initiative	251,426	-	251,426	378,139	126,713
Total - federal sources	<u>251,426</u>	<u>-</u>	<u>251,426</u>	<u>378,139</u>	<u>126,713</u>
State sources:					
Equalization aid	46,701,236	-	46,701,236	46,701,236	-
Transportation aid	64,658	-	64,658	64,658	-
Special education categorical aid	5,433,590	-	5,433,590	5,433,590	-
Security aid	639,416	-	639,416	639,416	-
Under adequacy aid	500,000	-	500,000	500,000	-
Extraordinary aid	-	-	-	543,648	543,648
PARCC readines aid	92,880	-	92,880	92,880	-
Per pupil growth aid	92,880	-	92,880	92,880	-
Adult education programs aid	-	-	-	56,501	56,501
On-Behalf TPAF contributions (non budgeted)					
Pension	-	-	-	4,103,704	4,103,704
Non-contributory group insurance premium	-	-	-	204,420	204,420
Post-retirement medical contributions	-	-	-	5,129,786	5,129,786
Reimbursed TPAF Social Security contribution: (Non budgeted)	-	-	-	4,410,183	4,410,183
Total - state sources	<u>53,524,660</u>	<u>-</u>	<u>53,524,660</u>	<u>67,972,902</u>	<u>14,448,242</u>
Total revenues	<u>116,375,334</u>	<u>-</u>	<u>116,375,334</u>	<u>131,498,972</u>	<u>15,123,638</u>
EXPENDITURES -					
CURRENT EXPENSE					
Regular programs - instruction:					
Salaries of teachers:					
Preschool/kindergarten	3,133,543	(596,041)	2,537,502	2,537,502	-
Grades 1-5	13,094,813	(1,250,000)	11,844,813	11,844,813	-
Grades 6-8	10,624,170	(1,500,000)	9,124,170	9,124,170	-
Grades 9-12	12,604,659	925,000	13,529,659	19,992,909	(6,463,250)
Total regular programs - instruction	<u>39,457,185</u>	<u>(2,421,041)</u>	<u>37,036,144</u>	<u>43,499,394</u>	<u>(6,463,250)</u>
Regular programs - home instruction:					
Salaries of teachers	207,437	-	207,437	207,437	-
General supplies	1,500	-	1,500	1,477	23
Other objects	2,200	-	2,200	2,200	-
Total regular programs - home instruction	<u>211,137</u>	<u>-</u>	<u>211,137</u>	<u>211,114</u>	<u>23</u>
Regular programs - undistributed instruction:					
Other salaries for instruction	535,177	-	535,177	532,141	3,036
Travel	750	-	750	-	750
General supplies	3,809,644	(517)	3,809,127	2,925,879	883,248
Technology supplies	322,517	-	322,517	309,457	13,060
Textbooks	1,195,553	(420,134)	775,419	611,668	163,751
Other objects	88,305	-	88,305	7,305	81,000
Total regular programs - undistributed instruction	<u>5,951,946</u>	<u>(420,651)</u>	<u>5,531,295</u>	<u>4,386,450</u>	<u>1,144,845</u>
Total regular programs	<u>45,620,268</u>	<u>(2,841,692)</u>	<u>42,778,576</u>	<u>48,096,958</u>	<u>(5,318,382)</u>
Special education:					
Cognitive - moderate:					
Salaries of teachers	980,000	(172,591)	807,409	-	807,409
Other salaries for instruction	428,000	-	428,000	-	428,000
Total cognitive - moderate	<u>1,408,000</u>	<u>(172,591)</u>	<u>1,235,409</u>	<u>-</u>	<u>1,235,409</u>
Neurologically impaired					
Salaries of teachers	2,407,861	-	2,407,861	2,407,861	-
Other salaries for instruction	1,219,660	-	1,219,660	1,219,660	-
General supplies	77,097	-	77,097	62,573	14,524
Technology supplies	7,807	-	7,807	7,807	-
Textbooks	55,190	-	55,190	7,759	47,431
Other objects	90,000	-	90,000	25,814	64,186
Total learning/language disabilities	<u>3,857,615</u>	<u>-</u>	<u>3,857,615</u>	<u>3,731,474</u>	<u>126,141</u>

CITY OF BAYONNE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Behavioral disabilities					
Salaries of teachers	\$ 4,522,473	\$ (1,265,087)	\$ 3,257,386	\$ 3,257,386	\$ -
Other salaries for instruction	337,867	-	337,867	337,867	-
General supplies	20,483	-	20,483	14,768	5,715
Technology supplies	20,657	-	20,657	20,657	-
Textbooks	20,000	-	20,000	14,316	5,684
Other objects	9,689	-	9,689	4,401	5,288
Total behavioral disabilities	<u>4,931,169</u>	<u>(1,265,087)</u>	<u>3,666,082</u>	<u>3,649,395</u>	<u>16,687</u>
Multiple disabilities:					
Salaries of teachers	750,000	-	750,000	731,352	18,648
Other salaries for instruction	684,106	-	684,106	684,106	-
General supplies	1,200	-	1,200	1,119	81
Textbooks	31,301	-	31,301	20,414	10,887
Other objects	23,514	-	23,514	16,273	7,241
Total multiple disabilities	<u>1,490,121</u>	<u>-</u>	<u>1,490,121</u>	<u>1,453,264</u>	<u>36,857</u>
Resource room/resource center:					
Salaries of teachers	750,000	-	750,000	750,000	-
General supplies	22,744	11,500	34,244	31,024	3,220
Technology supplies	48,013	(1,500)	46,513	35,862	10,651
Textbooks	87,912	(10,000)	77,912	32,814	45,098
Other objects	32,000	-	32,000	2,037	29,963
Total resource room/resource center	<u>940,669</u>	<u>-</u>	<u>940,669</u>	<u>851,737</u>	<u>88,932</u>
Autism:					
Salaries of teachers	651,009	-	651,009	651,009	-
Other salaries for instruction	972,798	-	972,798	972,798	-
General supplies	5,055	-	5,055	4,045	1,010
Technology supplies	1,945	-	1,945	1,945	-
Other objects	10,300	-	10,300	4,756	5,544
Total autism	<u>1,641,107</u>	<u>-</u>	<u>1,641,107</u>	<u>1,634,553</u>	<u>6,554</u>
Speech/occupational therapy/physical therapy					
Salaries of teachers	572,719	-	572,719	572,719	-
Other salaries for instruction	363,636	-	363,636	363,636	-
General supplies	3,098	-	3,098	-	3,098
Technology supplies	302	-	302	302	-
Other objects	18,000	-	18,000	9,000	9,000
Total speech/occupational therapy/physical therapy	<u>957,755</u>	<u>-</u>	<u>957,755</u>	<u>945,657</u>	<u>12,098</u>
Total special education - instruction	<u>15,226,436</u>	<u>(1,437,678)</u>	<u>13,788,758</u>	<u>12,266,080</u>	<u>1,522,678</u>
Basic skills/remedial:					
Salaries of teachers	100,000	-	100,000	-	100,000
Total basic skills/remedial	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Bilingual education:					
Salaries of teachers	1,066,062	-	1,066,062	1,066,062	-
Other salaries for instruction	279,865	-	279,865	264,053	15,812
Textbooks	3,800	-	3,800	1,900	1,900
Other objects	16,600	-	16,600	16,563	37
Total bilingual education	<u>1,366,327</u>	<u>-</u>	<u>1,366,327</u>	<u>1,348,578</u>	<u>17,749</u>
Vocational programs-local-instruction:					
Salaries of teachers	697,355	-	697,355	697,355	-
General supplies	83,723	-	83,723	57,678	26,045
Technology supplies	28,975	-	28,975	10,976	17,999
Textbooks	24,500	-	24,500	15,020	9,480
Other objects	108,128	-	108,128	17,590	90,538
Total vocational programs-local-instruction	<u>942,681</u>	<u>-</u>	<u>942,681</u>	<u>798,619</u>	<u>144,062</u>

CITY OF BAYONNE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Other instructional:					
School-sponsored cocurricular activities:					
Salaries	\$ 190,077	\$ -	\$ 190,077	\$ 190,077	\$ -
Other Objects	53,300	100,000	153,300	52,716	100,584
School-sponsored athletics:					
Salaries	683,961	(200,000)	483,961	483,961	-
Other purchase services	300,454	100,000	400,454	282,768	117,686
Community service programs:					
Salaries	66,593	-	66,593	66,593	-
Total other instructional	<u>1,294,385</u>	<u>-</u>	<u>1,294,385</u>	<u>1,076,115</u>	<u>218,270</u>
Total - instruction	<u>64,550,097</u>	<u>(4,279,370)</u>	<u>60,270,727</u>	<u>63,586,350</u>	<u>(3,315,623)</u>
Undistributed expenditures - instruction:					
Tuition to other LEA's within the state - special	545,645	(430,000)	115,645	106,555	9,090
Tuition to CSSD & regional day schools	145,243	146,651	291,894	177,773	114,121
Tuition to private schools for the handicapped-within state	1,905,093	1,586,487	3,491,580	3,233,539	258,041
Tuition - state facilities	20,262	-	20,262	-	20,262
Tuition - other	53,078	-	53,078	-	53,078
Total undistributed expenditures - instruction	<u>2,669,321</u>	<u>1,303,138</u>	<u>3,972,459</u>	<u>3,517,867</u>	<u>454,592</u>
Attendance and social work services:					
Salaries	453,089	-	453,089	453,089	-
Other purchased services (400-500 series)	2,100	-	2,100	-	2,100
Supplies and materials	1,700	-	1,700	1,679	21
Total attendance and social work services	<u>456,889</u>	<u>-</u>	<u>456,889</u>	<u>454,768</u>	<u>2,121</u>
Health services:					
Salaries	1,207,368	(430,000)	777,368	777,368	-
Purchased professional and technical services	99,324	-	99,324	83,151	16,173
Other purchased services (400-500 series)	26,666	-	26,666	25,793	873
Supplies and materials	22,086	-	22,086	20,878	1,208
Total health services	<u>1,355,444</u>	<u>(430,000)</u>	<u>925,444</u>	<u>907,190</u>	<u>18,254</u>
Other support services - students-related services:					
Salaries	398,059	(70,000)	328,059	324,987	3,072
Supplies and materials	74,921	-	74,921	42,032	32,889
Other objects	11,622	-	11,622	11,273	349
Purchased professional - educational services	15,900	-	15,900	11,158	4,742
Total other support services - students-related services	<u>500,502</u>	<u>(70,000)</u>	<u>430,502</u>	<u>389,450</u>	<u>41,052</u>
Other support services - students-regular:					
Salaries of other professional staff	1,601,208	-	1,601,208	1,601,208	-
Salaries of secretarial and clerical assistants	146,060	-	146,060	146,060	-
Supplies and materials	523,259	(248,200)	275,059	188,390	86,669
Total other support services - students-regular	<u>2,270,527</u>	<u>(248,200)</u>	<u>2,022,327</u>	<u>1,935,658</u>	<u>86,669</u>
Other support services - students - special services:					
Salaries of other professional staff	1,036,001	-	1,036,001	1,036,001	-
Salaries of secretarial and clerical assistants	286,346	-	286,346	286,346	-
Purchased professional - educational services	1,555,406	306,199	1,861,605	1,721,871	139,734
Supplies and materials	64,500	-	64,500	51,605	12,895
Total other support services - students-special services	<u>2,942,253</u>	<u>306,199</u>	<u>3,248,452</u>	<u>3,095,823</u>	<u>152,629</u>
Improvement of instructional services:					
Salaries of supervisors of instructions	940,812	-	940,812	940,812	-
Salaries of secretarial and clerical assistants	142,741	-	142,741	104,181	38,560
Other objects	77,625	-	77,625	40,264	37,361
Total improvement of instructional services	<u>1,161,178</u>	<u>-</u>	<u>1,161,178</u>	<u>1,085,257</u>	<u>75,921</u>
Educational media services/school library:					
Salaries	114,588	-	114,588	114,588	-
Supplies and materials	51,457	(718)	50,739	26,793	23,946
Total educational media services/school library	<u>166,045</u>	<u>(718)</u>	<u>165,327</u>	<u>141,381</u>	<u>23,946</u>

CITY OF BAYONNE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Instruction staff training services					
Other purchased professional services - educationa	\$ 36,600	\$ (31,451)	\$ 5,149	\$ 4,149	\$ 1,000
Other purchased professional services - technica	14,000	-	14,000	-	14,000
Other purchased services (400-500 series)	21,569	(12,075)	9,494	5,593	3,901
Travel	23,531	31,451	54,982	41,041	13,941
Total instruction staff training service:	<u>95,700</u>	<u>(12,075)</u>	<u>83,625</u>	<u>50,783</u>	<u>32,842</u>
Support services - general administration:					
Salaries	873,145	-	873,145	873,145	-
Legal services	344,119	61,340	405,459	370,962	34,497
Audit Fees	135,300	10,703	146,003	64,885	81,118
Other purchased professional services	53,642	(17,291)	36,351	33,345	3,006
Communications/telephone	453,738	30,000	483,738	474,326	9,412
Board of education other purchased services	25,000	-	25,000	8,680	16,320
Other purchased services (400-500 series)	284,347	(30,928)	253,419	226,456	26,963
Supplies and materials	156,828	1,751	158,579	147,071	11,508
Board of education in-house training supplie:	32,000	(23,500)	8,500	8,500	-
Miscellaneous expenditures	70,157	-	70,157	61,288	8,869
Board of education membership dues and fees	35,000	(20,000)	15,000	7,664	7,336
Total support services - general administration	<u>2,463,276</u>	<u>12,075</u>	<u>2,475,351</u>	<u>2,276,322</u>	<u>199,029</u>
Support services - school administration:					
Salaries of principals/assistant principals	3,402,604	(500,000)	2,902,604	2,902,604	-
Salaries of secretarial and clerical assistants	1,935,314	-	1,935,314	1,935,314	-
Supplies and materials	226,654	718	227,372	197,756	29,616
Total support services - school administration	<u>5,564,572</u>	<u>(499,282)</u>	<u>5,065,290</u>	<u>5,035,674</u>	<u>29,616</u>
Central services:					
Salaries	871,970	(100,000)	771,970	771,970	-
Miscellaneous purchased services:	30,000	(30,000)	-	-	-
Lease-back payments	1,245,966	1,066,364	2,312,330	1,728,166	584,164
Supplies and materials	32,000	(5,918)	26,082	2,446	23,636
Total central services:	<u>2,179,936</u>	<u>930,446</u>	<u>3,110,382</u>	<u>2,502,582</u>	<u>607,800</u>
Administrative Information Technology:					
Salaries	39,555	-	39,555	39,555	-
Purchased profession services	26,100	-	26,100	-	26,100
Purchased technical services	21,000	-	21,000	-	21,000
Other purchased services (400-500 series)	207,500	(140,429)	67,071	-	67,071
Total administrative information technology:	<u>294,155</u>	<u>(140,429)</u>	<u>153,726</u>	<u>39,555</u>	<u>114,171</u>
Required maintenance for school facilities:					
Salaries	5,210,375	-	5,210,375	5,210,375	-
General supplies	510,278	-	510,278	479,964	30,314
Total required maintenance for school facilities	<u>5,720,653</u>	<u>-</u>	<u>5,720,653</u>	<u>5,690,339</u>	<u>30,314</u>
Operation and maintenance of plant services:					
Salaries	2,197,385	(430,351)	1,767,034	1,767,034	-
Cleaning, repair and maintenance service	2,608,706	751,463	3,360,169	2,667,378	692,791
Insurance	345,000	(343,315)	1,685	1,685	-
General supplies	501,092	3,252	504,344	492,943	11,401
Electricity	2,566,309	105,000	2,671,309	1,671,596	999,713
Total operation and maintenance of plant services	<u>8,218,492</u>	<u>86,049</u>	<u>8,304,541</u>	<u>6,600,636</u>	<u>1,703,905</u>
Student transportation services:					
Salaries for pupil transportation - (between home and school) - special	1,456,190	(98,150)	1,358,040	1,358,040	-
Cleaning, repair and maintenance services	151,520	(2,189)	149,331	107,898	41,433
Rental payments - school buses	1,500	(1,500)	-	-	-
Lease purchase payments - school buses	59,436	(29,217)	30,219	15,059	15,160
Contracted services - Contracted services - (Special education students) - vendors	1,300,067	258,057	1,558,124	1,397,746	160,378
Miscellaneous purchased services - transportation	214,578	(82,000)	132,578	81,135	51,443
General supplies	157,207	(45,000)	112,207	31,267	80,940
Miscellaneous purchased services:	10,160	-	10,160	5,621	4,539
Total student transportation services	<u>3,350,658</u>	<u>1</u>	<u>3,350,659</u>	<u>2,996,766</u>	<u>353,893</u>

CITY OF BAYONNE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Employee benefits:					
Social Security contribution	\$ 1,808,393	\$ 293,801	\$ 2,102,194	\$ 1,989,331	\$ 112,863
Other retirement contributions	1,555,737	260,499	1,816,236	1,816,236	-
Workers' compensation	285,000	(285,000)	-	-	-
Unemployment compensation	100,000	(100,000)	-	-	-
Health benefits	15,175,010	2,619,321	17,794,331	17,252,132	542,199
Tuition reimbursement	46,200	25,692	71,892	36,000	35,892
Other Employee Benefits	4,000	28,313	32,313	15,383	16,930
Total employee benefits	<u>18,974,340</u>	<u>2,842,626</u>	<u>21,816,966</u>	<u>21,109,082</u>	<u>707,884</u>
On-Behalf TPAF contributions (non budgeted):					
Pension	-	-	-	4,103,704	(4,103,704)
Non-contributory group insurance	-	-	-	204,420	(204,420)
Post-retirement medical contributions	-	-	-	5,129,786	(5,129,786)
Reimbursed TPAF Social Security contribution: (non budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,410,183</u>	<u>(4,410,183)</u>
Total on-behalf contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,848,093</u>	<u>(13,848,093)</u>
Total undistributed expenditures	<u>58,383,941</u>	<u>4,079,830</u>	<u>62,463,771</u>	<u>71,677,226</u>	<u>(9,213,455)</u>
Total current expense	<u>122,934,038</u>	<u>(199,540)</u>	<u>122,734,498</u>	<u>135,263,576</u>	<u>(12,529,078)</u>
CAPITAL OUTLAY					
Equipment:					
Preschool/kindergarten	32,046	-	32,046	5,666	26,380
Grades 1 - 5	13,100	-	13,100	9,181	3,919
Grades 6 - 8	16,300	-	16,300	-	16,300
Grades 9 - 12	20,000	-	20,000	20,000	-
Special education - instruction:					
Basic skills/remedial - instruction	30,000	-	30,000	15,000	15,000
Vocational - instruction	43,624	-	43,624	33,173	10,451
Undistributed expenditures:					
Instructional	33,855	-	33,855	29,421	4,434
Support services - students	26,800	-	26,800	8,269	18,531
Support services - related & extra	9,000	21,623	30,623	6,129	24,494
School Buses - Special	112,000	-	112,000	-	112,000
Total equipment	<u>336,725</u>	<u>21,623</u>	<u>358,348</u>	<u>126,839</u>	<u>231,509</u>
Facilities acquisition and construction services:					
Construction services	1,100,000	(459,423)	640,577	-	640,577
Assessment for debt service on SDA funding	269,280	437,800	707,080	-	707,080
Total facilities acquisition and construction services	<u>1,369,280</u>	<u>(21,623)</u>	<u>1,347,657</u>	<u>-</u>	<u>1,347,657</u>
Assets acquired under capital leases (non budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,230,747</u>	<u>(1,230,747)</u>
Total capital outlay	<u>1,706,005</u>	<u>-</u>	<u>1,706,005</u>	<u>1,357,586</u>	<u>348,419</u>
SPECIAL SCHOOLS					
Adult education - local - instruction:					
Salaries of teachers	277,741	-	277,741	277,741	-
General supplies	18,652	-	18,652	11,220	7,432
Technology supplies	10,174	-	10,174	10,174	-
Textbooks	13,500	-	13,500	5,866	7,634
Other objects	108,952	-	108,952	76,365	32,587
Total adult education - local - instruction	<u>429,019</u>	<u>-</u>	<u>429,019</u>	<u>381,366</u>	<u>47,653</u>
Total special schools	<u>429,019</u>	<u>-</u>	<u>429,019</u>	<u>381,366</u>	<u>47,653</u>
Charter Schools	<u>181,404</u>	<u>199,540</u>	<u>380,944</u>	<u>312,481</u>	<u>68,463</u>
Total expenditures	<u>125,250,466</u>	<u>-</u>	<u>125,250,466</u>	<u>137,315,009</u>	<u>(12,064,543)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,875,132)</u>	<u>-</u>	<u>(8,875,132)</u>	<u>(5,816,037)</u>	<u>3,059,095</u>
OTHER FINANCING SOURCES (USES)					
Capital Leases (non budgeted)	-	-	-	1,230,747	1,230,747
Special item - interest payment	-	-	-	(23,425)	(23,425)
Operating transfer in - prior year contributions to food service returned	-	-	-	560,964	560,964
Operating transfer out - contribution to food service fund	(560,964)	-	(560,964)	-	560,964
Transfers in - capital projects fund project balance:	-	-	-	122,895	122,895
Total other financing sources (uses)	<u>(560,964)</u>	<u>-</u>	<u>(560,964)</u>	<u>1,891,181</u>	<u>2,452,145</u>

**CITY OF BAYONNE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ (9,436,096)	\$ -	\$ (9,436,096)	\$ (3,924,856)	\$ 5,511,240
Fund balances, July 1	9,436,096	-	9,436,096	9,384,893	(51,203)
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,460,037</u>	<u>\$ 5,460,037</u>

Recapitulation:

Restricted for:					
Reserve for Excess Surplus - prior year - designated for subsequent year's expenditures				\$ 1,523,324	
Committed to:					
Year-end Encumbrances				5,940,338	
Unassigned				<u>(2,003,625)</u>	
				5,460,037	

Reconciliation to Government Funds (GAAP)

Last State Aid Payment not recognized on GAAP Basis				<u>(5,317,704)</u>	
Fund Balance per Government Funds (GAAP)				<u>\$ 142,333</u>	

CITY OF BAYONNE SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
for the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
REVENUES					
Federal sources	\$ 4,795,345	\$ 1,625,762	\$ 6,421,107	\$ 5,961,523	\$ 459,584
State sources	2,691,151	484,852	3,176,003	2,690,488	485,515
Miscellaneous	100,924	292,955	393,879	572,885	(179,006)
Total revenues	<u>7,587,420</u>	<u>2,403,569</u>	<u>9,990,989</u>	<u>9,224,896</u>	<u>766,093</u>
EXPENDITURES					
Instruction:					
Salaries of teachers	6,295,964	(1,734,896)	4,561,068	4,463,501	97,567
Other salaries for instruction	296,310	-	296,310	265,371	30,939
Purchased prof. & tech. services	-	162,621	162,621	159,013	3,608
Other purchased services (400-500 series)	85,977	(31,453)	54,524	54,424	100
General supplies	22,854	744,493	767,347	503,089	264,258
Textbooks	48,516	1,674	50,190	50,181	9
Other objects	-	121,758	121,758	78,279	43,479
Total instruction	<u>6,749,621</u>	<u>(735,803)</u>	<u>6,013,818</u>	<u>5,573,858</u>	<u>439,960</u>
Support services:					
Salaries	-	317,294	317,294	317,294	-
Salaries of supervisors of instruction	-	153,961	153,961	153,961	-
Salaries of Program Directors	211,231	123,025	334,256	334,256	-
Salaries of other professional staff	-	130,283	130,283	115,933	14,350
Salaries of secretarial & clerical staff	37,166	136,017	173,183	172,275	908
Salaries of facilitators, math and literacy coaches	59,583	-	59,583	58,415	1,168
Personal services-employee benefits	296,891	1,433,930	1,730,821	1,694,291	36,530
Other purchased professional services	25,000	55,000	80,000	79,067	933
Purchased technical services	80,910	-	80,910	80,910	-
Rentals	-	10,000	10,000	10,000	-
Contracted services transportation	-	13,992	13,992	-	13,992
Travel	-	1,000	1,000	1,000	-
Other purchased services (400-500 series)	100,924	181,122	282,046	150,871	131,175
Supplies and materials	26,094	555,545	581,639	458,007	123,632
Other objects	-	5,700	5,700	5,630	70
Total support services	<u>837,799</u>	<u>3,116,869</u>	<u>3,954,668</u>	<u>3,631,910</u>	<u>322,758</u>
Facilities acquisition and construction services:					
Noninstructional equipment	-	22,503	22,503	19,128	3,375
Total facilities acquisition and const. services	<u>-</u>	<u>22,503</u>	<u>22,503</u>	<u>19,128</u>	<u>3,375</u>
Total expenditures	<u>7,587,420</u>	<u>2,403,569</u>	<u>9,990,989</u>	<u>9,224,896</u>	<u>766,093</u>
Total Outflows	<u>7,587,420</u>	<u>2,403,569</u>	<u>9,990,989</u>	<u>9,224,896</u>	<u>766,093</u>
Excess of revenues over expenditures	-	-	-	-	-
Fund balance, July 1	-	-	-	-	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BAYONNE SCHOOL DISTRICT
Required Supplementary Information
Budget to GAAP Reconciliation
Note to RSI
for the Fiscal Year Ended June 30, 2016

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 131,498,972	[C-2] \$ 9,224,896
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	(202,110)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	5,300,560	215,446
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	(5,317,704)	(201,736)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 131,481,828	[B-2] \$ 9,036,496
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 137,315,009	[C-2] \$ 9,224,896
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	(202,110)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 137,315,009	[B-2] \$ 9,022,786

REQUIRED SUPPLEMENTARY INFORMATION

PART III

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR PENSIONS (GASB 68)**

**CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST TWO FISCAL YEARS**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.2112561100%	0.2000565083%
District's proportionate share of the net pension liability	\$ 47,422,764	\$ 37,456,050
District's covered-employee payroll	\$ 15,172,232	\$ 15,122,699
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	31.99%	40.37%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%

**CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST TWO FISCAL YEARS**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,818,236	\$ 1,649,237
Contributions in relation to the contractually required contribution	<u>1,818,236</u>	<u>1,649,237</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 15,172,232	\$ 15,122,699
Contributions as a percentage of covered-employee payroll	11.98%	10.91%

**CITY OF BAYONNE SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS PENSION ANNUITY FUND (TPAF)
 LAST TWO FISCAL YEARS**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.5625895462%	0.5827959263%
District's proportionate share of the net pension liability	\$ -	\$ -
District's covered-employee payroll	\$ 60,939,235	\$ 59,838,204
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS**

Changes in benefit terms: None

Changes in assumptions: The discount rate changed from the rate as of June 30, 2014 to the rate as of June 30, 2015, in accordance with GASB Statement No. 68.

Method and assumptions used in calculations of employer's actuarially determined contributions The actuarially determined contributions are calculated as of July 1 preceding the fiscal year in which the contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine rates in the schedule of employer contributions.

	<u>PERS</u>	<u>TPAF</u>
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar, open	Level Dollar, open
Remaining amortization period	30 years	30 years
Asset valuation method	Five-year average of market values	20% of the difference between the expected Actuarial Value and market value is recognized each year
Inflation	3.04%	2.50%
Projected salary increase		
2012-2021	2.15 - 4.40% based on age	Varies based on experience
Thereafter	3.15 - 5.40% based on age	Varies based on experience
Projected COLAs	N/A*	N/A*
Investment rate of return	7.90%	7.90%

* Pursuant to the provisions of Chapter 78, P.L. 2011, cost of living adjustment (COLA) increases were suspended for all current and future retirees of all retirement systems.

Contributions: Contributions reported on Exhibit L-2 represent actual contributions by the District including contributions to the Non-Contributory Group Insurance Premium Fund.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

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CITY OF BAYONNE SCHOOL DISTRICT
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
for the Fiscal Year Ended June 30, 2016

	Total Brought Forward (Ex. E-1a)	No Child Left Behind	
		Title I, Part A Basic	Title II, Part A Teacher & Principal Training
REVENUES			
Federal sources	\$ -	\$ 2,855,136	\$ 345,809
State sources	2,690,488	-	-
Miscellaneous	572,885	-	-
Total revenues	3,263,373	2,855,136	345,809
EXPENDITURES			
Instruction:			
Salaries of teachers	1,296,488	1,574,844	138,434
Other salaries for instruction	265,371	-	-
Purchased prof. & tech. services	-	2,500	109,221
Other purchased services (400-500 series)	47,424	7,000	-
General supplies	87,399	357,890	-
Textbooks	50,181	-	-
Other objects	75,793	1,179	-
Total instruction	1,822,656	1,943,413	247,655
Support services:			
Salaries	-	-	54,180
Salaries of supervisors of instruction	17,107	136,854	-
Salaries of Program Directors	334,256	-	-
Salaries of other professional staff	115,933	-	-
Salaries of secretarial & clerical staff	84,718	87,557	-
Salaries of facilitators, math and literacy coaches	58,415	-	-
Personal services-employee benefits	345,192	676,312	24,677
Other purchased professional services	74,067	5,000	-
Purchased technical services	80,910	-	-
Rentals	10,000	-	-
Travel	-	-	1,000
Other purchased services (400-500 series)	131,799	6,000	11,072
Supplies and materials	167,062	-	3,725
Other objects	2,130	-	3,500
Total support services	1,421,589	911,723	98,154
Facilities acquisition and construction services:			
Noninstructional equipment	19,128	-	-
Total facilities acquisition and construction services	19,128	-	-
Total expenditures	3,263,373	2,855,136	345,809
Total Outflows	3,263,373	2,855,136	345,809
Excess of revenues over expenditures	\$ -	\$ -	\$ -

No Child Left Behind Title III, English Language Acquisition	IDEA, Basic	IDEA, Preschool	Race to the Top Phase 3	Totals 2016
\$ 82,196	\$ 2,618,139	\$ 57,204	\$ 3,039	\$ 5,961,523
-	-	-	-	2,690,488
-	-	-	-	572,885
<u>82,196</u>	<u>2,618,139</u>	<u>57,204</u>	<u>3,039</u>	<u>9,224,896</u>
11,031	1,397,662	45,042	-	4,463,501
-	-	-	-	265,371
999	46,293	-	-	159,013
-	-	-	-	54,424
57,800	-	-	-	503,089
-	-	-	-	50,181
-	1,307	-	-	78,279
<u>69,830</u>	<u>1,445,262</u>	<u>45,042</u>	<u>-</u>	<u>5,573,858</u>
1,000	262,114	-	-	317,294
-	-	-	-	153,961
-	-	-	-	334,256
-	-	-	-	115,933
-	-	-	-	172,275
-	-	-	-	58,415
920	635,028	12,162	-	1,694,291
-	-	-	-	79,067
-	-	-	-	80,910
-	-	-	-	10,000
-	-	-	-	1,000
2,000	-	-	-	150,871
8,446	275,735	-	3,039	458,007
-	-	-	-	5,630
<u>12,366</u>	<u>1,172,877</u>	<u>12,162</u>	<u>3,039</u>	<u>3,631,910</u>
-	-	-	-	19,128
-	-	-	-	19,128
<u>82,196</u>	<u>2,618,139</u>	<u>57,204</u>	<u>3,039</u>	<u>9,224,896</u>
<u>82,196</u>	<u>2,618,139</u>	<u>57,204</u>	<u>3,039</u>	<u>9,224,896</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BAYONNE SCHOOL DISTRICT
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
for the Fiscal Year Ended June 30, 2016

	Total Brought Forward (Ex. E-1b)	Nonpublic Textbook Aid	Nonpublic <u>Handicapped Aid</u> Examination and Classification
REVENUES			
Federal sources	\$ -	\$ -	\$ -
State sources	2,249,635	50,181	42,737
Miscellaneous	572,885	-	-
Total revenues	<u>2,822,520</u>	<u>50,181</u>	<u>42,737</u>
EXPENDITURES			
Instruction:			
Salaries of teachers	1,187,962	-	-
Other salaries for instruction	265,371	-	-
Purchased prof. & tech. services	-	-	-
Other purchased services (400-500 series)	-	-	-
General supplies	36,367	-	-
Textbooks	-	50,181	-
Other objects	75,793	-	-
Total instruction	<u>1,565,493</u>	<u>50,181</u>	<u>-</u>
Support services:			
Salaries	-	-	-
Salaries of supervisors of instruction	-	-	-
Salaries of Program Directors	327,756	-	6,500
Salaries of other professional staff	87,050	-	25,000
Salaries of secretarial & clerical staff	63,574	-	8,200
Salaries of facilitators, math and literacy coaches	58,415	-	-
Personal services-employee benefits	316,246	-	3,037
Other purchased professional services	74,067	-	-
Purchased technical services	-	-	-
Rentals	10,000	-	-
Travel	-	-	-
Other purchased services (400-500 series)	131,799	-	-
Supplies and materials	167,062	-	-
Other objects	1,930	-	-
Total support services	<u>1,237,899</u>	<u>-</u>	<u>42,737</u>
Facilities acquisition and construction services:			
Noninstructional equipment	19,128	-	-
Total facilities acquisition and construction services	<u>19,128</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,822,520</u>	<u>50,181</u>	<u>42,737</u>
Total Outflows	<u>2,822,520</u>	<u>50,181</u>	<u>42,737</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Nonpublic Handicapped Aid		Nonpublic Aux Services Aid	Nonpublic	Total
Corrective Speech	Supplemental Instruction	Compensatory Education	Nursing Services	Carried Forward
\$ -	\$ -	\$ -	\$ -	\$ -
4,180	47,424	215,421	80,910	2,690,488
-	-	-	-	572,885
<u>4,180</u>	<u>47,424</u>	<u>215,421</u>	<u>80,910</u>	<u>3,263,373</u>
-	-	108,526	-	1,296,488
-	-	-	-	265,371
-	-	-	-	-
-	47,424	-	-	47,424
-	-	51,032	-	87,399
-	-	-	-	50,181
-	-	-	-	75,793
<u>-</u>	<u>47,424</u>	<u>159,558</u>	<u>-</u>	<u>1,822,656</u>
-	-	-	-	-
-	-	17,107	-	17,107
-	-	-	-	334,256
3,883	-	-	-	115,933
-	-	12,944	-	84,718
-	-	-	-	58,415
297	-	25,612	-	345,192
-	-	-	-	74,067
-	-	-	80,910	80,910
-	-	-	-	10,000
-	-	-	-	-
-	-	-	-	131,799
-	-	-	-	167,062
-	-	200	-	2,130
<u>4,180</u>	<u>-</u>	<u>55,863</u>	<u>80,910</u>	<u>1,421,589</u>
-	-	-	-	19,128
-	-	-	-	19,128
<u>4,180</u>	<u>47,424</u>	<u>215,421</u>	<u>80,910</u>	<u>3,263,373</u>
<u>4,180</u>	<u>47,424</u>	<u>215,421</u>	<u>80,910</u>	<u>3,263,373</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BAYONNE SCHOOL DISTRICT
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
for the Fiscal Year Ended June 30, 2016

	Total Brought Forward (Ex. E-1c)	Nonpublic Technology Initiative	Nonpublic Home Instruction
REVENUES			
Federal sources	\$ -	\$ -	\$ -
State sources	-	22,854	3,665
Miscellaneous	296,738	-	-
Total revenues	<u>296,738</u>	<u>22,854</u>	<u>3,665</u>
EXPENDITURES			
Instruction:			
Salaries of teachers	-	-	3,404
Other salaries for instruction	-	-	-
Purchased prof. & tech. services	-	-	-
Other purchased services (400-500 series)	-	-	-
General supplies	13,513	22,854	-
Textbooks	-	-	-
Other objects	64,376	-	-
Total instruction	<u>77,889</u>	<u>22,854</u>	<u>3,404</u>
Support services:			
Salaries	-	-	-
Salaries of supervisors of instruction	-	-	-
Salaries of Program Directors	-	-	-
Salaries of other professional staff	87,050	-	-
Salaries of secretarial & clerical staff	-	-	-
Salaries of facilitators, math and literacy coaches	-	-	-
Personal services-employee benefits	-	-	261
Other purchased professional services	-	-	-
Purchased technical services	-	-	-
Rentals	-	-	-
Travel	-	-	-
Other purchased services (400-500 series)	131,799	-	-
Supplies and materials	-	-	-
Other objects	-	-	-
Total support services	<u>218,849</u>	<u>-</u>	<u>261</u>
Facilities acquisition and construction services:			
Noninstructional equipment	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>296,738</u>	<u>22,854</u>	<u>3,665</u>
Total Outflows	<u>296,738</u>	<u>22,854</u>	<u>3,665</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Nonpublic Security Aid	Preschool Education Aid	Municipal Alliance	School Based Youth Services	Total Carried Forward
\$ -	\$ -	\$ -	\$ -	\$ -
22,475	2,189,224	11,417	-	2,249,635
-	-	-	276,147	572,885
<u>22,475</u>	<u>2,189,224</u>	<u>11,417</u>	<u>276,147</u>	<u>2,822,520</u>
-	944,476	-	240,082	1,187,962
-	265,371	-	-	265,371
-	-	-	-	-
-	-	-	-	36,367
-	-	-	-	-
-	-	11,417	-	75,793
<u>-</u>	<u>1,209,847</u>	<u>11,417</u>	<u>240,082</u>	<u>1,565,493</u>
-	-	-	-	-
-	-	-	-	-
-	327,756	-	-	327,756
-	-	-	-	87,050
-	45,439	-	18,135	63,574
-	58,415	-	-	58,415
-	315,985	-	-	316,246
-	74,067	-	-	74,067
-	-	-	-	-
-	-	-	10,000	10,000
-	-	-	-	-
-	-	-	-	131,799
3,347	157,715	-	6,000	167,062
-	-	-	1,930	1,930
<u>3,347</u>	<u>979,377</u>	<u>-</u>	<u>36,065</u>	<u>1,237,899</u>
19,128	-	-	-	19,128
<u>19,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,128</u>
22,475	2,189,224	11,417	276,147	2,822,520
<u>22,475</u>	<u>2,189,224</u>	<u>11,417</u>	<u>276,147</u>	<u>2,822,520</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BAYONNE SCHOOL DISTRICT
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
for the Fiscal Year Ended June 30, 2016

	Safety Grant	Bayonne Housing Authority, Drug Elimination Program	Adopt-A-School Grant	Total Carried Forward
REVENUES				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Miscellaneous	62,376	102,563	131,799	296,738
Total revenues	<u>62,376</u>	<u>102,563</u>	<u>131,799</u>	<u>296,738</u>
EXPENDITURES				
Instruction:				
Salaries of teachers	-	-	-	-
Other salaries for instruction	-	-	-	-
Purchased prof. & tech. services	-	-	-	-
Other purchased services (400-500 series)	-	-	-	-
General supplies	-	13,513	-	13,513
Textbooks	-	-	-	-
Other objects	62,376	2,000	-	64,376
Total instruction	<u>62,376</u>	<u>15,513</u>	<u>-</u>	<u>77,889</u>
Support services:				
Salaries	-	-	-	-
Salaries of supervisors of instruction	-	-	-	-
Salaries of Program Directors	-	-	-	-
Salaries of other professional staff	-	87,050	-	87,050
Salaries of secretarial & clerical staff	-	-	-	-
Salaries of facilitators, math and literacy coaches	-	-	-	-
Personal services-employee benefits	-	-	-	-
Other purchased professional services	-	-	-	-
Purchased technical services	-	-	-	-
Rentals	-	-	-	-
Travel	-	-	-	-
Other purchased services (400-500 series)	-	-	131,799	131,799
Supplies and materials	-	-	-	-
Other objects	-	-	-	-
Total support services	<u>-</u>	<u>87,050</u>	<u>131,799</u>	<u>218,849</u>
Facilities acquisition and construction services:				
Noninstructional equipment	-	-	-	-
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>62,376</u>	<u>102,563</u>	<u>131,799</u>	<u>296,738</u>
Total Outflows	<u>62,376</u>	<u>102,563</u>	<u>131,799</u>	<u>296,738</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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CITY OF BAYONNE SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid Expenditures
Preschool - All Programs
Budgetary Basis
for the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES					
Instruction:					
Salaries of teachers	\$ 1,065,082	\$ (56,268)	\$ 1,008,814	\$ 944,475	\$ 64,339
Other salaries for instruction	296,310	-	296,310	265,371	30,939
Total instruction	<u>1,361,392</u>	<u>(56,268)</u>	<u>1,305,124</u>	<u>1,209,846</u>	<u>95,278</u>
Support services:					
Salaries of Program Directors	211,231	116,525	327,756	327,756	-
Salaries of secretarial & clerical staff	37,166	9,182	46,348	45,439	909
Salaries of facilitators, math and literacy coaches	59,583	-	59,583	58,415	1,168
Personal services-employee benefits	296,892	22,404	319,296	315,986	3,310
Other purchased professional services	25,000	50,000	75,000	74,067	933
Supplies and materials	26,094	132,812	158,906	157,715	1,191
Total support services	<u>655,966</u>	<u>330,923</u>	<u>986,889</u>	<u>979,378</u>	<u>7,511</u>
Total expenditures	<u>\$ 2,017,358</u>	<u>\$ 274,655</u>	<u>\$ 2,292,013</u>	<u>\$ 2,189,224</u>	<u>\$ 102,789</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2015-16 Preschool Education Aid	\$ 2,017,358
Add: Actual Preschool Education Aid carryover June 30, 2015	274,655
Add: Budgeted transfer from General Fund 2015-16	-
Total Preschool Education Aid funds available for 2015-16 Budget	<u>2,292,013</u>
Less: 2015-16 budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(2,292,013)</u>
Available & unbudgeted funds as of June 30, 2016	-
Add: June 30, 2016 unexpended Preschool Education Aid 2015-16 actual carryover - Preschool Education Aid	<u>102,789</u> <u>\$ 102,789</u>
Preschool Education Aid carryover Budgeted for Preschool Programs 2016-17	<u>\$ -</u>

CAPITAL PROJECTS FUND

The capital projects fund is used to account for the acquisition and construction of major facilities and equipment purchases other than those financed by proprietary funds.

**CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures**

for the Fiscal Year Ended June 30, 2016

Project Title/Issue	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Balance June 30, 2016
		Prior Years	Current Year	
Improvements to Walter F. Robinson No. 3 ES	\$ 385,000	\$ 384,107	\$ 893	\$ -
Improvements - Business Administrator	4,583,293	4,567,139	16,154	-
Improvements - Fees and Construction Admin	487,292	474,264	13,028	-
Purchase Property-Repair Dept Facility	1,899,852	1,899,653	199	-
Improvements - Business Administrator	1,583,368	1,490,747	92,621	-
Improvements to Horace Mann No. 6 ES	811,250	811,250	-	-
Improvements to Lincoln No. 5 ES	541,602	541,602	-	-
Improvements to Phillip G. Vroom No. 2 ES	319,093	319,093	-	-
Improvements to Washington No. 9 ES	1,493,500	1,493,500	-	-
Improvements to Bayonne High School	1,256,440	1,256,440	-	-
Renovations at Bayonne High School	6,341,960	356,494	1,142,774	4,842,692
Renovations at Walter F. Robinson No. 3 ES	827,375	32,039	199,526	595,810
Renovations at John M. Bailey No. 12 ES	347,500	47,940	116,390	183,170
Renovations at Henry Harris No. 1 ES	113,750	-	49,934	63,816
Renovations at Horace Mann No. 6 ES	1,100,793	-	68,950	1,031,843
Renovations at Lincoln No. 5 ES	1,117,608	855,342	85,143	177,123
Renovations at Mary J. Donohoe No. 4 ES	198,125	-	49,934	148,191
Renovations at Midtown Community No. 8 ES	1,275,369	241,765	-	1,033,604
Renovations at Phillip G. Vroom No. 2 ES	855,000	431,849	29,954	393,197
Renovations at Washington No. 9 ES	1,077,500	-	-	1,077,500
Renovations at Woodrow Wilson No. 10 ES	495,250	69,841	72,004	353,405
	<u>\$ 27,110,920</u>	<u>\$ 15,273,065</u>	<u>\$ 1,937,504</u>	<u>\$ 9,900,351</u>
Committed fund balance:				
Year-end encumbrances				\$ 1,316,204
Assigned fund balance:				
Capital projects fund				<u>8,584,147</u>
				<u>\$ 9,900,351</u>

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
for the Fiscal Year Ended June 30, 2016

REVENUES AND OTHER FINANCING SOURCES

State sources - SDA Grant	\$ (249,892)
Total revenues and other financing sources	<u>(249,892)</u>

EXPENDITURES

Construction services	1,814,609
Transfer to general fund	122,895
Total expenditures	<u>1,937,504</u>

Excess of revenues and other financing sources over expenditures	(2,187,396)
Fund balance, July 1	12,087,747
Fund balance, June 30	<u>\$ 9,900,351</u>

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Improvements to Walter F. Robinson No. 3 ES
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
City of Bayonne	\$ 385,000	\$ -	\$ 385,000	\$ 385,000
Total revenues	<u>385,000</u>	<u>-</u>	<u>385,000</u>	<u>385,000</u>
Expenditures and other financing uses				
Construction services	384,107	-	384,107	385,000
Transfer to general fund	-	893	893	-
Total expenditures	<u>384,107</u>	<u>893</u>	<u>385,000</u>	<u>385,000</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 893</u>	<u>\$ (893)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project number	*
Grant date/letter of notification	*
Original authorized cost	\$385,000
Additional authorized cost	\$0
Revised authorized cost	\$385,000
Percentage increase (decrease) over	0.00%
Percentage completion	100.00%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Improvements - Business Administrator
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
City of Bayonne	\$ 4,583,293	\$ -	\$ 4,583,293	\$ 4,583,293
Total revenues	<u>4,583,293</u>	<u>-</u>	<u>4,583,293</u>	<u>4,583,293</u>
Expenditures and other financing uses				
Construction services	4,567,139	-	4,567,139	4,583,293
Transfer to general fund	-	16,154	16,154	-
Total expenditures	<u>4,567,139</u>	<u>16,154</u>	<u>4,583,293</u>	<u>4,583,293</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 16,154</u>	<u>\$ (16,154)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project number	*
Grant date/letter of notification	*
Original authorized cost	\$4,584,000
Additional authorized cost	(\$707)
Revised authorized cost	\$4,583,293
Percentage increase (decrease) over original authorized cost	-0.02%
Percentage completion	100.00%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Improvements - Fees and Construction Admin
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
City of Bayonne	\$ 487,292	\$ -	\$ 487,292	\$ 487,292
Total revenues	<u>487,292</u>	<u>-</u>	<u>487,292</u>	<u>487,292</u>
Expenditures and other financing uses				
Purchasing professional and technical services	474,264	-	474,264	487,292
Transfer to general fund	-	13,028	13,028	-
Total expenditures	<u>474,264</u>	<u>13,028</u>	<u>487,292</u>	<u>487,292</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 13,028</u>	<u>\$ (13,028)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project number	*
Grant date/letter of notification	*
Original authorized cost	\$500,000
Additional authorized cost	(\$12,708)
Revised authorized cost	\$487,292
Percentage increase (decrease) over	-2.54%
Percentage completion	100.00%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Purchase Property-Repair Dept Facility
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
City of Bayonne	\$ 1,899,852	\$ -	\$ 1,899,852	\$ 1,899,852
Total revenues	<u>1,899,852</u>	<u>-</u>	<u>1,899,852</u>	<u>1,899,852</u>
Expenditures and other financing uses				
Construction services	1,899,653	-	1,899,653	1,899,852
Transfer to general fund	-	199	199	-
Total expenditures	<u>1,899,653</u>	<u>199</u>	<u>1,899,852</u>	<u>1,899,852</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 199</u>	<u>\$ (199)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project number	*
Grant date/letter of notification	*
Original authorized cost	\$1,900,000
Additional authorized cost	(\$148)
Revised authorized cost	\$1,899,852
Percentage increase (decrease) over original authorized cost	-0.01%
Percentage completion	100.00%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Improvements - Business Administrator
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
City of Bayonne	\$ 1,583,368	\$ -	\$ 1,583,368	\$ 1,583,368
Total revenues	<u>1,583,368</u>	<u>-</u>	<u>1,583,368</u>	<u>1,583,368</u>
Expenditures and other financing uses				
Construction services	1,490,747	-	1,490,747	1,583,368
Transfer to general fund	-	92,621	92,621	
Total expenditures	<u>1,490,747</u>	<u>92,621</u>	<u>1,583,368</u>	<u>1,583,368</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 92,621</u>	<u>\$ (92,621)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project number	*
Grant date/letter of notification	*
Original authorized cost	\$1,640,000
Authorized cancellation	(\$56,632)
Revised authorized cost	\$1,583,368
Percentage increase over original authorized cost	-3.45%
Percentage completion	100.00%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Improvements to Horace Mann No. 6 ES
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 456,208	\$ -	\$ 456,208	\$ 456,208
City of Bayonne	355,042	-	355,042	355,042
Total revenues	<u>811,250</u>	<u>-</u>	<u>811,250</u>	<u>811,250</u>
Expenditures and other financing uses				
Construction services	811,250	-	811,250	811,250
Total expenditures	<u>811,250</u>	<u>-</u>	<u>811,250</u>	<u>811,250</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project number	0220-060-09-1005-0OAO
Grant date/letter of notification	*
Original authorized cost	\$811,250
Additional authorized cost	\$0
Revised authorized cost	\$811,250
Percentage increase (decrease) over original authorized cost	0.00%
Percentage completion	100.00%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Improvements to Lincoln No. 5 ES
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 304,571	\$ -	\$ 304,571	\$ 304,571
City of Bayonne	237,031	-	237,031	237,031
Total revenues	<u>541,602</u>	<u>-</u>	<u>541,602</u>	<u>541,602</u>
Expenditures and other financing uses				
Construction services	541,602	-	541,602	541,602
Total expenditures	<u>541,602</u>	<u>-</u>	<u>541,602</u>	<u>541,602</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project number	0220-070-09-00AP
Grant date/letter of notification	*
Original authorized cost	\$831,250
Additional authorized cost	(\$289,648)
Revised authorized cost	\$541,602
Percentage increase (decrease) over original authorized cost	-34.84%
Percentage completion	100.00%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Improvements to Phillip G. Vroom No. 2 ES
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 179,442	\$ -	\$ 179,442	\$ 179,442
City of Bayonne	139,651	-	139,651	139,651
Total revenues	<u>319,093</u>	<u>-</u>	<u>319,093</u>	<u>319,093</u>
Expenditures and other financing uses				
Construction services	319,093	-	319,093	319,093
Total expenditures	<u>319,093</u>	<u>-</u>	<u>319,093</u>	<u>319,093</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project number	0220-090-09-0OAR
Grant date/letter of notification	*
Original authorized cost	\$687,600
Additional authorized cost	(\$368,507)
Revised authorized cost	\$319,093
Percentage increase (decrease) over original authorized cost	-53.59%
Percentage completion	100.00%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Improvements to Washington No. 9 ES
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 839,873	\$ -	\$ 839,873	\$ 839,873
City of Bayonne	653,627	-	653,627	653,627
Total revenues	<u>1,493,500</u>	<u>-</u>	<u>1,493,500</u>	<u>1,493,500</u>
Expenditures and other financing uses				
Construction services	1,493,500	-	1,493,500	1,493,500
Total expenditures	<u>1,493,500</u>	<u>-</u>	<u>1,493,500</u>	<u>1,493,500</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project number	0220-020-09-0OAS
Grant date/letter of notification	*
Original authorized cost	\$1,493,500
Additional authorized cost	\$0
Revised authorized cost	\$1,493,500
Percentage increase (decrease) over original authorized cost	0.00%
Percentage completion	100.00%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Improvements to Bayonne High School
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 706,562	\$ -	\$ 706,562	\$ 706,562
City of Bayonne	549,878	-	549,878	549,878
Total revenues	<u>1,256,440</u>	<u>-</u>	<u>1,256,440</u>	<u>1,256,440</u>
Expenditures and other financing uses				
Construction services	1,256,440	-	1,256,440	1,256,440
Total expenditures	<u>1,256,440</u>	<u>-</u>	<u>1,256,440</u>	<u>1,256,440</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information:

Project number	0220-020-09-0OAK
Grant date/letter of notification	*
Original authorized cost	\$2,226,035
Additional authorized cost	(\$969,595)
Revised authorized cost	\$1,256,440
Percentage increase (decrease) over original authorized cost	-43.56%
Percentage completion	100.00%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Renovations at Bayonne High School
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues and other financing sources				
State sources - SDA Grant	\$ 3,737,374	\$ -	\$ 3,737,374	\$ 3,737,374
Transfer from capital reserve	2,604,586	-	2,604,586	2,604,586
Total revenues	<u>6,341,960</u>	<u>-</u>	<u>6,341,960</u>	<u>6,341,960</u>
Expenditures and other financing uses				
Construction services	356,494	1,142,774	1,499,268	6,341,960
Total expenditures	<u>356,494</u>	<u>1,142,774</u>	<u>1,499,268</u>	<u>6,341,960</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 5,985,466</u>	<u>\$ (1,142,774)</u>	<u>\$ 4,842,692</u>	<u>\$ -</u>

Additional project information:

Project number	0220-020-14-1001
Grant date/letter of notification	05/02/14
Original authorized cost	\$6,341,960
Additional authorized cost	\$0
Revised authorized cost	\$6,341,960

Percentage increase (decrease) over original authorized cost	0.00%
Percentage completion	23.64%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Renovations at Walter F. Robinson No. 3 ES
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 487,580	\$ -	\$ 487,580	\$ 487,580
Transfer from capital reserve	339,795	-	339,795	339,795
Total revenues	<u>827,375</u>	<u>-</u>	<u>827,375</u>	<u>827,375</u>
Expenditures and other financing uses				
Construction services	32,039	199,526	231,565	827,375
Total expenditures	<u>32,039</u>	<u>199,526</u>	<u>231,565</u>	<u>827,375</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 795,336</u>	<u>\$ (199,526)</u>	<u>\$ 595,810</u>	<u>\$ -</u>

Additional project information:

Project number	0220-030-14-1002
Grant date/letter of notification	05/16/14
Original authorized cost	\$827,375
Additional authorized cost	\$0
Revised authorized cost	\$827,375
Percentage increase (decrease) over original authorized cost	0.00%
Percentage completion	27.99%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Renovations at John M. Bailey No. 12 ES
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 204,785	\$ -	\$ 204,785	\$ 204,785
Transfer from capital reserve	142,715	-	142,715	142,715
Total revenues	<u>347,500</u>	<u>-</u>	<u>347,500</u>	<u>347,500</u>
Expenditures and other financing uses				
Construction services	47,940	116,390	164,330	347,500
Total expenditures	<u>47,940</u>	<u>116,390</u>	<u>164,330</u>	<u>347,500</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 299,560</u>	<u>\$ (116,390)</u>	<u>\$ 183,170</u>	<u>\$ -</u>

Additional project information:

Project number	0220-040-14-1003
Grant date/letter of notification	05/16/14
Original authorized cost	\$347,500
Additional authorized cost	\$0
Revised authorized cost	\$347,500
Percentage increase (decrease) over original authorized cost	0.00%
Percentage completion	47.29%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Renovations at Henry Harris No. 1 ES
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 67,034	\$ -	\$ 67,034	\$ 67,034
Transfer from capital reserve	46,716	-	46,716	46,716
Total revenues	<u>113,750</u>	<u>-</u>	<u>113,750</u>	<u>113,750</u>
Expenditures and other financing uses				
Construction services	-	49,934	49,934	113,750
Total expenditures	<u>-</u>	<u>49,934</u>	<u>49,934</u>	<u>113,750</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 113,750</u>	<u>\$ (49,934)</u>	<u>\$ 63,816</u>	<u>\$ -</u>

Additional project information:

Project number	0220-050-14-1004
Grant date/letter of notification	05/16/14
Original authorized cost	\$113,750
Additional authorized cost	\$0
Revised authorized cost	\$113,750

Percentage increase (decrease) over original authorized cost	0.00%
Percentage completion	43.90%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Renovations at Horace Mann No. 6 ES
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 648,707	\$ -	\$ 648,707	\$ 648,707
Transfer from capital reserve	452,086	-	452,086	452,086
Total revenues	1,100,793	-	1,100,793	1,100,793
Expenditures and other financing uses				
Construction services	-	68,950	68,950	1,100,793
Total expenditures	-	68,950	68,950	1,100,793
Excess of revenues and other financing sources over expenditures	\$ 1,100,793	\$ (68,950)	\$ 1,031,843	\$ -

Additional project information:

Project number	0220-060-14-1005
Grant date/letter of notification	05/16/14
Original authorized cost	\$1,100,793
Additional authorized cost	\$0
Revised authorized cost	\$1,100,793
Percentage increase (decrease) over original authorized cost	0.00%
Percentage completion	6.26%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Renovations at Lincoln No. 5 ES
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 805,880	\$ (249,892)	\$ 555,988	\$ 555,988
Transfer from capital reserve	561,620	-	561,620	561,620
Total revenues	1,367,500	(249,892)	1,117,608	1,117,608
Expenditures and other financing uses				
Construction services	855,342	85,143	940,485	1,117,608
Total expenditures	855,342	85,143	940,485	1,117,608
Excess of revenues and other financing sources over expenditures	\$ 512,158	\$ (335,035)	\$ 177,123	\$ -

Additional project information:

Project number	0220-070-14-1006
Grant date/letter of notification	2013-2014
Original authorized cost	\$1,367,500
Additional authorized cost	(\$249,892)
Revised authorized cost	\$1,117,608
Percentage increase (decrease) over original authorized cost	-18.27%
Percentage completion	84.15%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Renovations at Mary J. Donohoe No. 4 ES
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 116,757	\$ -	\$ 116,757	\$ 116,757
Transfer from capital reserve	81,368	-	81,368	81,368
Total revenues	<u>198,125</u>	<u>-</u>	<u>198,125</u>	<u>198,125</u>
Expenditures and other financing uses				
Construction services	-	49,934	49,934	198,125
Total expenditures	<u>-</u>	<u>49,934</u>	<u>49,934</u>	<u>198,125</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 198,125</u>	<u>\$ (49,934)</u>	<u>\$ 148,191</u>	<u>\$ -</u>

Additional project information:

Project number	0220-080-14-1007
Grant date/letter of notification	2013-2014
Original authorized cost	\$198,125
Additional authorized cost	\$0
Revised authorized cost	\$198,125
Percentage increase (decrease) over original authorized cost	0.00%
Percentage completion	25.20%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Renovations at Midtown Community No. 8 ES
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 751,369	\$ -	\$ 751,369	\$ 751,590
Transfer from capital reserve	524,000	-	524,000	523,779
Total revenues	<u>1,275,369</u>	<u>-</u>	<u>1,275,369</u>	<u>1,275,369</u>
Expenditures and other financing uses				
Construction services	241,765	-	241,765	1,275,369
Total expenditures	<u>241,765</u>	<u>-</u>	<u>241,765</u>	<u>1,275,369</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 1,033,604</u>	<u>\$ -</u>	<u>\$ 1,033,604</u>	<u>\$ -</u>

Additional project information:

Project number	0220-085-14-1008
Grant date/letter of notification	2013-2014
Original authorized cost	\$1,275,369
Additional authorized cost	\$0
Revised authorized cost	\$1,275,369
Percentage increase (decrease) over original authorized cost	0.00%
Percentage completion	18.96%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Renovations at Phillip G. Vroom No. 2 ES
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 503,859	\$ -	\$ 503,859	\$ 503,855
Transfer from capital reserve	351,141	-	351,141	351,145
Total revenues	<u>855,000</u>	<u>-</u>	<u>855,000</u>	<u>855,000</u>
Expenditures and other financing uses				
Construction services	431,849	29,954	461,803	855,000
Total expenditures	<u>431,849</u>	<u>29,954</u>	<u>461,803</u>	<u>855,000</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 423,151</u>	<u>\$ (29,954)</u>	<u>\$ 393,197</u>	<u>\$ -</u>

Additional project information:

Project number	0220-090-14-1009
Grant date/letter of notification	2013-2014
Original authorized cost	\$855,000
Additional authorized cost	\$0
Revised authorized cost	\$855,000
Percentage increase (decrease) over original authorized cost	0.00%
Percentage completion	54.01%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Renovations at Washington No. 9 ES
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 634,980	\$ -	\$ 634,980	\$ 634,980
Transfer from capital reserve	442,520	-	442,520	442,520
Total revenues	<u>1,077,500</u>	<u>-</u>	<u>1,077,500</u>	<u>1,077,500</u>
Expenditures and other financing uses				
Construction services	-	-	-	1,077,500
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,077,500</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 1,077,500</u>	<u>\$ -</u>	<u>\$ 1,077,500</u>	<u>\$ -</u>

Additional project information:

Project number	0220-120-14-1010
Grant date/letter of notification	2013-2014
Original authorized cost	\$1,077,500
Additional authorized cost	\$0
Revised authorized cost	\$1,077,500

Percentage increase (decrease) over original authorized cost	0.00%
Percentage completion	0.00%
Original target completion date	*
Revised target completion date	*

* - Information not available

CITY OF BAYONNE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances, and Project Status - Budgetary Basis
Renovations at Woodrow Wilson No. 10 ES
for the Fiscal Year Ended June 30, 2016

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 291,855	\$ -	\$ 291,855	\$ 291,855
Transfer from capital reserve	203,395	-	203,395	203,395
Total revenues	<u>495,250</u>	<u>-</u>	<u>495,250</u>	<u>495,250</u>
Expenditures and other financing uses				
Construction services	69,841	72,004	141,845	495,250
Total expenditures	<u>69,841</u>	<u>72,004</u>	<u>141,845</u>	<u>495,250</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 425,409</u>	<u>\$ (72,004)</u>	<u>\$ 353,405</u>	<u>\$ -</u>

Additional project information:

Project number	0220-130-14-1011
Grant date/letter of notification	2013-2014
Original authorized cost	\$495,250
Additional authorized cost	\$0
Revised authorized cost	\$495,250
Percentage increase (decrease) over original authorized cost	0.00%
Percentage completion	28.64%
Original target completion date	*
Revised target completion date	*

* - Information not available

PROPRIETARY FUNDS

Proprietary funds are used to account for district activities that are similar to business operations in the private sector. There are two categories of proprietary funds – enterprise and internal service funds.

Enterprise funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

Internal service funds are used to account for the financing of goods or services provided by one department or office to other departments or offices of the district board of education, or to other district boards of education and governmental units, on a cost-reimbursement basis.

Internal Service Fund - Not applicable.

CITY OF BAYONNE SCHOOL DISTRICT
Enterprise Fund
Statement of Net Position
June 30, 2016

	Food Service Fund
ASSETS	
Current assets:	
Accounts receivable	\$ 731,997
Inventory	68,856
Interfund receivable	845,959
Total current assets	1,646,812
Noncurrent assets:	
Furniture, machinery and equipment	1,741,728
Less: accumulated depreciation	(991,976)
Total noncurrent assets	749,752
Total assets	\$ 2,396,564
NET POSITION	
Net investment in capital assets	\$ 749,752
Unrestricted	1,646,812
Total net position	\$ 2,396,564

CITY OF BAYONNE SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position
for the Fiscal Year Ended June 30, 2016

	Food Service Fund
OPERATING REVENUES	
Charges for services:	
Daily sales - non-reimbursable programs	\$ 979,707
Special functions	57,089
Miscellaneous income	1,414
Total operating revenues	1,038,210
OPERATING EXPENSES	
Cost of sales	2,025,170
Salaries	2,000,019
Employee benefits	124,141
Supplies and materials	341,229
Depreciation expense	129,050
Insurance - other	43,915
Total operating expenses	4,663,524
Operating (loss)	(3,625,314)
NONOPERATING REVENUES	
State sources:	
State school lunch program	45,392
Federal sources:	
School breakfast program	1,073,025
National school lunch program	2,312,188
Special milk program	2,157
Snack program	34,843
Summer food program	72,308
Food distribution program	94,061
Total nonoperating revenues	3,633,974
Net income before transfer	8,660
Operating transfer out - prior year contributions from general fund returned	(560,964)
Change in net position	(552,304)
Total net position, July 1	2,948,868
Total net position, June 30	\$ 2,396,564

CITY OF BAYONNE SCHOOL DISTRICT
Enterprise Fund
Statement of Cash Flows
for the Fiscal Year Ended June 30, 2016

	<u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 979,707
Other Receipts	57,089
Guaranteed revenue contribution receipt	1,414
Payments to employees	(2,000,019)
Payments for employee benefits	(124,141)
Payments to suppliers	(2,313,673)
Net cash (used for) operating activities	<u>(3,399,623)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State sources	39,808
Federal sources	3,042,641
Transfers out - General fund	(58,279)
Net cash provided by non-capital financing activities	<u>3,024,170</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital expenditures - payment for equipment	<u>(89,428)</u>
Net decrease in cash and cash equivalents	(464,881)
Balance, July 1	464,881
Balance, June 30	<u>\$ -</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES	
Operating (loss)	<u>\$ (3,625,314)</u>
Adjustment to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	129,050
Food distribution program	94,061
Decrease in inventory	2,580
Total adjustments	<u>225,691</u>
Net cash (used for) operating activities	<u>\$ (3,399,623)</u>
NON-CASH ACTIVITY FROM NON-CAPITAL FINANCING ACTIVITIES	
Food commodities from the U.S. Department of Agriculture	<u>\$ 94,061</u>

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FIDUCIARY FUNDS

Fiduciary funds report assets that are held in a trustee or agency capacity for external parties and that cannot be used to support the government's own programs.

Trust and agency funds are used to account for resources held and administered by a school district when it acts in a fiduciary capacity. Trust funds are used to account for assets held by the district in a trustee capacity. Agency funds are utilized to account for assets held by the district as an agent for individuals or other funds.

Unemployment Compensation

Insurance Trust Fund -

This is an expendable trust fund where both principal and interest may be spent for unemployment compensation claims.

Student Activity Fund -

This agency fund is used to account for assets being maintained by the District for a student type of organization.

Payroll Agency Fund -

This agency fund is used to account for the payroll transactions of the school district.

CITY OF BAYONNE SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2016

	<u>Agency</u>		<u>Expendable Trusts</u>	<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Unemployment Compensation Insurance</u>	
ASSETS				
Cash and cash equivalents	\$ 388,295	\$ 764,903	\$ 175,052	\$ 1,328,250
LIABILITIES				
Net Payroll	\$ -	\$ 28,759	\$ -	\$ 28,759
Social Security and withholdings	-	4,783	-	4,783
New Jersey income tax	-	1,799	-	1,799
Exchange checking	-	3,610	-	3,610
Trust and Agency	-	171	-	171
Flex spending	-	19,606	-	19,606
Pension	-	705,127	-	705,127
PA gross income tax	-	1,048	-	1,048
Due to student groups	388,295	-	-	388,295
Due to general fund	-	-	175,052	175,052
Total liabilities	<u>\$ 388,295</u>	<u>\$ 764,903</u>	<u>\$ 175,052</u>	<u>\$ 1,328,250</u>

CITY OF BAYONNE SCHOOL DISTRICT
Fiduciary Funds
Agency Funds Schedule of Receipts and Disbursements
for the Fiscal Year Ended June 30, 2016

	<u>Balance, June 30, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
<u>PAYROLL AGENCY FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 800,130	\$ 178,436,806	\$ 178,472,033	\$ 764,903
LIABILITIES				
Net Payroll	11,927	48,498,746	48,481,914	28,759
Social Security and withholdings	5,315	23,874,636	23,875,168	4,783
New Jersey income tax	1,769	2,995,016	2,994,986	1,799
Exchange checking	3,252	9,750	9,392	3,610
Trust and Agency	9,431	94,416,480	94,425,740	171
Flex spending	18,989	23,092	22,475	19,606
PA gross income tax	-	4,228	3,180	1,048
Pension	749,447	8,614,858	8,659,178	705,127
Total liabilities	<u>\$ 800,130</u>	<u>\$ 178,436,806</u>	<u>\$ 178,472,033</u>	<u>\$ 764,903</u>
<u>STUDENT ACTIVITY FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 312,715	\$ 1,264,455	\$ 1,188,875	\$ 388,295
LIABILITIES				
Due to student groups	\$ 312,715	\$ 1,264,455	\$ 1,188,875	\$ 388,295
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 1,112,845	\$ 179,701,261	\$ 179,660,908	\$ 1,153,198
LIABILITIES				
Net Payroll	11,927	48,498,746	48,481,914	28,759
Social Security and withholdings	5,315	23,874,636	23,875,168	4,783
New Jersey income tax	1,769	2,995,016	2,994,986	1,799
Exchange checking	3,252	9,750	9,392	3,610
Trust and Agency	9,431	94,416,480	94,425,740	171
Flex spending	18,989	23,092	22,475	19,606
PA gross income tax	-	4,228	3,180	1,048
Pension	749,447	8,614,858	8,659,178	705,127
Due to student groups	312,715	1,264,455	1,188,875	388,295
Total liabilities	<u>\$ 1,112,845</u>	<u>\$ 179,701,261</u>	<u>\$ 179,660,908</u>	<u>\$ 1,153,198</u>

LONG-TERM DEBT

Long-term debt is used to record the outstanding principal balances of the general long-term liabilities of the school district. This included serial bonds outstanding, the outstanding principal balance of capital leases and activity for debt service of the school district.

CITY OF BAYONNE SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Capital Leases
for the Fiscal Year Ended June 30, 2016

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance, June 30, 2015	Issued	Retired	Balance, June 30, 2016
			Principal	Interest					
Digital Copy Machine	05/01/13	5 years	\$ 158,680	\$ 17,178	10.826%	\$ 88,678	\$ -	\$ 32,120	\$ 56,558
Digital Copy Machine	05/01/13	5 years	326,838	43,045	13.170%	189,774	-	66,030	123,744
Apple Computers	05/01/13	4 years	1,910,875	-	0.000%	835,599	-	417,800	417,799
Digital Copy Machine	06/28/13	5 years	6,229	1,105	17.740%	3,872	-	1,242	2,630
Network Upgrades	06/30/13	5 years	2,328,427	131,373	2.600%	1,402,424	-	455,543	946,881
Digital Copy Machine	04/06/14	5 years	14,378	2,428	6.320%	11,197	-	2,732	8,465
Digital Copy Machine	06/30/14	5 years	6,025	1,069	6.620%	4,883	-	1,129	3,754
Digital Copy Machine	06/28/12	5 years	39,431	6,664	5.990%	17,347	-	8,417	8,930
Digital Copy Machine	10/26/10	5 years	85,461	14,777	5.490%	6,609	-	6,609	-
Dump Truck with Plow	02/01/12	5 years	58,600	3,657	3.000%	11,527	-	11,527	-
Chromebooks	08/04/13	3 years	3,520,900	28,792	0.820%	1,173,607	-	1,173,607	-
Jeep Vehicle	06/30/14	4 years	27,000	1,243	3.650%	20,614	-	6,622	13,992
Digital Copy Machine	02/15/15	5 years	6,025	1,068	6.620%	5,595	-	1,080	4,515
Digital Copy Machine	01/07/15	5 years	6,078	1,082	7.260%	5,647	-	1,092	4,555
New Badging Station	06/30/15	5 years	110,000	10,960	4.730%	110,000	-	19,073	90,927
Digital Copy Machine	11/19/15	5 years	165,247	18,952	4.800%	-	165,247	10,352	154,895
Chromebooks	09/25/15	3 years	1,065,500	14,935	1.281%	-	1,065,500	358,818	706,682
						<u>\$ 3,887,373</u>	<u>\$ 1,230,747</u>	<u>\$ 2,573,793</u>	<u>\$ 2,544,327</u>

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STATISTICAL SECTION
(Unaudited)

CITY OF BAYONNE SCHOOL DISTRICT
INTRODUCTION TO THE STATISTICAL SECTION
(UNAUDITED)

<u>CONTENTS:</u>	<u>Page</u>
<p>Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.</p>	144 - 150
<p>Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</p>	151 - 154
<p>Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.</p>	155 - 158
<p>Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.</p>	159 - 160
<p>Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.</p>	161 - 165

Sources: Unless otherwise is noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) from the relevant year.

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FINANCIAL TRENDS

CITY OF BAYONNE SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 80,877,271	\$ 82,590,925	\$ 83,686,193	\$ 85,810,086	\$ 83,095,750	\$ 78,869,802	\$ 74,101,180	\$ 71,751,033	\$ 71,534,738	\$ 70,252,999
Restricted	4,942,196	11,346	5,837,591	6,058,712	11,854,337	7,945,377	13,221,269	22,813,455	13,611,071	11,423,675
Unrestricted	(5,424,358)	(4,548,862)	(7,370,901)	1,553,239	(5,127,067)	2,080,273	4,122,044	8,549,764	(37,284,444)	(42,947,006)
Total governmental activities financial position	\$ 80,395,109	\$ 78,053,409	\$ 82,152,883	\$ 93,422,037	\$ 89,823,020	\$ 88,895,452	\$ 91,444,493	\$ 103,114,252	\$ 47,861,365	\$ 38,729,668
Business-type activities										
Net investment in capital assets	\$ 290,516	\$ 317,928	\$ 411,072	\$ 524,169	\$ 778,455	\$ 529,431	\$ 437,305	\$ 430,070	\$ 789,374	\$ 749,752
Unrestricted	312,394	373,468	392,413	528,279	436,408	904,023	1,325,760	1,829,269	2,159,494	1,646,812
Total business-type activities financial position	\$ 602,910	\$ 691,396	\$ 803,485	\$ 1,052,448	\$ 1,214,863	\$ 1,433,454	\$ 1,763,065	\$ 2,259,339	\$ 2,948,868	\$ 2,396,564
Government-wide										
Net investment in capital assets	\$ 81,167,787	\$ 82,908,853	\$ 84,097,265	\$ 86,334,255	\$ 83,874,205	\$ 79,399,233	\$ 74,538,485	\$ 72,181,103	\$ 72,324,112	\$ 71,002,751
Restricted	4,942,196	11,346	5,837,591	6,058,712	11,854,337	7,945,377	13,221,269	22,813,455	13,611,071	11,423,675
Unrestricted	(5,111,964)	(4,175,394)	(6,978,488)	2,081,518	(4,690,659)	2,984,296	5,447,804	10,379,033	(35,124,950)	(41,300,194)
Total government-wide net position	\$ 80,998,019	\$ 78,744,805	\$ 82,956,368	\$ 94,474,485	\$ 91,037,883	\$ 90,328,906	\$ 93,207,558	\$ 105,373,591	\$ 50,810,233	\$ 41,126,232

Source: District records

**CITY OF BAYONNE SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES										
Governmental activities										
Instruction										
Regular	\$ 49,922,600	\$ 51,132,486	\$ 56,859,607	\$ 55,320,543	\$ 50,380,194	\$ 51,836,599	\$ 61,231,007	\$ 60,973,103	\$ 79,378,908	\$ 87,223,327
Special education	14,736,752	17,564,026	19,032,283	15,458,460	16,901,786	19,788,428	20,174,541	18,385,407	23,848,242	21,223,351
Other special instruction	4,868,674	5,352,312	7,183,930	6,678,730	7,045,043	4,363,299	1,948,500	1,862,584	3,165,132	2,348,059
Vocational	1,605,352	1,503,584	1,657,258	1,649,304	1,661,090	1,263,387	1,078,499	1,090,449	2,507,755	1,324,497
Other instruction	1,767,955	1,521,434	1,986,848	1,444,535	1,416,872	1,427,023	1,710,472	1,638,257	1,734,650	1,649,871
Support Services:										
Tuition	2,050,050	2,084,950	2,193,912	1,099,436	2,697,354	2,968,094	2,197,596	2,423,347	3,154,142	3,704,564
Student & instruction related services	16,054,014	17,602,199	18,836,876	17,649,163	16,985,146	16,156,066	13,337,135	14,915,093	20,523,983	16,187,433
School administrative services	5,002,433	3,530,254	3,315,428	2,256,524	2,053,053	6,824,481	6,169,133	6,607,782	8,001,097	8,669,898
General and business administrative services	7,344,284	7,286,557	9,340,031	8,056,492	8,545,663	3,877,563	4,284,615	5,043,712	6,419,764	6,246,216
Plant operations and maintenance	12,673,508	13,444,132	14,366,854	13,817,706	13,821,246	13,495,867	13,906,560	13,512,958	13,897,008	15,225,585
Pupil transportation	3,113,602	3,108,833	3,467,030	2,967,784	2,720,508	2,886,768	3,423,396	3,430,453	3,199,941	4,100,159
Other support services	-	-	4,500	-	-	-	-	-	-	-
Special Schools										
Current:										
Instruction	545,510	615,844	639,479	313,797	353,064	372,643	497,811	485,483	504,322	596,200
Charter Schools	102,908	137,660	179,243	163,340	160,327	123,894	123,714	140,251	203,546	312,481
Total governmental activities expenses	\$ 119,787,642	\$ 124,884,271	\$ 139,063,279	\$ 126,875,814	\$ 124,741,346	\$ 125,384,112	\$ 130,084,979	\$ 130,508,879	\$ 166,538,490	\$ 168,811,641
Business-type activity:										
Food service	3,155,443	3,438,005	3,704,628	3,772,887	3,698,276	3,954,203	4,778,534	5,142,617	4,557,667	4,663,524
Total business-type activity expense	\$ 3,155,443	\$ 3,438,005	\$ 3,704,628	\$ 3,772,887	\$ 3,698,276	\$ 3,954,203	\$ 4,778,534	\$ 5,142,617	\$ 4,557,667	\$ 4,663,524
Total government-wide expenses	\$ 122,943,085	\$ 128,322,276	\$ 142,767,907	\$ 130,648,701	\$ 128,439,622	\$ 129,338,315	\$ 134,863,513	\$ 135,651,496	\$ 171,096,157	\$ 173,475,165
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 159,568	\$ 103,668	\$ 140,268	\$ 100,310	\$ 123,024	\$ 63,644	\$ 77,704	\$ 189,949	\$ 87,707	\$ 64,792
Operating grants and contributions	46,954,608	50,803,241	56,807,184	65,757,964	59,327,766	69,840,019	73,719,820	73,026,691	90,415,285	95,653,695
Capital grants and contributions	-	-	-	-	-	-	-	8,264,617	(1,732,099)	(230,764)
Total governmental activities program revenues	\$ 47,114,176	\$ 50,906,909	\$ 56,947,452	\$ 65,858,274	\$ 59,450,790	\$ 69,903,663	\$ 73,797,524	\$ 81,481,257	\$ 88,770,893	\$ 95,487,723
Business-type activity:										
Charges for services:										
Food service	980,106	1,015,005	1,042,259	1,084,756	990,125	953,627	995,347	1,356,699	1,013,658	1,038,210
Operating grants and contributions	1,675,733	1,853,566	2,056,061	2,308,979	2,337,451	2,675,390	3,413,846	3,709,742	3,672,574	3,633,974
Total business-type activities program revenues	\$ 2,655,839	\$ 2,868,571	\$ 3,098,320	\$ 3,393,735	\$ 3,327,576	\$ 3,629,017	\$ 4,409,193	\$ 5,066,441	\$ 4,686,232	\$ 4,672,184
Total government-wide program revenues	\$ 49,770,015	\$ 53,775,480	\$ 60,045,772	\$ 69,252,009	\$ 62,778,366	\$ 73,532,680	\$ 78,206,717	\$ 86,547,698	\$ 93,457,125	\$ 100,159,907
Net (Expense)/Revenue										
Governmental activities	\$ (72,673,466)	\$ (73,977,362)	\$ (82,115,827)	\$ (61,017,540)	\$ (65,290,556)	\$ (55,480,449)	\$ (56,287,455)	\$ (49,027,622)	\$ (77,767,597)	\$ (73,323,918)
Business-type activity	(499,604)	(569,434)	(606,308)	(379,152)	(370,700)	(325,186)	(369,341)	(76,176)	128,565	8,660
Total government-wide net expense	\$ (73,173,070)	\$ (74,546,796)	\$ (82,722,135)	\$ (61,396,692)	\$ (65,661,256)	\$ (55,805,635)	\$ (56,656,796)	\$ (49,103,798)	\$ (77,639,032)	\$ (73,315,258)

CITY OF BAYONNE SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 52,521,354	\$ 57,086,193	\$ 57,086,193	\$ 57,086,193	\$ 57,086,193	\$ 57,086,193	\$ 58,227,916	\$ 59,392,474	\$ 59,392,474	\$ 61,174,248
State aid not restricted	10,781,672	11,534,511	8,317,098	14,626,014	8,483,553	1,917,569	126,386	35,943	162,262	-
Investment earnings	61,436	71,786	87,609	49,377	31,769	29,726	18,564	25,340	21,621	49,953
Miscellaneous income	2,826,596	1,157,480	2,965,638	2,161,660	3,942,979	1,962,020	1,423,496	1,832,796	1,676,933	2,430,481
Special items	4,725,483	2,443,612	18,477,160	(1,008,435)	(7,319,840)	(5,898,849)	(17,751)	(16,722)	(67,306)	(23,425)
Transfers	(639,549)	(657,920)	(718,397)	(628,115)	(533,115)	(543,777)	(698,952)	(572,450)	(560,964)	560,964
Total governmental activities	70,276,992	71,655,662	86,215,301	72,286,694	61,691,539	54,552,882	59,079,859	60,697,381	60,625,020	64,192,221
Business-type activity:										
Transfers	639,549	657,920	718,397	628,115	628,115	543,777	698,952	572,450	560,964	(560,964)
Total business-type activity	639,549	657,920	718,397	628,115	628,115	543,777	698,952	572,450	560,964	(560,964)
Total government-wide	\$ 70,916,541	\$ 72,293,582	\$ 86,933,698	\$ 72,914,809	\$ 62,319,654	\$ 55,096,659	\$ 59,778,811	\$ 61,269,831	\$ 61,185,984	\$ 63,631,257
Change in Net Position										
Governmental activities	\$ (2,396,474)	\$ (2,341,700)	\$ 4,099,474	\$ 11,269,154	\$ (3,599,017)	\$ (927,567)	\$ 2,792,404	\$ 1,669,759	\$ (17,142,577)	\$ (9,131,697)
Business-type activity	139,945	88,486	112,089	248,963	257,415	218,591	329,611	496,274	689,529	(552,304)
Total government-wide	\$ (2,256,529)	\$ (2,253,214)	\$ 4,211,563	\$ 11,518,117	\$ (3,341,602)	\$ (708,976)	\$ 3,122,015	\$ 12,166,033	\$ (16,453,048)	\$ (9,684,001)

Source: District records

CITY OF BAYONNE SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted	\$ 1,377,783	\$ 603,652	\$ 520,005	\$ 3,959,087	\$ 4,400,787	\$ 7,945,377	\$ 7,036,151	\$ 4,744,715	\$ 1,523,324	\$ 1,523,324
Committed	-	-	-	-	2,208,127	1,544,341	11,318,101	12,299,220	4,040,304	5,940,338
Assigned	-	-	-	-	-	-	885,693	366,944	651,077	-
Unassigned	(1,667,922)	(1,847,816)	(3,280,712)	-	(2,660,246)	(1,798,664)	(4,385,349)	(2,329,538)	(2,130,372)	(7,321,329)
Total general fund	<u>\$ (290,139)</u>	<u>\$ (1,244,164)</u>	<u>\$ (2,760,707)</u>	<u>\$ 3,959,087</u>	<u>\$ 3,948,668</u>	<u>\$ 7,691,054</u>	<u>\$ 14,854,596</u>	<u>\$ 15,081,341</u>	<u>\$ 4,084,333</u>	<u>\$ 142,333</u>
All Other Governmental Funds										
Restricted	\$ 4,942,196	\$ 11,346	\$ 5,837,591	\$ 6,058,712	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	279,403	428,834	124,758	1,557,834	1,557,834	1,316,204
Assigned:										
Capital projects fund	-	-	-	-	4,966,020	4,366,428	4,310,360	16,510,906	10,529,913	8,584,147
Unassigned:										
Special revenue fund	(328,658)	(328,658)	(186,233)	(194,792)	(194,792)	(186,364)	(197,519)	(222,301)	(215,446)	(201,736)
Total all other governmental funds	<u>\$ 4,613,538</u>	<u>\$ (317,312)</u>	<u>\$ 5,651,358</u>	<u>\$ 5,863,920</u>	<u>\$ 5,050,631</u>	<u>\$ 4,608,898</u>	<u>\$ 4,237,599</u>	<u>\$ 17,846,439</u>	<u>\$ 11,872,301</u>	<u>\$ 9,698,615</u>

Source: District records

N-1 The substantial increase in reserved fund balance in fiscal year 2004 is due to the new capital projects authorized for new school construction.

Note: In 2011 the District implemented GASB Statement No. 54 which requires fund balance to be reported as restricted, committed, assigned, and unassigned.

**CITY OF BAYONNE SCHOOL DISTRICT
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Local sources:										
Tax levy	\$ 52,521,354	\$ 57,086,193	\$ 57,086,193	\$ 57,086,193	\$ 57,086,193	\$ 57,086,193	\$ 58,227,916	\$ 59,392,474	\$ 59,392,474	\$ 61,174,248
Tuition charges	159,568	103,668	140,268	100,310	123,024	63,644	77,704	189,949	87,707	64,792
Interest earnings	61,436	71,786	87,609	31,769	31,769	29,726	18,564	25,340	21,621	49,953
Miscellaneous	2,940,836	1,341,965	3,032,635	2,209,839	3,988,543	1,423,496	1,962,020	1,832,796	1,676,933	2,430,481
Total local sources	55,683,194	58,603,612	60,346,705	59,445,719	61,229,529	59,141,583	59,747,680	61,440,559	61,178,735	63,719,474
State sources	52,569,819	57,039,042	66,720,402	62,699,554	59,915,070	63,884,671	68,761,082	75,661,327	68,247,696	70,353,660
Federal sources	5,052,221	5,114,225	6,020,709	17,636,245	7,850,685	7,872,917	5,085,324	5,665,924	6,102,408	6,195,298
Total revenue	113,305,234	120,756,879	133,087,816	139,781,518	128,995,284	130,899,171	133,594,086	142,767,810	135,528,839	140,268,432
EXPENDITURES										
Instruction:										
Regular	36,527,376	38,635,849	39,945,823	43,170,345	36,956,782	37,421,198	42,574,952	43,844,980	52,795,612	53,608,866
Special education instruction	11,648,411	12,905,518	12,861,282	11,716,325	11,920,222	14,155,289	13,493,605	12,971,067	15,644,626	12,266,080
Other special instruction	3,313,278	3,817,134	4,804,893	4,975,313	4,949,455	3,114,783	1,296,560	1,279,538	2,246,247	1,348,578
Vocational educator	1,237,066	1,141,148	1,194,030	1,306,625	1,243,747	959,707	777,962	782,183	1,944,537	798,619
Other instructor	967,754	857,277	1,462,435	1,134,827	1,051,753	1,089,439	1,230,920	1,210,243	1,199,784	1,076,115
Adult/continuing education	356,472	314,241	-	-	-	-	-	-	-	-
Support Services:										
Tuition	1,971,973	2,006,725	2,108,521	1,054,585	2,652,503	2,815,865	2,076,043	2,287,469	3,000,977	3,517,867
Student & instruction related services	12,543,046	14,094,666	14,084,220	14,233,420	13,423,840	12,260,749	10,006,231	11,857,149	14,751,454	11,532,060
General administration	2,933,699	2,818,968	3,875,208	3,440,357	3,377,303	3,134,556	3,379,817	4,188,803	5,067,051	4,818,459
School administration services	4,668,261	4,903,856	5,059,150	4,984,237	4,887,112	4,905,520	4,134,307	4,570,978	5,088,842	5,035,674
Plant operations and maintenance	9,906,902	10,961,250	11,171,451	11,471,100	11,017,813	11,276,718	11,075,919	12,716,655	12,223,980	12,290,975
Pupil transportation	2,464,366	2,536,828	2,759,569	2,491,190	2,243,914	2,357,400	2,703,686	2,719,766	2,510,985	2,996,766
Other support services	828,771	851,867	-	-	-	-	-	-	-	-
Employee benefits	25,343,160	26,913,700	33,165,070	24,895,399	26,568,842	26,797,951	32,369,266	28,662,290	31,518,548	34,957,175
Food service	-	4,500	-	-	-	-	-	-	-	-
Special schools	524,734	595,389	618,228	291,481	330,748	283,379	361,916	359,031	348,535	381,366
Charter schools	102,908	137,660	179,243	163,340	160,327	123,894	123,714	140,251	203,546	312,481
Capital Outlay	25,285,020	4,935,370	5,417,002	6,136,769	1,302,456	599,491	4,968,128	4,847,779	3,449,094	3,191,323
Total Expenditures	140,623,197	128,427,446	138,710,625	131,465,313	122,086,797	121,294,939	130,572,826	132,438,182	151,993,818	148,152,404
Excess (Deficiency) of revenues over (under) expenditures	(27,317,963)	(7,670,567)	(5,622,809)	8,316,205	6,908,487	9,604,232	3,021,260	10,329,628	(16,464,979)	(7,883,972)

**CITY OF BAYONNE SCHOOL DISTRICT
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)
(modified accrual basis of accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
OTHER FINANCING SOURCES (USES)										
Capital leases (non-budgeted)	\$ 1,795,882	-	\$ 1,148,584	\$ 252,700	\$ 120,760	\$ 139,048	\$ 4,731,049	\$ 4,095,129	122,103	\$ 1,230,747
Project authorizations	-	-	9,644,750	-	-	-	-	-	(1,350,292)	-
Non-board expenditures	(21,521)	-	-	-	-	-	-	-	-	-
Loan interest	-	-	-	(1,008,435)	(320,035)	(531,831)	(17,751)	-	-	(23,425)
Special item-prior year accounts receivable reinstated	-	-	-	-	(6,999,805)	(5,367,018)	-	-	1,282,986	-
Special item-cancellation of receivable	(77,640)	-	-	-	-	-	-	-	-	-
Special item-City of Bayonne	4,926,396	2,443,612	-	-	-	-	-	-	-	-
Special item-State of New Jersey ERI	(1,897,634)	-	-	-	-	-	-	-	-	-
Special item-contribution to unemployment compensation insurance trust fund	-	-	-	-	-	-	-	-	-	-
Transfers (out)/in	(639,549)	(657,920)	(718,397)	(628,115)	(533,115)	(543,777)	(363,071)	(16,722)	-	-
Total other financing sources (uses)	4,085,934	1,785,692	10,074,937	(1,383,850)	(7,732,195)	(6,303,578)	3,770,983	3,505,957	(560,964)	1,768,286
Net change in fund balances	\$ (23,232,029)	\$ (5,884,875)	\$ 4,452,128	\$ 6,932,355	\$ (823,708)	\$ 3,300,654	\$ 6,792,243	\$ 13,835,585	\$ (16,971,146)	\$ (6,115,686)
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Commencing with fiscal year ending June 30, 2005 Central Services and Administrative Information Technology account classifications were added. Prior to fiscal year ending June 30, 2005 Central Services and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

a. Increase in net change fund balance for fiscal year ending June 30, 2004 is due to a new capital project authorization adopted.

**CITY OF BAYONNE SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE (NJ)
FOR THE LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ending June 30,	Physical Education Center Fees	Insurance Refunds	Community Education Fees	BTA President Salary Reimbursement	Clean Energy Fund	E-Rate	Energy Ratables	BHA Drug Elimination Program	Adopt-A-School Grant	Miscellaneous	Tuition	Interest	Annual Totals
2007	147,349	273,120	415,427	-	1,438,280	202,543	-	-	114,240	349,877	159,568	61,436	3,161,840
2008	178,846	314,224	365,416	-	-	201,648	-	-	184,485	97,346	103,668	71,786	1,517,419
2009	272,719	325,037	384,632	-	450,400	206,319	1,110,360	-	66,998	216,170	140,268	87,609	3,260,512
2010	285,251	384,298	423,099	-	-	218,198	570,060	-	48,179	280,754	100,310	49,377	2,359,526
2011	275,456	348,343	370,304	-	-	196,708	2,403,415	-	45,564	348,753	123,024	31,769	4,143,336
2012	229,608	36,784	361,308	-	19,945	178,879	154,940	117,813	85,171	777,572	63,644	29,726	2,055,390
2013	305,973	27,145	391,471	-	-	142,644	223,216	112,314	102,909	117,824	77,704	18,564	1,519,764
2014	265,560	156,406	371,777	25,460	-	267	485,562	111,685	99,310	316,769	189,949	25,340	2,048,085
2015	163,601	30,532	319,891	26,493	-	-	338,967	115,803	140,966	540,680	87,707	21,621	1,786,261
2016	124,725	-	291,147	79,479	-	845,367	429,310	101,221	276,147	283,085	64,792	49,953	2,545,226

Source: District records

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REVENUE CAPACITY

**CITY OF BAYONNE SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
FOR THE LAST TEN YEARS
(UNAUDITED)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Property										
Vacant Land	\$ 83,967,600	\$ 90,117,400	\$ 90,886,200	\$ 97,098,600	\$ 93,035,900	\$ 90,028,800	\$ 88,482,500	\$ 88,498,400	\$ 88,498,000	\$ 88,432,300
Residential	1,498,716,400	1,506,170,900	1,502,822,970	1,498,604,900	1,489,152,874	1,473,131,349	1,438,954,449	1,418,703,549	1,418,703,549	1,393,888,890
Commercial	346,656,800	340,967,314	352,708,260	342,821,060	333,018,000	322,272,200	320,284,300	312,518,800	312,518,800	300,200,200
Industrial	340,326,900	334,446,600	322,712,000	333,375,800	301,330,700	302,193,500	301,265,000	299,784,600	299,784,600	286,467,100
Apartment	112,665,800	110,639,700	119,808,310	108,041,800	105,076,200	102,495,900	102,078,700	104,642,700	104,642,700	104,014,900
Total Assessed Value	2,382,333,500	2,382,341,914	2,388,937,740	2,379,942,160	2,321,613,674	2,290,121,749	2,251,064,949	2,224,148,049	2,224,147,649	2,173,003,390
Less: Tax Exempt Property	2,974,300	2,659,300	2,421,700	2,961,100	5,092,305	4,170,205	4,045,805	4,371,900	4,371,900	3,768,800
Public Utilities ^a	2,063,130	1,893,483	1,947,786	2,098,999	2,405,200	2,707,920	2,405,981	1,744,987	1,744,987	2,665,905
Net Valuation Taxable	2,381,422,330	2,381,576,097	2,388,463,826	2,379,080,059	2,318,926,569	2,288,659,464	2,249,425,125	2,221,521,136	2,221,520,736	2,171,900,495
Estimated Actual Value	5,640,507,650	6,325,567,323	6,558,110,450	6,287,209,458	5,647,653,602	5,476,572,060	5,121,641,906	5,047,764,454	5,047,763,545	4,935,015,894
Total Direct School Tax Rate ^b	2.514	2.729	2.786	2.551	2.828	3.015	3.065	3.138	3.168	3.194

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

a. Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b. Tax rate are per \$100

*** At the time of the CAFR completion, this data was not yet available.

**CITY OF BAYONNE SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAXES
PER \$100.00 OF ASSESSED VALUATION
FOR THE LAST TEN YEARS
(UNAUDITED)**

Assessment Year	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Municipality of Bayonne	Hudson County	Total Direct and Overlapping Tax Rate
2007	2.346	0.036	2.382	2.331	0.984	5.697
2008	2.465	0.049	2.514	2.519	1.019	6.052
2009	2.739	0.047	2.786	2.410	1.092	6.288
2010	2.504	0.047	2.551	2.637	1.100	6.288
2011	2.781	0.047	2.828	2.877	1.144	6.849
2012	2.968	0.047	3.015	2.852	1.247	7.114
2013	3.017	0.048	3.065	3.034	1.240	7.339
2014	2.674	0.464	3.138	3.064	1.243	7.445
2015	2.728	0.440	3.168	3.206	1.300	7.674
2016	2.856	0.338	3.194	3.472	1.269	7.935

Source: Tax Collector

Note: N.J.S.A. 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- a. The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b. Rates for debt service are based on each year's requirements.

**CITY OF BAYONNE SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
FOR THE CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Taxpayers	2016			2007		
	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value	Taxable Assessed Value	Rank (Optional)	% of Total District Net Assessed Value
Bayonne Industries, Inc./IMTT	\$ 118,102,000	1	5.44%	\$ 116,349,400	1	4.89%
Bayonne Auto Terminal Inc.	23,095,700	2	1.06%			
Gordon Terminals Serv Co of NJ, Inc.	13,383,500	3	0.62%	15,027,100	4	0.63%
Texaco Downstream Properties Inc.	13,085,800	4	0.60%	13,085,800	7	0.55%
Exxon Corporation	12,440,000	5	0.57%	17,023,500	3	0.71%
NJIND Hook Road, LLC	9,000,000	6	0.41%			
MPT of Bayonne, LLC	8,000,000	7	0.37%	9,500,000	10	0.40%
Buckeye Bayonne Terminal LLC	7,800,000	8	0.37%			
South Cove Development, LLC	7,294,100	9	0.36%	11,858,200	8	0.50%
ALD Realty	7,148,050	10	0.36%			
Global Terminal and Container Services, Inc						
ACG Chemicals Americas, Inc				20,000,000	2	0.84%
HB Bayonne Partnership				14,532,900	5	0.61%
Amerada Hess Corp.				9,975,000	9	0.42%
				13,141,000	6	0.55%
Total	\$ 219,349,150		10.16%	\$ 240,492,900		10.10%

Source: Municipal Tax Assessor

**CITY OF BAYONNE SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
FOR THE LAST TEN YEARS
(UNAUDITED)**

Fiscal Year Ending June 30,	Total Tax Levy	Current Collections ^a	Percent of Tax Levy Collected
2007	52,521,354	52,521,354	100.00%
2008	57,086,193	57,086,193	100.00%
2009	57,086,193	57,086,193	100.00%
2010	57,086,193	57,086,193	100.00%
2011	57,086,193	57,086,193	100.00%
2012	57,086,193	57,086,193	100.00%
2013	58,227,916	58,227,916	100.00%
2014	59,392,474	59,392,474	100.00%
2015	59,392,474	59,392,474	100.00%
2016	61,174,248	61,174,248	100.00%

Source: District records including the Certificate and Report of School Taxes (A4F form)

- a. School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

DEBT CAPACITY

**CITY OF BAYONNE SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
FOR THE LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita Debt ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2007	\$ -	\$ -	\$ 1,795,882	\$ -	\$ -	\$ -	0.13%	31	
2008	-	-	-	-	-	-	0.00%	-	
2009	-	-	1,148,584	-	-	1,148,584	0.07%	20	
2010	-	-	252,700	-	-	252,700	0.01%	4	
2011	-	-	803,501	-	-	803,501	0.04%	13	
2012	-	-	554,643	-	-	554,643	0.03%	9	
2013	-	-	4,840,568	-	-	4,840,568	0.25%	75	
2014	-	-	6,181,693	-	-	6,181,693	0.33%	94	
2015	-	-	3,887,373	-	-	3,887,373	0.21%	59	
2016	-	-	2,544,327	-	-	2,544,327	*	*	

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

a. See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b. Includes Early Retirement Incentive Plan (ERIP) refunding.

* 2012 personal income and district population not available to complete calculation

**CITY OF BAYONNE SCHOOL DISTRICT
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita Debt ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ -	\$ -	\$ -	0.00%	\$ -
2008	-	-	-	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

- a. See Exhibit NJ J-6 for property tax data.
- b. Population data can be found in Exhibit NJ J-14.

**CITY OF BAYONNE SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
for the Fiscal Year Ended June 30, 2016
(UNAUDITED)**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Gross Overlapping Debt			
City of Bayonne	\$ 271,662,611	100.00%	\$ 271,662,611
Hudson County General Obligation Debt	1,101,926,941	8.785%	<u>96,804,282</u>
Subtotal, Overlapping and Other Debt			368,466,893
Gross Direct Debt of City of Bayonne School District			<u>-</u>
Total Direct and Overlapping Debt			<u><u>\$ 368,466,893</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Hudson County Board of Taxation. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Bayonne. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a. For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

* Date of Municipal and County debt are as of December 31, 2014, 2015 was not available at time of audit.

**CITY OF BAYONNE SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Year	Equalized Valuation Basis
Debt limit	\$ 195,404,238	\$ 223,867,060	\$ 246,352,093	\$ 255,685,272	\$ 248,610,124	\$ 235,400,041	\$ 220,494,587	\$ 214,404,298	\$ 20,862,775	\$ 209,233,720	2013	5,105,701,304
Total Net Debt applicable to limit	-	-	-	-	-	-	-	-	-	-	2014	5,309,199,113
Legal debt margin	\$ 195,404,238	\$ 223,867,060	\$ 246,352,093	\$ 255,685,272	\$ 248,610,124	\$ 235,400,041	\$ 235,400,041	\$ 214,404,298	\$ 20,862,775	\$ 209,233,720	2015	5,277,628,561
Total net debt applicable to the limit as a % of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		\$ 15,692,528,978
												\$ 5,230,842,993
												209,233,720
												\$ 209,233,720

Average equalized valuation of taxable property

School borrowing margin (4% of \$5,230,842,993)^a

Bonded school debt as of June 30, 2015

School borrowing margin available

Source: Annual Debt Statements

a. Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other percentage limits would be applicable for other district types.

DEMOGRAPHIC AND ECONOMIC INFORMATION

**CITY OF BAYONNE SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
(UNAUDITED)**

Year Ended December 31,	Population ^a	Personal Income ^b	Total Per Capita Income ^c	Unemployment Rate ^d
2007	57,094	1,419,813,592	24,868	5.30%
2008	57,201	1,554,036,768	27,168	7.20%
2009	58,359	1,660,430,268	28,452	11.3%
2010	63,024	1,852,779,552	29,398	11.5%
2011	63,120	1,857,495,360	29,428	11.1%
2012	63,826	1,867,165,804	29,254	12.2%
2013	64,702	1,961,570,534	30,317	10.8%
2014	65,975	1,857,526,125	28,155	7.3%
2015	66,311	1,896,163,045	28,595	6.5%
2016	*	*	*	*

Sources: **a.** Population information provided by the NJ Dept of Labor and Workforce Development

b. Personal income has been estimated based upon the municipal population and per capita personal income presented.

c. Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis for the County of Hudson. Commencing in 2010 estimated by American Community Survey by the US Bureau of Economic Analysis for the City of Bayonne.

d. Unemployment data provided by the NJ Dept of Labor and Workforce Development

* Information not available

**CITY OF BAYONNE SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Employer	2016			2006		
	Employees	Rank (Optional)	Percentage of Total Municipal Employment	Employees	Rank (Optional)	Percentage of Total Municipal Employment
Bayonne Medical Center	1,867	1	6.69%	1,100	1	3.99%
Jerhel Plastics Inc	500	2	1.79%			
Royal Wine Corporation	220	3	0.79%			
Inserra Inc	220	4	0.79%			
Bookazine Co Inc	180	5	0.64%	190	7	0.69%
Muralo Company	180	6	0.64%			
The Haddad Apparel Group Ltd	155	7	0.56%	450	2	1.63%
Vertellus	150	8	0.54%			
Season Contracting Corp	150	9	0.54%			
Ideal Window Manufacturing	127	10	0.45%			
Ideal Aluminum Products				344	3	1.25%
IMTT				298	4	1.08%
Maidenform				254	5	0.92%
Shop Rite				184	8	0.67%
AGC Chemicals America, Inc				157	9	0.57%
Royal Kedem Wine				200	6	0.73%
Imperial Bag				138	10	0.50%
	<u>3,749</u>		<u>13.43%</u>	<u>3,315</u>		<u>12.03%</u>

Sources: Hudson County Economic Development Corporation.

OPERATING INFORMATION

**CITY OF BAYONNE SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY
FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Function/Program</u>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction										
Regular	399	403	428	428	541	563	568	587	584	701
Special education	144	147	157	157	315	315	315	317	315	272
Other special education	207	208	217	217	43	23	18	32	33	39
Vocational	4	5	4	4	10	7	6	6	6	3
Other instruction	132	133	116	116	1	1	1	1	1	2
Support Services:										
Student & instruction related services										
General administration	69	70	76	76	102	98	96	104	99	125
School administrative services	31	31	36	36	13	12	10	11	11	10
Central services	43	43	45	45	59	60	62	62	67	65
Administrative Information Technology	12	12	12	12	11	11	11	12	12	12
Plant operations and maintenance	3	3	10	10	1	1	1	1	1	0
Pupil transportation	120	122	111	111	121	124	127	125	125	152
Other support services	46	45	21	21	29	34	33	35	35	22
Total	15	16	41	41	-	-	-	-	-	2
	<u>1,225</u>	<u>1,238</u>	<u>1,274</u>	<u>1,274</u>	<u>1,246</u>	<u>1,249</u>	<u>1,248</u>	<u>1,293</u>	<u>1,289</u>	<u>1,405</u>

Source: Human resources

**CITY OF BAYONNE SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio ^c			Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Elementary	Senior High School				
2007	8,841	115,338,177	13,046	2.38%	886	12.8	14.1	8,826	8,248	1.31%	93.45%
2008	9,032	123,492,076	13,673	4.81%	896	13.3	15.2	8,985	8,592	1.80%	95.63%
2009	8,906	133,293,623	14,967	9.46%	922	11.96	11.2	8,987	8,684	0.02%	96.63%
2010	9,142	125,328,544	13,709	-8.41%	922	12.17	11.7	9,095	8,441	1.20%	92.81%
2011	8,954	124,858,905	13,944	1.71%	910	12.67	12	8,753	8,163	-3.76%	93.26%
2012	9,078	130,367,279	14,361	2.99%	909	13.8	11.9	8,773	8,243	0.23%	93.96%
2013	9,031	131,494,337	14,560	1.39%	908	14.85	11.8	8,821	8,306	0.55%	94.16%
2014	9,178	131,747,676	14,355	-1.41%	943	14.4	13	8,967	8,523	1.66%	95.05%
2015	9,341	149,064,121	15,958	11.17%	939	13.8	13	9,341	8,925	4.17%	95.55%
2016	9,359	146,539,905	15,658	9.08%	1,017	*	*	9,359	8,944	0.19%	95.57%

Sources: District records

Note: Enrollment based on annual October District count.

- a. Operating expenditures equal total expenditures less debt service and capital outlay.
- b. Teaching staff includes only full-time equivalents of certified staff. From 2011 to 2012 the Annual School Budget Statement Supporting Documentation was used to calculate teaching staff. Commencing in 2013 the teaching staff was provided by human resources.
- c. Commencing in 2009 the School Report Cards (referred to School Performance Reports in 2013) student/faculty ratios were used to calculate the pupil/teacher ratio.
- d. Average daily enrollment and average daily attendance are obtained from the School Registry Summary (SRS).

* - Information not available at time of audit.

**CITY OF BAYONNE SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Building										
<u>Element</u>										
Henry E. Harris (1921)										
Square Feet	81,466	110,000	110,000	110,000	110,000	110,000	82,320	82,320	82,320	82,320
Capacity (students)	745	690	690	690	690	690	690	690	690	690
Enrollment	642	627	606	618	606	598	664	689	699	699
Philip Vroom (1914)										
Square Feet	72,500	72,500	72,500	72,500	72,500	72,500	66,746	66,746	66,746	66,746
Capacity (students)	470	470	504	504	504	504	504	504	504	504
Enrollment	344	418	477	435	380	387	454	485	491	491
Walter F. Robinson (1903)										
Square Feet	83,000	128,000	128,000	128,000	128,000	128,000	119,979	119,979	119,979	119,979
Capacity (students)	552	960	960	960	960	960	960	960	960	960
Enrollment	672	696	699	732	796	755	778	766	744	744
Mary J. Donohue (1920)										
Square Feet	61,376	81,000	81,000	81,000	81,000	81,000	61,450	61,450	61,450	61,450
Capacity (students)	442	500	500	500	500	500	500	500	500	500
Enrollment	423	446	456	467	484	451	496	485	498	498
Lincoln School (1919)										
Square Feet	51,588	51,588	51,588	51,588	51,588	51,588	76,614	76,614	76,614	76,614
Capacity (students)	426	426	426	426	426	426	426	426	426	426
Enrollment	364	391	415	434	426	417	430	463	453	453
Horace Mann (1914)										
Square Feet	94,000	94,000	94,000	94,000	94,000	94,000	85,353	85,353	85,353	85,353
Capacity (students)	636	636	636	636	636	636	636	636	636	636
Enrollment	536	529	515	501	563	563	602	602	614	614
Washington School (1917)										
Square Feet	105,413	135,413	135,413	135,413	135,413	135,413	113,755	113,755	113,755	113,755
Capacity (students)	556	650	650	650	650	650	650	650	650	650
Enrollment	614	547	569	573	620	634	677	661	678	678
Nicolas Oresko School(2008)										
Square Feet	42,000	90,000	90,000	90,000	90,000	90,000	80,006	80,006	80,006	80,006
Capacity (students)	329	600	600	600	600	600	600	600	600	600
Enrollment	256	342	389	349	400	413	455	455	444	444
John M. Bailey (1909)										
Square Feet	73,500	123,500	123,500	123,500	123,500	123,500	84,884	84,884	84,884	84,884
Capacity (students)	680	750	750	750	750	750	750	750	750	750
Enrollment	621	666	651	661	634	598	620	640	652	652
Woodrow Wilson (1931)										
Square Feet	94,000	127,000	127,000	127,000	127,000	127,000	114,998	114,998	114,998	114,998
Capacity (students)	475	750	750	750	750	750	750	750	750	750
Enrollment	593	629	647	666	656	590	635	675	655	655
Midtown Community School (1992)										
Square Feet	170,000	170,000	170,000	170,000	170,000	170,000	160,876	160,876	160,876	160,876
Capacity (students)	1,252	1,252	1,252	1,252	1,252	1,252	1,252	1,252	1,252	1,252
Enrollment	1,072	1,019	1,023	1,058	1,050	1,013	1,110	1,121	1,155	1,155
<u>High School</u>										
Bayonne High School (1935)										
Square Feet	505,000	505,000	505,000	505,000	505,000	505,000	535,570	535,570	535,570	535,570
Capacity (students)	3,895	3,895	3,895	3,895	3,895	3,895	3,895	3,895	3,895	3,895
Enrollment	2,704	2,500	2,536	2,365	2,381	2,617	2,417	2,437	2,574	2,574

Number of Schools at June 30, 2016

Elementary = 11

Senior High School = 1

Source: District Facilities Office

Note: Year of original construction shown in parenthesis. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October District count.

**CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY (NJ)
FOR THE LAST TEN FISCAL YEARS
(UNAUDITED)**

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES

Project # (s)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
* School Facilities										
Henry E. Harris	\$ 349,861	\$ 28,123	\$ 294,745	\$ 346,040	\$ 378,853	\$ 287,352	\$ 247,981	\$ 271,307	\$ 257,635	\$ 295,994
Philip Vroom	192,939	185,351	194,264	202,842	222,071	189,391	201,068	220,141	208,894	239,996
Walter F. Robinson	220,882	327,241	342,976	272,054	297,852	334,373	385,586	395,718	375,499	431,407
Mary J. Donohue	216,560	207,082	217,039	226,710	248,208	211,596	185,112	202,677	192,321	220,956
Lincoln School	270,349	131,888	138,230	268,474	293,932	134,763	230,794	252,691	239,780	275,481
Horace Mann	250,155	240,318	251,873	250,578	274,339	245,555	257,118	281,513	267,130	306,903
Washington School	452,409	434,617	455,515	447,464	489,895	235,106	342,674	375,189	356,020	409,027
Nicolas Oresko School	546,652	346,193	362,839	536,953	587,870	444,089	241,009	263,876	250,394	287,675
John M. Bailey	230,155	324,684	340,296	301,889	330,516	331,761	255,704	279,963	266,659	305,213
Woodrow Wilson	328,662	315,736	330,918	325,222	356,061	322,618	346,421	379,287	359,908	413,494
Midtown Community School	111,772	230,091	241,155	119,320	130,635	353,738	484,620	530,603	503,492	578,457
Bayonne High School	696,784	1,291,068	1,353,147	775,608	849,156	1,319,207	1,613,346	1,766,424	1,676,170	1,925,736
Total School Facilities	\$ 3,887,180	\$ 4,062,392	\$ 4,522,997	\$ 4,073,154	\$ 4,459,388	\$ 4,409,549	\$ 4,791,433	\$ 5,219,589	\$ 4,952,902	\$ 5,690,339

Source: District Records

* School facilities as defined under EFCFA, (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

** Information not available

**CITY OF BAYONNE SCHOOL DISTRICT
INSURANCE SCHEDULE
June 30, 2016
(UNAUDITED)**

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
New Jersey School Boards Insurance Group:		
Property - Blanket Building & Contents	\$ 403,120,991	\$ 5,000
Environmental Package	1,000,000	10,000
Extra Expense	50,000,000	5,000
Valuable Papers	10,000,000	5,000
Loss of Rents	10,000	5,000
Electric Data Processing/ Public Entity Inland Marine Coverage	2,392,608	1,000
Equipment Breakdown	100,000,000	5,000
Public Employee Crime Coverage - Faithful Performance	100,000	1,000
Forgery and Altercation	100,000	1,000
Money and Securities	10,000	500
Money Orders/Counterfeit	10,000	500
Computer Fraud	25,000	500
Comprehensive General Liability	31,000,000	N/A
Student Accident: Castastrophic Cash K-12	Varies	N/A
Comprehensive Automobile Liability	31,000,000	N/A
Workman's Compensation and Supplemental Indemnity Options Professional	78,802,823	N/A
Non Professional	8,235,649	N/A
School Leaders Error and Omissions: Coverage A	6,000,000	10,000
Coverage B	100,000	10,000
The Hartford Fire Insurance Company:		
Surety Bond Coverage Business Administrator	475,000	N/A
Treasurer	475,000	N/A
Board Secretary	475,000	N/A

Source: District Records

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SINGLE AUDIT SECTION

DONOHUE, GIRONDA, DORIA & TOMKINS LLC

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EXHIBIT K-1

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable President and
Members of the Board of Education
City of Bayonne School District
County of Hudson
Bayonne, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bayonne School District, in the County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Bayonne School District's basic financial statements, and have issued our report thereon dated November 23, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bayonne School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bayonne School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bayonne School District's internal control.

EXHIBIT K-1

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs, Finding 2016-01, to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs, Finding 2016-02, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bayonne School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

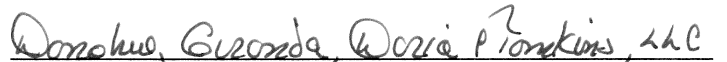
We noted certain matters that we reported to management of the City of Bayonne School District in a separate auditor's management report dated November 23, 2016 as required by the Division of Finance, Department of Education, State of New Jersey.

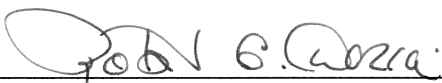
The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants


ROBERT G. DORIA
Certified Public Accountant
Public School Accountant
License No. CS 00778

Bayonne, New Jersey
November 23, 2016

DONOHUE, GIRONDA, DORIA & TOMKINS LLC

Certified Public Accountants

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EXHIBIT K-2

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

The Honorable President and
Members of the Board of Education
City of Bayonne School District
County of Hudson
Bayonne, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the City of Bayonne School District, in the County of Hudson, State of New Jersey compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the City of Bayonne School District's major federal and state programs for the year ended June 30, 2016. The City of Bayonne School District's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Bayonne School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and *New Jersey OMB’s Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB’s Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City of Bayonne School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City of Bayonne School District's compliance.

Basis for Qualified Opinion on State of New Jersey Equalization Aid

As described in the accompanying schedule of findings and questioned costs, the City of Bayonne School District did not comply with requirements regarding:

<u>Grant Number</u>	<u>Major State Program</u>	<u>Finding</u>	<u>Compliance Requirement</u>
16-495-034-5120-078	Equalization Aid	2016-01	Special Provisions

Compliance with such a requirement is necessary, in our opinion, for the City of Bayonne School District to comply with the requirements applicable to that program.

Qualified Opinion on State of New Jersey Equalization Aid

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Bayonne School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on State of New Jersey Equalization Aid for the year ended June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal and State Programs

In our opinion, the City of Bayonne School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with New Jersey OMB's Circular 15-08 and which is described in the accompanying schedule of findings and questioned costs as item *2016-01 and 2016-02*. Our opinion on each major state program is not modified with respect to these matters.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City of Bayonne School District is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bayonne School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bayonne School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

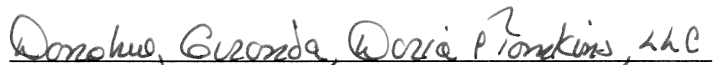
EXHIBIT K-2

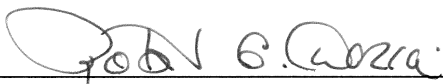
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-01 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-02 to be a significant deficiency.

The District's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.


DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants


ROBERT G. DORIA
Certified Public Accountant
Public School Accountant
License No. CS 00778

Bayonne, New Jersey
November 23, 2016

CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the Fiscal Year Ended June 30, 2016

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		
					FROM	TO	
ENTERPRISE FUND							
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE OF NEW JERSEY DEPARTMENT OF EDUCATION							
** School Breakfast Program	10.553	16161NJ304N1099	*	\$ 1,073,025	07/01/15	06/30/16	
** School Breakfast Program	10.553	16161NJ304N1099	*	989,502	07/01/14	06/30/15	
** National School Lunch Program	10.555	16161NJ304N1099	*	2,312,188	07/01/15	06/30/16	
** National School Lunch Program	10.555	16161NJ304N1099	*	2,313,431	07/01/14	06/30/15	
** After School Snack	10.555	16161NJ304N1099	*	34,843	07/01/15	06/30/16	
** After School Snack	10.555	16161NJ304N1099	*	31,012	07/01/14	06/30/15	
** Special Milk Program	10.556	16161NJ304N1099	*	2,157	07/01/15	06/30/16	
** Special Milk Program	10.556	16161NJ304N1099	*	3,714	07/01/14	06/30/15	
** Summer Food Program <i>Child Nutrition Cluster</i>	10.559	16161NJ304N1099	*	72,308	07/01/15	06/30/16	
National School Lunch Program (Food Distribution)	10.565	16161NJ304N1099	*	94,061	07/01/15	06/30/16	
TOTAL ENTERPRISE FUND							
SPECIAL REVENUE FUND							
U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH STATE OF NEW JERSEY DEPARTMENT OF EDUCATION							
No Child Left Behind:							
** Title I, Part A Basic	84.010A	S010A150030	NCLB__16	2,779,710	07/01/15	06/30/16	
Title II, Part A Teacher & Principal Training	84.367A	S367A150029	NCLB__16	345,809	07/01/15	06/30/16	
Title III, English Language Acquisitor	84.365A	S365A150030	NCLB__16	82,198	07/01/15	06/30/16	
IDEA, Basic	84.027	H027A150100	FT__16	2,596,453	07/01/15	06/30/16	
IDEA, Basic	84.027	H027A150100	FT__15	2,511,429	07/01/14	06/30/15	
IDEA, Basic	84.027	H027A150100	FT__14	2,343,759	07/01/13	06/30/14	
IDEA, ISCI	84.027	H027A150100	FT__16	5,000	09/01/15	08/31/16	
IDEA, ISCI	84.027	H027A150100	FT__15	2,500	09/01/14	08/31/15	
IDEA, Preschool	84.173	H173A150114	FT__16	57,204	07/01/15	06/30/16	
IDEA, Preschool <i>IDEA Cluster</i>	84.173	H173A150114	FT__15	54,374	07/01/14	06/30/15	
Race To The Top Phase 3 (RTT3)	84.413A	B413A120008	RTTT3	207,369	09/01/12	08/31/13	
U.S. DEPARTMENT OF HOMELAND SECURITY FEDERAL EMERGENCY MANAGEMENT AGENCY PASSED-THROUGH STATE OF NEW JERSEY DEPARTMENT OF LAW AND PUBLIC SAFETY							
Disaster Relief	97.036	*	*	259,992	09/01/12	06/30/13	
TOTAL SPECIAL REVENUE FUND							
GENERAL FUND							
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED-THROUGH STATE OF NEW JERSEY DEPARTMENT OF HUMAN SERVICES							
Special Education Medicaid Initiative ("SEMI")	93.778	1605NJ5MAP	*	378,139	07/01/15	06/30/16	
Special Education Medicaid Initiative ("SEMI")	93.778	1605NJ5MAP	*	343,713	07/01/14	06/30/15	
TOTAL GENERAL FUND							
TOTAL FEDERAL AWARDS							

* - Not Available
** - Denotes Major Program

EXHIBIT K-3
SCHEDULE A

BALANCE AT JUNE 30, 2015	CASH RECEIVED	BUDGETARY EXPEND- ITURES	ADJUST- EMENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2016		
					(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE TO GRANTOR
\$ -	\$ 838,199	\$ (1,073,025)	\$ -	\$ -	\$ (234,826)	\$ -	\$ -
(80,668)	80,668	-	-	-	-	-	-
-	1,831,826	(2,312,188)	-	-	(480,362)	-	-
(187,804)	187,804	-	-	-	-	-	-
-	27,774	(34,843)	-	-	(7,069)	-	-
(2,091)	2,091	-	-	-	-	-	-
-	1,767	(2,157)	-	-	(390)	-	-
(204)	204	-	-	-	-	-	-
-	72,308	(72,308)	-	-	-	-	-
<u>(270,767)</u>	<u>3,042,641</u>	<u>(3,494,521)</u>	<u>-</u>	<u>-</u>	<u>(722,647)</u>	<u>-</u>	<u>-</u>
-	94,061	(94,061)	-	-	-	-	-
<u>(270,767)</u>	<u>3,136,702</u>	<u>(3,588,582)</u>	<u>-</u>	<u>-</u>	<u>(722,647)</u>	<u>-</u>	<u>-</u>
(846,337)	729,789	(2,855,136)	-	-	(2,971,684)	-	-
(367,921)	367,921	(345,809)	-	-	(345,809)	-	-
<u>(85,191)</u>	<u>85,191</u>	<u>(82,196)</u>	<u>-</u>	<u>-</u>	<u>(82,195)</u>	<u>-</u>	<u>-</u>
<u>(85,191)</u>	<u>85,191</u>	<u>(82,196)</u>	<u>-</u>	<u>-</u>	<u>(82,195)</u>	<u>-</u>	<u>-</u>
-	-	(2,613,982)	-	-	(2,613,982)	-	-
(2,498,456)	2,378,007	-	-	-	(120,449)	-	-
(222,010)	222,010	-	-	-	-	-	-
-	-	(4,157)	-	-	(4,157)	-	-
(2,476)	2,492	-	(15)	-	-	-	-
-	-	(57,204)	-	-	(57,204)	-	-
<u>(53,921)</u>	<u>53,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(2,776,863)</u>	<u>2,656,430</u>	<u>(2,675,343)</u>	<u>(15)</u>	<u>-</u>	<u>(2,795,792)</u>	<u>-</u>	<u>-</u>
17,674	5,589	(3,039)	-	-	-	20,224	-
<u>(26,198)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,198)</u>	<u>-</u>	<u>-</u>
<u>(4,084,836)</u>	<u>3,844,920</u>	<u>(5,961,523)</u>	<u>(15)</u>	<u>-</u>	<u>(6,221,678)</u>	<u>20,224</u>	<u>-</u>
-	361,329	(378,139)	-	-	(16,810)	-	-
<u>(78,066)</u>	<u>78,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(78,066)</u>	<u>439,395</u>	<u>(378,139)</u>	<u>-</u>	<u>-</u>	<u>(16,810)</u>	<u>-</u>	<u>-</u>
<u>\$ (4,433,669)</u>	<u>\$ 7,421,017</u>	<u>\$ (9,928,244)</u>	<u>\$ (15)</u>	<u>\$ -</u>	<u>\$ (6,961,135)</u>	<u>\$ 20,224</u>	<u>\$ -</u>

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
for the Fiscal Year Ended June 30, 2016

STATE GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROGRAM NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2015		
			FROM	TO	DEFERRED REVENUE/ (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR	CASH RECEIVED
GENERAL FUND							
STATE DEPARTMENT OF EDUCATION							
** Equalization Aid	16-495-034-5120-078	\$ 46,701,236	07/01/15	06/30/16	\$ -	\$ -	\$ 46,701,236
Transportation Aid	16-495-034-5120-014	64,658	07/01/15	06/30/16	-	-	64,658
Special Education Categorical Aid	16-495-034-5120-089	5,433,590	07/01/15	06/30/16	-	-	5,433,590
** Security Aid	16-495-034-5120-084	639,416	07/01/15	06/30/16	-	-	639,416
Under Adequacy Aid	16-495-034-5120-096	500,000	07/01/15	06/30/16	-	-	500,000
Extraordinary Aid	16-495-034-5120-044	543,648	07/01/15	06/30/16	-	-	-
Extraordinary Aid	15-495-034-5120-044	615,577	07/01/14	06/30/15	(615,577)	-	615,577
PARCC Readiness Aid	16-495-034-5120-098	92,880	07/01/15	06/30/16	-	-	92,880
Per Pupil Growth Aid	16-495-034-5120-097	92,880	07/01/15	06/30/16	-	-	92,880
Adult Education Programs Aid	16-100-034-5120-510	56,501	07/01/15	06/30/16	-	-	56,501
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	4,410,183	07/01/15	06/30/16	-	-	4,190,802
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	4,991,091	07/01/14	06/30/15	(222,367)	-	222,367
On-behalf TPAF Pension Contribution	16-495-034-5094-002	4,103,704	07/01/15	06/30/16	-	-	4,103,704
On-behalf TPAF Non-Contributory Group Insurance	16-495-034-5094-004	204,420	07/01/15	06/30/16	-	-	204,420
On-behalf TPAF Post Retirement Medical Contributions	16-495-034-5094-001	5,129,786	07/01/15	06/30/16	-	-	5,129,786
TOTAL GENERAL FUND					(837,944)	-	68,047,817
SPECIAL REVENUE FUND							
STATE DEPARTMENT OF EDUCATION							
N.J. Nonpublic Aid:							
Nonpublic Textbook Aid	16-100-034-5120-064	50,190	07/01/15	06/30/16	-	-	50,190
Nonpublic Textbook Aid	15-100-034-5120-064	57,078	07/01/14	06/30/15	-	1,900	-
Nonpublic Handicapped Aid Ch. 193:							
Examination and Classification	16-100-034-5120-066	43,184	07/01/15	06/30/16	-	-	43,184
Examination and Classification	15-100-034-5120-066	46,511	07/01/14	06/30/15	-	1,855	-
Corrective Speech	16-100-034-5120-066	4,180	07/01/15	06/30/16	-	-	4,180
Supplemental Instruction	16-100-034-5120-066	47,524	07/01/15	06/30/16	-	-	47,524
<i>Total Nonpublic Handicapped Aid Ch. 193</i>						<i>1,855</i>	<i>51,704</i>
Nonpublic Auxiliary Services Aid Ch. 192:							
Compensatory Education	16-100-034-5120-067	215,738	07/01/15	06/30/16	-	-	215,738
Compensatory Education	15-100-034-5120-067	239,179	07/01/14	06/30/15	-	632	-
Nonpublic Security Aid	16-100-034-5120-509	22,475	07/01/15	06/30/16	-	-	22,475
Nonpublic Home Instruction	*	3,665	07/01/15	06/30/16	-	-	-
Nonpublic Nursing Services	16-100-034-5120-070	80,910	07/01/15	06/30/16	-	-	80,910
Nonpublic Technology Initiative	16-100-034-5120-373	22,854	07/01/15	06/30/16	-	-	22,854
Nonpublic Technology Initiative	15-100-034-5120-373	30,656	07/01/14	06/30/15	-	1,195	-
Preschool Education Aid	16-495-034-5120-086	2,017,358	07/01/15	06/30/16	-	-	2,017,358
Preschool Education Aid	15-495-034-5120-086	2,154,460	07/01/14	06/30/15	274,655	-	-
Preschool Education Aid	12-495-034-5120-086	1,863,635	07/01/11	06/30/12	-	64,425	-
STATE DEPARTMENT OF CHILDREN AND FAMILIES							
School Based Youth Services	16-100-054-7500-068	276,266	07/01/15	06/30/16	-	-	276,266
School Based Youth Services	15-100-054-7500-068	273,216	07/01/14	06/30/15	-	2,054	-
STATE DEPARTMENT OF TREASURY							
PASSED-THROUGH COUNTY OF HUDSON							
PASSED-THROUGH CITY OF BAYONNE							
Municipal Alliance	100-082-C001-004	54,448	07/01/15	06/30/16	-	-	-
Municipal Alliance	100-082-C001-004	54,448	07/01/14	06/30/15	(91,813)	-	-
Municipal Alliance	100-082-C001-004	72,355	07/01/13	06/30/14	(34,810)	-	-
Municipal Alliance	100-082-C001-004	74,521	07/01/12	06/30/13	(63,450)	-	-
Municipal Alliance	100-082-C001-004	63,526	07/01/11	06/30/12	(48,589)	-	-
Municipal Alliance	100-082-C001-004	63,526	01/01/10	12/31/10	(62,326)	-	-
TOTAL SPECIAL REVENUE FUND					(26,333)	72,061	2,780,679
CAPITAL PROJECTS FUND							
STATE SCHOOL DEVELOPMENT AUTHORITY (SDA)							
SDA Grant Projects:							
** Improvements to Horace Mann No. 6 ES	0220-060-09-00AO-00	456,208	2009	Completion	(456,208)	-	456,208
** Improvements to Lincoln No. 5 ES	0220-070-09-00AP-00	467,455	2009	Completion	(257,825)	-	257,825
** Improvements to Phillip G. Vroom No. 2 ES	0220-090-09-00AR-00	386,673	2009	Completion	(179,442)	-	179,442
** Improvements to Washington No. 9 ES	0220-120-09-00AS-00	839,873	2009	Completion	(755,885)	-	755,885
** Improvements to Bayonne High School	0220-020-09-00AK-00	1,251,815	2009	Completion	(581,380)	-	440,068
** Renovations at Bayonne High School	0220-020-14-1001	3,737,374	2014	Completion	-	-	-
** Renovations at Walter F. Robinson No. 3 ES	0220-030-14-1002	487,580	2014	Completion	-	-	-
** Renovations at John M. Bailey No. 12 ES	0220-040-14-1003	204,785	2014	Completion	-	-	-
** Renovations at Henry Harris No. 1 ES	0220-050-14-1004	67,034	2014	Completion	-	-	-
** Renovations at Horace Mann No. 6 ES	0220-060-14-1005	648,707	2014	Completion	-	-	-
** Renovations at Lincoln No. 5 ES	0220-070-14-1006	555,988	2014	Completion	-	-	80,588
** Renovations at Mary J. Donohoe No. 4 ES	0220-080-14-1007	116,757	2014	Completion	-	-	-
** Renovations at Midtown Community No. 8 ES	0220-085-14-1008	751,369	2014	Completion	-	-	-
** Renovations at Phillip G. Vroom No. 2 ES	0220-090-14-1009	503,859	2014	Completion	-	-	-
** Renovations at Woodrow Wilson No. 10 ES	0220-130-14-1011	291,855	2014	Completion	-	-	-
					(2,230,740)	-	2,170,016
TOTAL CAPITAL PROJECTS FUND					(2,230,740)	-	2,170,016
DEBT SERVICE FUND							
On-behalf Debt Service Aid - Type I	16-495-034-5120-017	269,280	07/01/15	06/30/16	-	-	269,280
TOTAL DEBT SERVICE FUND					-	-	269,280
ENTERPRISE FUND							
STATE DEPARTMENT OF AGRICULTURE							
State School Lunch Aid	16-100-010-3350-023	45,392	07/01/15	06/30/16	-	-	36,042
State School Lunch Aid	15-100-010-3350-023	46,746	07/01/14	06/30/15	(3,766)	-	3,766
TOTAL ENTERPRISE FUND					(3,766)	-	39,808
TOTAL STATE FINANCIAL ASSISTANCE					\$ (3,098,783)	\$ 72,061	\$ 73,307,600
LESS:							
On-behalf TPAF Pension Contribution							
On-behalf TPAF Non-Contributory Group Insurance							
On-behalf TPAF Post Retirement Medical Contributions							
On-behalf Debt Service Aid - Type I							
TOTAL STATE FINANCIAL ASSISTANCE SUBJECT TO SINGLE AUDIT							

* - Not Available

(A) - These amounts represent cancellation of due to grantor.

** - Denotes Major Program

EXHIBIT K-4
SCHEDULE B

BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2016			MEMO	
			(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
\$ (46,701,236)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,629,711	\$ 46,701,236
(64,658)	-	-	-	-	-	6,466	64,658
(5,433,590)	-	-	-	-	-	543,359	5,433,590
(639,416)	-	-	-	-	-	63,942	639,416
(500,000)	-	-	-	-	-	50,000	500,000
(543,648)	-	-	(543,648)	-	-	-	543,648
-	-	-	-	-	-	-	615,577
(92,880)	-	-	-	-	-	9,288	92,880
(92,880)	-	-	-	-	-	9,288	92,880
(56,501)	-	-	-	-	-	5,650	56,501
(4,410,183)	-	-	(219,381)	-	-	-	4,410,183
-	-	-	-	-	-	-	4,991,091
(4,103,704)	-	-	-	-	-	-	4,103,704
(204,420)	-	-	-	-	-	-	204,420
(5,129,786)	-	-	-	-	-	-	5,129,786
(67,972,902)	-	-	(763,029)	-	-	5,317,704	-
-	-	-	-	6,080,733	-	-	-
(50,181)	-	-	-	-	9	-	50,190
-	-	(1,900)	-	-	-	-	57,078
(42,737)	-	-	-	-	447	-	43,184
-	-	(1,855)	-	-	-	-	46,511
(4,180)	-	-	-	-	-	-	4,180
(47,424)	-	-	-	-	100	-	47,524
(51,604)	-	(1,855)	-	-	100	-	-
(215,421)	-	-	-	-	317	-	215,738
-	-	(632)	-	-	-	-	239,179
(22,475)	-	-	-	-	-	-	22,475
(3,665)	-	-	(3,665)	-	-	-	3,665
(80,910)	-	-	-	-	-	-	80,910
(22,854)	-	-	-	-	-	-	22,854
-	-	(1,195)	-	-	-	-	30,656
(1,914,569)	-	-	-	102,789	-	201,736	1,914,569
(274,655)	-	-	-	-	-	-	2,154,460
-	-	(64,425)	-	-	-	-	1,863,635
(276,147)	-	-	-	-	119	-	276,266
-	-	-	-	-	2,054	-	273,216
(11,417)	-	-	(11,417)	-	-	-	54,448
-	-	-	(91,813)	-	-	-	54,448
-	-	-	(34,810)	-	-	-	72,355
-	-	-	(63,450)	-	-	-	74,521
-	-	-	(48,589)	-	-	-	63,526
-	-	-	(62,326)	-	-	-	63,526
(2,966,635)	-	(70,007)	(316,070)	102,789	3,046	201,736	-
-	-	-	-	-	-	-	456,208
-	-	-	-	-	-	-	467,455
-	-	-	-	-	-	-	386,673
-	-	-	-	-	-	-	839,873
-	-	-	(141,312)	-	-	-	1,251,815
(972,333)	-	-	(972,333)	-	-	-	972,333
(155,650)	-	-	(155,650)	-	-	-	155,650
(96,841)	-	-	(96,841)	-	-	-	96,841
(29,427)	-	-	(29,427)	-	-	-	29,427
(611,113)	-	-	(611,113)	-	-	-	611,113
(472,869)	-	-	(392,281)	-	-	-	472,869
(29,426)	-	-	(29,426)	-	-	-	29,426
(148,150)	-	-	(148,150)	-	-	-	148,150
(353,676)	-	-	(353,676)	-	-	-	353,676
(87,430)	-	-	(87,430)	-	-	-	87,430
(2,956,915)	-	-	(3,017,639)	-	-	-	6,358,939
(2,956,915)	-	-	(3,017,639)	-	-	-	6,358,939
(269,280)	-	-	-	-	-	-	269,280
(269,280)	-	-	-	-	-	-	-
(45,392)	-	-	(9,350)	-	-	-	45,392
(45,392)	-	-	(9,350)	-	-	-	46,746
(74,211,124)	\$ -	\$ (70,007)	\$ (4,106,088)	\$ 102,789	\$ 3,046	\$ 5,519,440	-
4,103,704	-	-	-	-	-	-	-
204,420	-	-	-	-	-	-	-
5,129,786	-	-	-	-	-	-	-
269,280	-	-	-	-	-	-	-
\$ (64,503,934)	-	-	-	-	-	-	-

The accompanying Notes to Schedules of Awards and Financial Assistance are an integral part of this schedule.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 - GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Board of Education of the City of Bayonne School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal awards and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General Fund and Special Revenue Fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General Fund and Special Revenue Fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more of state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$17,144) for the General Fund and (\$188,400) for the Special Revenue Fund. See *Note A* (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Fund	\$ 378,139	\$ 67,955,758	\$ -	\$ 68,333,897
Special Revenue Fund	5,817,159	2,647,794	571,543	9,036,496
Capital Projects Fund	-	(249,892)	-	(249,892)
Food Service Fund	<u>3,588,582</u>	<u>45,392</u>	<u>-</u>	<u>3,633,974</u>
Total Awards and Financial Assistance	<u>\$ 9,783,880</u>	<u>\$ 70,399,052</u>	<u>\$ 571,543</u>	<u>\$ 80,754,475</u>

NOTE 4 - RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5 - OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported of \$4,103,704 reported as TPAF Pension Contributions, \$204,420 reported as TPAF Non-Contributory Group Insurance, and \$5,129,786 reported as TPAF Post-Retirement Medical Contributions, represent the amount paid by the State on behalf of the district for the year ended June 30, 2016. TPAF Social Security Contributions in the amount of \$4,410,183 represent the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2016. Type I debt service payments in the amount of \$269,280 represent amounts paid by the City of Bayonne on behalf of the District for the year ended June 30, 2016.

**CITY OF BAYONNE SCHOOL DISTRICT
 NOTES TO THE SCHEDULES OF AWARDS
 AND FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 6 – ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf expenditures for the District by the State or City of Bayonne are not subject to a State single audit and, therefore, are excluded from Major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District’s basic financial statements and the amount subject to the State single audit and major program determination.

NOTE 7 – INDIRECT COST RATE

The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 8 - SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate Federal programs as defined in 2 CFR 200.42; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the District:

<u>Program</u>	<u>Total</u>
Title I, Part A Basic	\$ 2,855,136
Title II, Part A Teacher & Principal Training	345,809
Title III, English Language Acquisition	<u>82,196</u>
	<u><u>\$ 3,283,141</u></u>

**CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section 1 - Summary of Auditors' Results

Financial Statement Section

A) Type of Auditors Report Issued: Unmodified

B) Internal Control over Financial Reporting:

1) Material weakness(es) identified? Yes No

2) Significant deficiency(ies) identified? Yes None reported

C) Noncompliance material to basic financial statements noted? Yes No

Federal Awards Section

D) Internal Control over major programs:

1) Material weakness(es) identified? Yes No

2) Significant deficiency(ies) identified? Yes None reported

E) Type of auditor's report on compliance for major program Unmodified

F) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? Yes No

G) Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010A</u>	<u>S010A150030</u>	No Child Left Behind:
<u>10.553, 10.555, 10.556, 10.559</u>	<u>16161NJ304N1099</u>	<u>Title I, Part A Basic</u>
		<u>Child Nutrition Cluster</u>

H) Dollar threshold used to distinguish between Type A and Type B Programs. \$750,000

I) Auditee qualified as low-risk auditee? Yes No

**CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section 1 - Summary of Auditors' Results

State Awards Section

J) Dollar threshold used to distinguish between Type A and Type B Programs.

\$1,935,118

K) Auditee qualified as low-risk auditee?

Yes No

L) Internal Control over major programs:

1) Material weakness(es) identified?

Yes No

2) Significant deficiency(ies) identified?

Yes None reported

M) Type of auditor's report on compliance for major programs:

Modified for Qualification

N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 15-08 as applicable?

Yes No

O) Identification of major programs:

State Grant/Project Number(s)

Name of State Program

16-495-034-5120-078

Varies

Equalization Aid

SDA Grant Projects

**CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section II - Financial Statement Findings

(This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting.)

Finding 2016-001

Criteria: N.J.A.C. 6A:23A-16.10 states a School District Board of Education shall not incur any obligation or approve any payment in excess of the amount appropriated by the District Board of Education in the applicable line item.

Condition: The District expended \$6,463,250 over the amount appropriated for the budget line item.

Questioned Costs: None

Context: \$6,463,250 (47.77%) was expended in excess of the amount \$13,529,659 appropriated for the budget line item for salaries for teachers grades 9-12

Effect: The District is not in compliance with N.J.A.C. 6A:23A-16.10.

Cause: The District did not properly monitor budget line item accounts to ensure that they would not become over expended.

Recommendation: The District must monitor line item accounts to ensure accounts are not over expended.

View of Responsible

Officials: The District will utilize their new accounting software to monitor line item accounts to ensure that accounts to not become over expended. Transfers will be properly authorized to ensure accounts do not become over expended.

**CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Finding 2016-002

Criteria: N.J.S.A. 18A:22-8.1 requires Commissioner approval or executive county superintendent as Commissioner’s designee for line item transfers to or from any general fund appropriation account that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes.

Condition: The District did not obtain proper approval for general fund appropriation account transfers that on a cumulative basis exceeded 10 percent of the amount of the account included in the budget certified for taxes. This finding is repeated from the prior year.

Questioned Costs: None

Context: Several budget line accounts had transfers over 10% which require Commissioner or executive county superintendent approval.

Cause: The District did not properly monitor cumulative transfers to and from general fund appropriation accounts.

Effect: The District initiated transfers to and from general fund appropriation accounts that on a cumulative basis exceeded 10 percent of the amount of the account included in the budget certified for taxes without obtaining proper approval.

Recommendation: The District must monitor cumulative transfers to and from general fund appropriation accounts to ensure proper approval is obtained prior to initiating transfers that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes.

View of Responsible Officials: The District will utilize their new accounting software to monitor cumulative transfers to and from general fund appropriation accounts to ensure proper approval is obtained prior to initiating transfers that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes.

**CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

[This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. and NJOMB Circular Letter 15-08, as applicable.]

FEDERAL AWARDS

No matters were reported

STATE FINANCIAL ASSISTANCE

**New Jersey State Department of Education
Equalization Aid
16-495-034-5120-078**

Finding 2016-001

Criteria: N.J.A.C. 6A:23A-16.10 states a School District Board of Education shall not incur any obligation or approve any payment in excess of the amount appropriated by the District Board of Education in the applicable line item.

Condition: The District expended \$6,463,250 over the amount appropriated for the budget line item. This finding is repeated from the prior year.

Questioned Costs: None

Context: \$6,463,250 (47.77%) was expended in excess of the amount \$13,529,659 appropriated for the budget line item for salaries for teachers grades 9-12

Effect: The District is not in compliance with N.J.A.C. 6A:23A-16.10.

Cause: The District did not properly monitor budget line item accounts to ensure that they would not become over expended.

Recommendation: The District must monitor line item accounts to ensure accounts are not over expended.

**CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATE FINANCIAL ASSISTANCE (Continued)

**New Jersey State Department of Education
Equalization Aid
16-495-034-5120-078**

Finding 2016-001 (Continued)

View of Responsible

Officials: The District will utilize their new accounting software to monitor line item accounts to ensure that accounts to not become over expended. Transfers will be properly authorized to ensure accounts to not become over expended.

**New Jersey State Department of Education
Equalization Aid
16-495-034-5120-078**

Finding 2016-002

Criteria: N.J.S.A. 18A:22-8.1 requires Commissioner approval or executive county superintendent as Commissioner’s designee for line item transfers to or from any general fund appropriation account that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes.

Condition: The District did not obtain proper approval for general fund appropriation account transfers that on a cumulative basis exceeded 10 percent of the amount of the account included in the budget certified for taxes. This finding is repeated from the prior year.

Questioned Costs: None

Context: Several budget line accounts had transfers over 10% which require Commissioner or executive county superintendent approval.

Cause: The District did not properly monitor cumulative transfers to and from general fund appropriation accounts.

**CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

STATE FINANCIAL ASSISTANCE (Continued)

**New Jersey State Department of Education
Equalization Aid
16-495-034-5120-078**

Finding 2016-002 (Continued)

Effect: The District initiated transfers to and from general fund appropriation accounts that on a cumulative basis exceeded 10 percent of the amount of the account included in the budget certified for taxes without obtaining proper approval.

Recommendation: The District must monitor cumulative transfers to and from general fund appropriation accounts to ensure proper approval is obtained prior to initiating transfers that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes.

View of Responsible Officials: The District will utilize their new accounting software to monitor cumulative transfers to and from general fund appropriation accounts to ensure proper approval is obtained prior to initiating transfers that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes.

**CITY OF BAYONNE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

[This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, USOMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. (¶.511 (a)(b)) and NJOMB's Circular 04-04 and/or 15-08, as applicable.]

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-01

Condition: The District expended \$5,357,291 over the amount appropriated for two budget line items.

Current Status: This finding has not been corrected. This finding will be repeated in the current year as finding 2016-001.

Finding 2015-02

Condition: The District did not obtain proper approval for general fund appropriation account transfers that on a cumulative basis exceeded 10 percent of the amount of the account included in the budget certified for taxes.

Current Status: This finding has not been corrected. This finding will be repeated in the current year as finding 2016-002.