

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, 2017

Revised December 20, 2017

CITY OF BAYONNE SCHOOL DISTRICT

TABLE OF CONTENTS

<u>Exhibit No.</u>		<u>Page</u>
INTRODUCTORY SECTION		
	Letter of Transmittal	1 - 3
	Organizational Chart	4
	Roster of Officials	5
	Consultants, Independent Auditors and Advisors	6
FINANCIAL SECTION		
	Independent Auditor's Report	7 - 10
Required Supplementary Information - Part I		
	Management's Discussion and Analysis	11 - 21
Basic Financial Statements		
A	Government-Wide Financial Statements:	
A-1	Statement of Net Position	22
A-2	Statement of Activities	23
B	Fund Financial Statements:	
	Governmental Funds:	
B-1	Balance Sheet/Reconciliation of the Balance Sheet to Statement of Net Position	24
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balance	25
B-3	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
	Proprietary Fund:	
B-4	Statement of Net Position	27
B-5	Statement of Revenues, Expenses, and Changes in Fund Net Position	28
B-6	Statement of Cash Flows	29
	Fiduciary Funds:	
B-7	Statement of Fiduciary Net Position	30
B-8	Statement of Changes in Fiduciary Net Position	31
	Notes to the Basic Financial Statements	32 - 75

CITY OF BAYONNE SCHOOL DISTRICT

TABLE OF CONTENTS

<u>Exhibit No.</u>		<u>Page</u>
	Required Supplementary Information - Part II	
C	Budgetary Comparison Schedules:	
C-1	Budgetary Comparison Schedule - General Fund	76 - 81
C-2	Budgetary Comparison Schedule - Special Revenue Fund	82
	Notes to Required Supplementary Information - Part II	
C-3	Budget to GAAP Reconciliation	83
	Required Supplementary Information - Part III	
L	Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1	Schedule of the District's Proportionate Share of the Net Position Liability - PERS	84
L-2	Schedule of District Contributions - PERS	85
L-3	Schedule of the District's Proportionate Share of the Net Position Liability - TPAF	86
	Notes to Required Supplementary Information - Part III	87
	Other Supplementary Information	
D	School Based Budget Schedules	
D-1	Combining Balance Sheet	N/A
D-2	Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3	Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E	Special Revenue Fund	
E-1	Combining Schedules of Program Revenues and Expenditures - Budgetary Basis	88 - 94
E-2	Schedule of Preschool Education Aid Expenditures - Preschool - All Programs - Budgetary Basis	95
F	Capital Projects Fund	
F-1	Summary Schedule of Project Expenditures	96
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	97
F-2a -k	Schedules of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	98 - 108

CITY OF BAYONNE SCHOOL DISTRICT

TABLE OF CONTENTS

<u>Exhibit No.</u>		<u>Page</u>
	Other Supplementary Information (Continued)	
G	Proprietary Funds	
	Enterprise Fund:	
G-1	Statement of Net Position	109
G-2	Statement of Revenues, Expenses, and Changes in Net Position	110
G-3	Statement of Cash Flows	111
	Internal Service Fund:	
G-4	Combining Statement of Net Position	N/A
G-5	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6	Combining Statement of Cash Flows	N/A
H	Fiduciary Funds	
H-1	Combining Statement of Fiduciary Net Position	112
H-2	Agency Fund Schedule of Receipts and Disbursements	113
I	Long-Term Debt	
I-1	Schedule of Serial Bonds	N/A
I-2	Schedule of Obligations Under Capital Leases	114
I-3	Budgetary Comparison Schedule - Debt Service Fund	N/A
	STATISTICAL SECTION (Unaudited)	
	Introduction to the Statistical Section (Unaudited)	
	Financial Trends:	
J-1	Net Position by Component	115
J-2	Changes in Net Position	116 - 117
J-3	Fund Balances, Governmental Funds	118
J-4	Changes in Fund Balance, Governmental Funds	119 - 120
J-5	General Fund Other Local Revenue by Source	121
	Revenue Capacity:	
J-6	Assessed Value and Estimated Actual Value of Taxable Property	122
J-7	Direct and Overlapping Property Tax Rates	123
J-8	Principal Property Taxpayers	124
J-9	Property Tax Levies and Collections	125
	Debt Capacity:	
J-10	Ratios of Outstanding Debt by Type	126
J-11	Ratio of General Bonded Debt Outstanding	127
J-12	Direct and Overlapping Governmental Activities Debt	128
J-13	Legal Debt Margin Information	129

CITY OF BAYONNE SCHOOL DISTRICT

TABLE OF CONTENTS

<u>Exhibit No.</u>		<u>Page</u>
STATISTICAL SECTION (Unaudited) (Continued)		
Demographic and Economic Information:		
J-14	Demographic and Economic Statistics	130
J-15	Principal Employers	131
Operating Information:		
J-16	Full-Time Equivalent District Employees by Function/Program	132
J-17	Operating Statistics	133
J-18	School Building Information	134
J-19	Schedule of Required Maintenance Expenditures by School Facility	135
J-20	Insurance Schedule	136
SINGLE AUDIT SECTION		
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	137 - 139
K-2	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	140 - 142
K-3	Schedule of Expenditures of Federal Awards, Schedule A	143 - 144
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	145 - 146
K-5	Notes to the Schedules of Awards and Financial Assistance	147 - 149
K-6	Schedule of Findings and Questioned Costs	150 - 151
K-7	Schedule of Financial, Federal and State Findings	152 - 154
K-8	Summary Schedule of Prior Audit Findings	155

INTRODUCTORY SECTION



BAYONNE BOARD OF EDUCATION
Administration Building
669 Avenue A
Bayonne, New Jersey 07002

Leo J. Smith, Jr.
Assistant Superintendent for Business
School Business Administrator

Tel: (201) 858-5560
Fax: (201) 858-5599
Email: lsmith@bboed.org

Letter of Transmittal

November 22, 2017

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 (the "District") for the fiscal year ended June 30, 2017, 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, 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 the Governmental Accounting Standard Board Statement No. 34, the Report of Independent Auditors, the Management Discussion and Analysis as presented on pages 11 through 21, 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. 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 2016 - 2017 fiscal year with an average daily enrollment of 9,022, (not including 459 preschool students), which is 337 less than the previous year's enrollment. The District sent 43 students to charter schools, 10 more than the previous year.

2.) ECONOMIC CONDITION AND OUTLOOK: The Board of Education has maintained quality education programs during the recent expansion of student enrollment, with only a minor increase in school taxes. Community revitalization efforts are ongoing. A Hudson-Bergen NJ 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 tax revenue has been steady over the last five years. 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 and/or renovations utilizing New Jersey School Development Authority grant funds. The student population is becoming increasingly diverse and score respectively with their state peers.

3.) MAJOR INITIATIVES: 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. 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. MacBooks were purchased for all teachers. The district started a major technology upgrade in the Fall of 2017 to further upgrade its network infrastructure through use of the Federally funded E-Rate program. In addition, to the Chrome book rollout, the school District continues to use Google Apps for Education for all staff and students.

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. 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. The District has begun full scope external review of its curriculum, which is including a review of Math, Language Arts, Social Studies and next generation science standards.

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 Education of the City of Bayonne. 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 appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

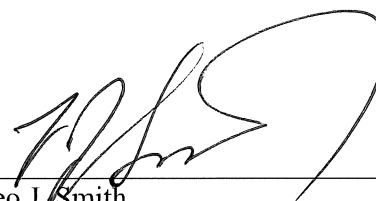
6.) OTHER INFORMATION: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of DONOHUE, GIRONDA DORIA & TOMKINS, LLC, and was selected by the Board to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of 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.

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. Michael A. Wanko
Interim Superintendent



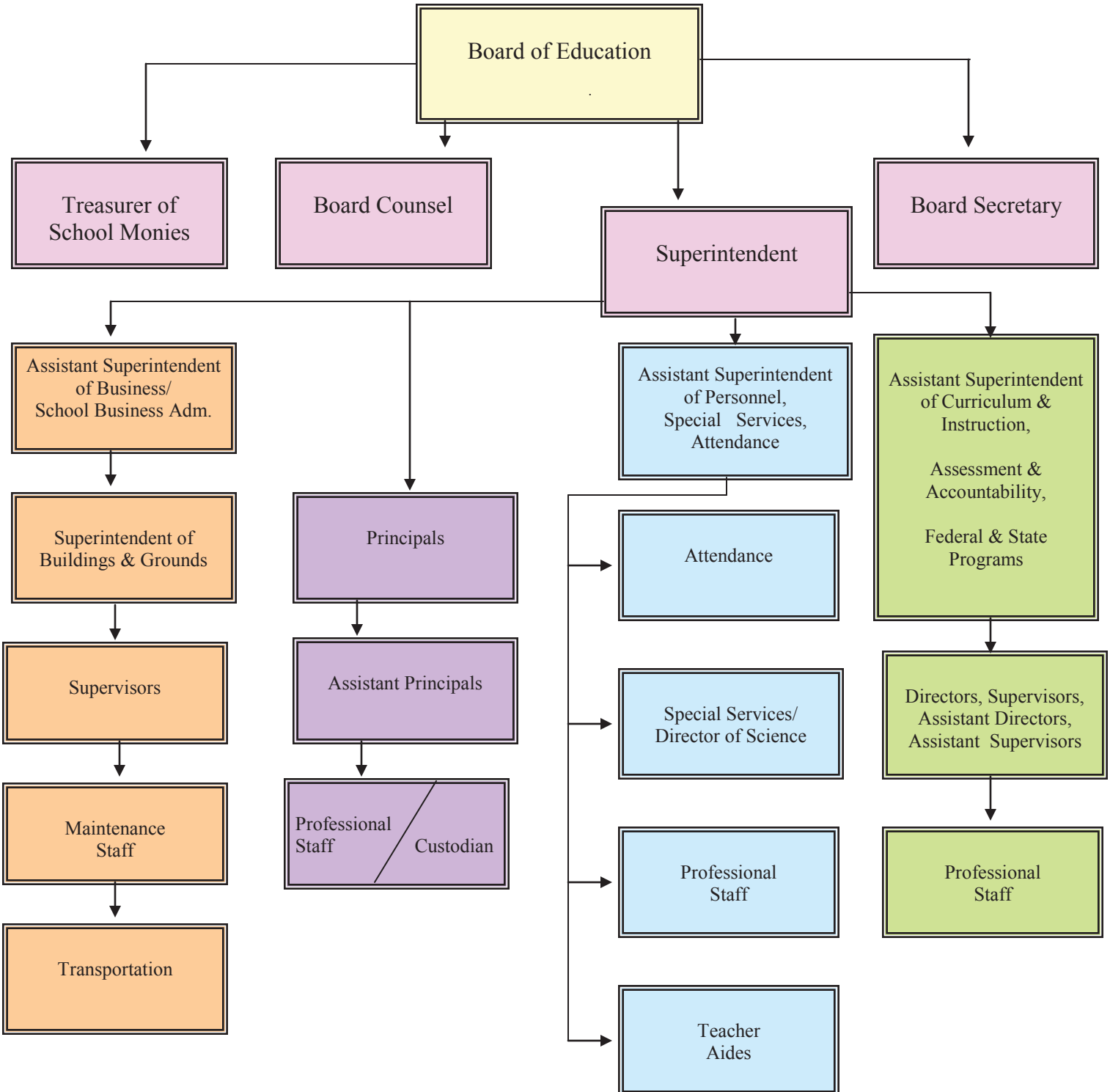
Leo J. Smith
School Business Administrator

POLICY

BOARD OF EDUCATION BAYONNE

1110 ORGANIZATIONAL CHART

ADMINISTRATION
1110/Page 1 of 1
ORGANIZATIONAL CHART



**CITY OF BAYONNE SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2017**

Members of the Board of Education

Term Expires

Joseph T. Broderick, President	January 2019
Denis F. Wilbeck, Vice President	January 2020
Carol Cruden, R.N.	January 2020
Mary Jane Desmond	January 2020
Ava Finnerty	January 2019
Theodore Garelick	January 2018
Mikel B. Lawandy	January 2018
Christopher Munoz	January 2018
Charles Ryan	January 2019

Other Officials

Dr. Michael A. Wanko PhD, (Effective 7-1-2017), Interim Superintendent of Schools
Dr. Dennis Degnan, Ed. D, Assistant Superintendent of Schools (Effective 9-1-2016)
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

Patricia L. McGeehan, Ed.D., Superintendent of Schools through June 30, 2017
Robert C. Craig, Assistant Superintendent of Schools through August 31, 2016
Janet Convery, Treasurer of School Monies (Through January 31, 2017)

**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

Appruzzese, McDermott, Mastro & Murphy, P.C.
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

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

310 Broadway
Bayonne, NJ 07002
(201) 437-9000
Fax: (201) 437-1432
E-Mail: dgd@dgdcpas.com

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

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, 2017, 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, 2017, 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 11 through 21, pages 76 through 82, and pages 84 through 86 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

Fund Balance Deficit in Excess of the Last Two State Aid Payments

As described in note 16, as of June 30, 2017 the District's fund balance deficit in the GAAP fund statements of (\$7,639,598) is (\$2,125,329) more than the last two state aid payments totaling \$5,514,269, indicating that the District is facing financial difficulties. 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 22, 2017, 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, Gironde, Doria & Tomkins LLC
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants



MAURICIO CANTO
Certified Public Accountant
Licensed Public School Accountant
No. 2541

Bayonne, New Jersey
November 22, 2017

REQUIRED SUPPLEMENTARY INFORMATION

PART I

**CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017. 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 2017 and 2016 are as follows, respectively:

- In total, net position is \$21,470,739 and \$41,126,232. Net position of governmental activities is \$19,646,130 and \$38,729,668. Net position of the business-type activity, which represents food service, is \$1,824,609 and \$2,396,564. This reflects a change in net position in the amount of (\$19,861,898) and (\$9,684,001).
- Total general revenues accounted for \$65,690,296 and \$63,654,682 while the local tax contribution to General Revenues are \$62,876,035 and \$61,174,248. Operating Grants and Contributions are \$108,866,343 and \$95,653,695.
- The District continues to experience stability in student enrollment. Average Daily Enrollment for the year ending June 30, 2017 and 2016 were 9,631 and 9,359, respectively, which reflects increases of 2.91% and 0.55% from the previous years, respectively. The District enrollment has increased by 599 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, 2017**

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 2017?” 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, 2017**

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 2017 and 2016, respectively.

**CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**Table 1
Net Position**

	Governmental Activities		Business Type Activity		Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and Other Assets	\$ 19,492,995	\$ 22,179,499	\$ 631,871	\$ 1,646,812	\$ 20,124,866	\$ 23,826,311
Capital Assets, Net	<u>67,587,762</u>	<u>72,797,326</u>	<u>1,192,738</u>	<u>749,752</u>	<u>68,780,500</u>	<u>73,547,078</u>
Total Assets	<u>87,080,757</u>	<u>94,976,825</u>	<u>1,824,609</u>	<u>2,396,564</u>	<u>88,905,366</u>	<u>97,373,389</u>
DEFERRED OUTLOWS OF RESOURCES						
	<u>23,349,886</u>	<u>10,088,357</u>	<u>-</u>	<u>-</u>	<u>23,349,886</u>	<u>10,088,357</u>
LIABILITIES						
Current and Other Liabilities	\$ 22,260,798	\$ 15,842,449	\$ -	\$ -	\$ 22,260,798	\$ 15,842,449
Long-Term Liabilities	1,867,895	2,307,834	-	-	1,867,895	2,307,834
Net Pension Liability	<u>66,655,820</u>	<u>47,422,764</u>	<u>-</u>	<u>-</u>	<u>66,655,820</u>	<u>47,422,764</u>
Total Liabilities	<u>90,784,513</u>	<u>65,573,047</u>	<u>-</u>	<u>-</u>	<u>90,784,513</u>	<u>65,573,047</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>-</u>	<u>762,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>762,467</u>
NET POSITION						
Net Investment in Capital Assets	64,822,684	70,252,999	1,192,738	749,752	66,015,422	71,002,751
Restricted	8,804,788	11,423,675	-	-	8,804,788	11,423,675
Unrestricted	<u>(53,981,342)</u>	<u>(42,947,006)</u>	<u>631,871</u>	<u>1,646,812</u>	<u>(53,349,471)</u>	<u>(41,300,194)</u>
Total Net Position	<u>\$ 19,646,130</u>	<u>\$ 38,729,668</u>	<u>\$ 1,824,609</u>	<u>\$ 2,396,564</u>	<u>\$ 21,470,739</u>	<u>\$ 41,126,232</u>

Total assets as of June 30, 2017 and June 30, 2016 equal \$88,905,366 and \$97,373,389, respectively. Total assets for Governmental Activities are \$87,080,757 and \$94,976,825. Total assets for Business Type Activities are \$1,824,609 and \$2,396,564.

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, 2017**

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

Table 2 reflects the change in net position for fiscal years 2017 and 2016, respectively.

Table 2
Net Position

	Governmental Activities		Business Type Activity		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program Revenues:						
Charges for Services	\$ 101,842	\$ 64,792	\$ 1,047,445	\$ 1,038,210	\$ 1,149,287	\$ 1,103,002
Operating Grants	108,866,343	95,653,695	3,495,456	3,633,974	112,361,799	99,287,669
Capital Grants	41,604	(230,764)	-	-	41,604	(230,764)
Total Program Revenues	<u>109,009,789</u>	<u>95,487,723</u>	<u>4,542,901</u>	<u>4,672,184</u>	<u>113,552,690</u>	<u>100,159,907</u>
General Revenues:						
Property Taxes	62,876,035	61,174,248	-	-	62,876,035	61,174,248
Interest	57,191	49,953	-	-	57,191	49,953
Miscellaneous	2,757,070	2,430,481	-	-	2,757,070	2,430,481
Total General Revenues	<u>65,690,296</u>	<u>63,654,682</u>	<u>-</u>	<u>-</u>	<u>65,690,296</u>	<u>63,654,682</u>
Total Revenues	<u>174,700,085</u>	<u>159,142,405</u>	<u>4,542,901</u>	<u>4,672,184</u>	<u>179,242,986</u>	<u>163,814,589</u>
EXPENSES						
Function/Program						
Instruction	126,272,928	113,769,105	-	-	126,272,928	113,769,105
Support Services:						
Pupils and Instructional Staff	23,965,067	19,891,997	-	-	23,965,067	19,891,997
General and Business						
Administrative Services	16,805,460	14,916,114	-	-	16,805,460	14,916,114
Plant Operations and Maintenance	16,645,578	15,225,585	-	-	16,645,578	15,225,585
Pupil Transportation	4,737,682	4,100,159	-	-	4,737,682	4,100,159
Special Schools	687,376	596,200	-	-	687,376	596,200
Charter Schools	423,561	312,481	-	-	423,561	312,481
Capital Expenditures Not Capitalized	3,976,354	-	-	-	3,976,354	-
Food Service	-	-	5,114,856	4,663,524	5,114,856	4,663,524
Total Expenses	<u>193,514,006</u>	<u>168,811,641</u>	<u>5,114,856</u>	<u>4,663,524</u>	<u>198,628,862</u>	<u>173,475,165</u>
Excess (Deficit) Before Special Items and Transfers	(18,813,921)	(9,669,236)	(571,955)	8,660	(19,385,876)	(9,660,576)
Special Items	(269,617)	(23,425)	-	-	(269,617)	(23,425)
Transfers	-	560,964	-	(560,964)	-	-
Change in Net Position	(19,083,538)	(9,131,697)	(571,955)	(552,304)	(19,655,493)	(9,684,001)
Net Position, July 1	38,729,668	47,861,365	2,396,564	2,948,868	41,126,232	50,810,233
Net Position, June 30	<u>\$ 19,646,130</u>	<u>\$ 38,729,668</u>	<u>\$ 1,824,609</u>	<u>\$ 2,396,564</u>	<u>\$ 21,470,739</u>	<u>\$ 41,126,232</u>

The total changes in net position for the fiscal years 2017 and 2016 for Governmental Activities are (\$19,083,538) and (\$9,131,697). The total changes in net position for the Business-Type Activity are (\$571,955) and (\$552,304). The total changes in net position are (\$19,655,493) and (\$9,684,001).

**CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction	\$ 126,272,928	\$ 113,769,105	65.26%	67.39%
Support Services:				
Pupils and Instructional Staff	23,965,067	19,891,997	12.38%	11.78%
General and Business				
Administrative Services	16,805,460	14,916,114	8.68%	8.84%
Plant Operations and Maintenance	16,645,578	15,225,585	8.60%	9.02%
Pupil Transportation	4,737,682	4,100,159	2.45%	2.43%
Charter Schools	423,561	312,481	0.22%	0.19%
Total Expenses	<u>\$ 193,514,006</u>	<u>\$ 168,811,641</u>	<u>100.00%</u>	<u>100.00%</u>

Total Expenses for governmental activities for fiscal years 2017 and 2016 were \$193,514,005 and \$168,811,641.

The Governmental Activities in the above chart demonstrates that for fiscal years 2017 and 2016 \$193,514,006 and \$168,811,641 are allocated to School Based Budget. \$126,272,928 and \$113,769,105 are identified as Instruction. Additionally, Pupil and Instructional Staff activities are \$23,965,067 and \$19,891,997. Combined resources from Instruction and Pupil and Instructional Staff totals \$150,237,995 and \$133,661,102.

Together the aforementioned categories account for 77.64% 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 been adversely impacted by Charter Schools. Currently the contribution to Charter Schools by the Board for fiscal years 2017 and 2016 is \$423,561 and \$312,481. The Board sends a total of 43 students to Charter Schools.

**CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Business-Type Activity

**Table 3b.
Business Activity**

	Total Cost of Services		Percent of Total	
	2017	2016	2017	2016
Revenue				
Charges for Services	\$ 1,047,445	\$ 1,038,210	23.06%	22.22%
Operating Grants	3,495,456	3,633,974	76.94%	77.78%
Total Revenue	4,542,901	4,672,184	100.00%	100.00%
Function/Program Expenses				
Food Service	5,114,856	4,663,524	100.00%	89.26%
Total Expense	5,114,856	4,663,524	100.00%	89.26%
Operating Gain	(571,955)	8,660		
Transfers	-	(560,964)	0.00%	10.74%
(Decrease)/Increase in Net Position	<u>\$ (571,955)</u>	<u>\$ (552,304)</u>		

The business-type activity of the District is the food service operation. This program had revenues for the fiscal years 2017 and 2016 of \$4,542,901 and \$4,672,184 and expenses of \$5,114,856 and \$4,663,524. For the fiscal years 2017 and 2016 operating loss/gain of (\$571,955) and \$8,660 were sustained prior to the Board transferring \$0 and (\$560,964) out of 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, 2017**

Sources of Revenue

The local tax revenue increased for the second year in a row. The community, as a whole, is 35.99% of the support and other revenue accounts for 1.67% of the total cost of programs for the District students.

Table 4
Sources of Revenue

<u>Fiscal Year Ended June 30,</u>	<u>Local Tax Levy</u>	<u>Other Local Revenue</u>	<u>Operating Grants</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>
2017	\$ 62,876,035	\$ 2,916,103	\$ 108,866,343	\$ 41,604	\$ 174,700,085
2016	61,174,248	2,545,226	95,653,695	(230,764)	159,142,405

The total revenue from all governmental sources for the fiscal years 2017 and 2016 are \$174,700,085 and \$159,142,405, respectively. Revenue from general fund sources for the fiscal years 2017 and 2016 are \$137,333,797 and \$128,311,692 composed mainly from the local tax levy of \$62,876,035 and \$59,392,474 and state grants of \$71,794,994 and \$66,977,550. Revenue from special revenue fund sources for fiscal years 2017 and 2016 are \$9,665,444 and \$8,952,410 composed mainly from state grants of \$2,842,601 and \$3,005,409 and federal grants of \$6,204,224 and \$5,690,232, respectively. Revenues from capital fund sources for fiscal year 2017 and 2016 are \$0 .

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 \$149,479,347 and expenditures and other financing uses of \$158,010,206. 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 \$5,406,353 and receivables due from other governments are \$9,060,287 as of June 30, 2017.

**CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law as it pertains to School Districts. During the 2016 - 2017 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 2017, 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.

For the General Fund, final budgeted revenues, fund balance to be utilized and other financing sources in the amount of \$127,455,279 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 2018-2019 District School Budget. At June 30, 2017 there was \$0 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 \$5,272,382 final state aid payment for June 30, 2017, however this amount is not reflected in the District Intergovernmental Receivable Account.

Capital Assets and Depreciation

Capital Assets

At the end of fiscal years 2017 and 2016, the District had \$67,587,762 and \$72,797,326 invested in capital assets (net of depreciation), for governmental activities. This amount represents a net decrease (including additions) of \$4,939,947 from 2017 to 2016 due to depreciation expense exceeding improvements and acquisitions during fiscal year 2017. 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, 2017**

Debt

At June 30, 2017 and 2016, the District had \$3,902,539 and \$3,812,346 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, 2017, 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, 2017	\$ 66,655,820	\$ -	\$ -	\$ 423,292,585

For the year ended June 30, 2017, the District recognized PERS pension expense of \$5,252,922.

For the year ended June 30, 2017, the District recognized on-behalf TPAF pension expense of \$27,700,844 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, 2017**

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, 2017

	<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 2,844,950	\$ -	\$ 2,844,950
Receivables, net	9,060,287	230,370	9,290,657
Other receivable	1,031,642	-	1,031,642
Inventory	-	70,451	70,451
Due from fiduciary funds	257,812	-	257,812
Internal balance	-	331,050	331,050
Restricted cash and cash equivalents	6,298,304	-	6,298,304
Capital assets, net:			
Depreciable	66,067,555	1,192,738	67,260,293
Non-depreciable	1,520,207	-	1,520,207
Total assets	<u>\$ 87,080,757</u>	<u>\$ 1,824,609</u>	<u>\$ 88,905,366</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts of net pension liability	<u>\$ 23,349,886</u>	<u>\$ -</u>	<u>\$ 23,349,886</u>
LIABILITIES			
Payable to state government	170,754	-	170,754
Accounts payable	7,304,046	-	7,304,046
Internal balances	331,050	-	331,050
Unearned revenue	6,906,035	-	6,906,035
Loan payable	5,514,269	-	5,514,269
Noncurrent liabilities:			
Due within one year	2,034,644	-	2,034,644
Due beyond one year	1,867,895	-	1,867,895
Net pension liability	66,655,820	-	66,655,820
Total liabilities	<u>90,784,513</u>	<u>-</u>	<u>90,784,513</u>
NET POSITION			
Net investment in capital assets	64,822,684	1,192,738	66,015,422
Restricted for:			
Capital projects	8,804,788	-	8,804,788
Unrestricted	(53,981,342)	631,871	(53,349,471)
Total net position	<u>\$ 19,646,130</u>	<u>\$ 1,824,609</u>	<u>\$ 21,470,739</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, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activity	Total
Governmental activities:							
Instruction:							
Regular	\$ 91,817,468	\$ 101,842	\$ 50,294,755	\$ -	\$ (41,420,871)	\$ -	\$ (41,420,871)
Special education	27,764,427	-	13,739,526	-	(14,024,901)	-	(14,024,901)
Other special instruction	2,346,897	-	1,160,668	-	(1,186,229)	-	(1,186,229)
Vocational	1,176,262	-	674,576	-	(501,686)	-	(501,686)
Other instruction	3,167,874	-	1,736,041	-	(1,431,833)	-	(1,431,833)
Support services:							
Tuition	4,013,916	-	3,640,726	-	(373,190)	-	(373,190)
Student & instruction related services	19,951,151	-	12,958,347	-	(6,992,804)	-	(6,992,804)
School administrative services	10,415,044	-	5,188,283	-	(5,226,761)	-	(5,226,761)
General and business administrative services	6,390,416	-	4,424,425	-	(1,965,991)	-	(1,965,991)
Plant operations and maintenance	16,645,578	-	11,190,025	41,604	(5,413,949)	-	(5,413,949)
Pupil transportation	4,737,682	-	3,095,113	-	(1,642,569)	-	(1,642,569)
Special schools	687,376	-	357,128	-	(330,248)	-	(330,248)
Charter schools	423,561	-	406,730	-	(16,831)	-	(16,831)
Capital outlay	3,976,354	-	-	-	(3,976,354)	-	(3,976,354)
Total governmental activities	193,514,006	101,842	108,866,343	41,604	(84,504,217)	-	(84,504,217)
Business-type activity:							
Food service	5,114,856	1,047,445	3,495,456	-	-	(571,955)	(571,955)
Total business-type activities	5,114,856	1,047,445	3,495,456	-	-	(571,955)	(571,955)
Total primary government	\$ 198,628,862	\$ 1,149,287	\$ 112,361,799	\$ 41,604	(84,504,217)	(571,955)	(85,076,172)
General revenues:							
Taxes:							
Property taxes, levied for general purpose, net					62,876,035	-	62,876,035
Investment earnings					57,191	-	57,191
Miscellaneous income					2,757,070	-	2,757,070
Special item - loss on disposal of capital assets					(269,617)	-	(269,617)
Total general revenues, special items and transfers					65,420,679	-	65,420,679
Change in net position					(19,083,538)	(571,955)	(19,655,493)
Net position, July 1					38,729,668	2,396,564	41,126,232
Net position, June 30					\$ 19,646,130	\$ 1,824,609	\$ 21,470,739

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, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 2,844,950	\$ -	\$ -	\$ 2,844,950
Accounts receivable - tuition	14,252	-	-	14,252
Accounts receivable - other	925,303	92,087	-	1,017,390
Receivables from other governments	1,132,492	2,553,092	5,374,703	9,060,287
Interfund receivable	3,998,416	-	1,407,937	5,406,353
Restricted cash and cash equivalents	-	4,134,843	2,163,461	6,298,304
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 8,915,413</u>	<u>\$ 6,780,022</u>	<u>\$ 8,946,101</u>	<u>\$ 24,641,536</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payable to state government	\$ -	\$ 170,754	\$ -	\$ 170,754
Accounts payable	5,119,485	-	141,313	5,260,798
Interfund payable	-	5,479,591	-	5,479,591
Unearned revenue	-	1,371,564	-	1,371,564
Unearned revenue	5,534,471	-	-	5,534,471
Loan payable	5,514,269	-	-	5,514,269
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>16,168,225</u>	<u>7,021,909</u>	<u>141,313</u>	<u>23,331,447</u>
Fund Balances:				
Committed to:				
Year-end encumbrances	144,899	-	122,300	267,199
Assigned to:				
Capital projects fund	-	-	8,682,488	8,682,488
Unassigned				
General fund	(7,397,711)	-	-	(7,397,711)
Special revenue fund	-	(241,887)	-	(241,887)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>(7,252,812)</u>	<u>(241,887)</u>	<u>8,804,788</u>	<u>1,310,089</u>
Total liabilities and fund balances	<u>\$ 8,915,413</u>	<u>\$ 6,780,022</u>	<u>\$ 8,946,101</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 \$189,914,487, and the accumulated depreciation is \$122,326,725.

67,587,762

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

23,349,886

Accounts Payable for Pension

(2,043,248)

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

(3,902,539)

Net pension liability

(66,655,820)

Net position of governmental activities

\$ 19,646,130

CITY OF BAYONNE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
for the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local sources:				
Local tax levy	\$ 62,876,035	\$ -	\$ -	\$ 62,876,035
Tuition	101,842	-	-	101,842
Interest earned	57,191	-	-	57,191
Miscellaneous	2,138,451	618,619	-	2,757,070
Total local sources	65,173,519	618,619	-	65,792,138
State sources	71,794,994	2,842,601	-	74,637,595
Federal sources	365,284	6,204,224	-	6,569,508
Total revenues	137,333,797	9,665,444	-	146,999,241
EXPENDITURES				
Current:				
Instructional:				
Regular instruction	46,895,220	5,584,255	-	52,479,475
Special education instruction	14,420,155	-	-	14,420,155
Other special instruction	1,221,723	-	-	1,221,723
Vocational education	706,804	-	-	706,804
Other instruction	1,817,721	-	-	1,817,721
Support services and undistributed costs:				
Tuition	3,822,028	-	-	3,822,028
Student & instruction related services	9,315,589	4,079,736	-	13,395,325
School administrative services	5,445,056	-	-	5,445,056
Other administrative services	4,637,991	-	-	4,637,991
Operation and maintenance of plant services	11,744,829	-	-	11,744,829
Student transportation	3,250,093	-	-	3,250,093
Employee benefits	39,535,897	-	-	39,535,897
Special schools:				
Charter schools	379,149	-	-	379,149
Capital outlay	423,561	-	-	423,561
Capital outlay	3,593,232	41,604	1,095,563	4,730,399
Total expenditures	147,209,048	9,705,595	1,095,563	158,010,206
(Deficiency) of revenues under expenditures	(9,875,251)	(40,151)	(1,095,563)	(11,010,965)
OTHER FINANCING SOURCES				
Capital lease (Non budgeted)	2,480,106	-	-	2,480,106
Total other financing sources	2,480,106	-	-	2,480,106
(Deficiency) of revenues and other financing sources (under) expenditures and other financing uses	(7,395,145)	(40,151)	(1,095,563)	(8,530,859)
Fund balances, July 1	142,333	(201,736)	9,900,351	9,840,948
Fund balances, June 30	\$ (7,252,812)	\$ (241,887)	\$ 8,804,788	\$ 1,310,089

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, 2017

Total net change in fund balances - governmental funds (from B-2) \$ (8,530,859)

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	\$ (5,693,992)	
	Capital outlays	<u>4,730,399</u>	
			(4,939,947)

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	(2,480,106)	
	Payment of capital leases	<u>2,259,355</u>	
			(220,751)

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	130,558	
	Additional PERS pension expense recognized	(5,252,922)	
	Additional on-behalf TPAF pension expense	27,700,844	
	Additional on-behalf TPAF pension contribution	<u>(27,700,844)</u>	
			<u>(5,122,364)</u>

Change in net position of governmental activities \$ (19,083,538)

PROPRIETARY FUND

CITY OF BAYONNE SCHOOL DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2017

	<u>Business-type Activity - Enterprise Fund Food Service</u>
ASSETS	
Current assets:	
Accounts receivable	\$ 230,370
Inventory	70,451
Interfund receivable	331,050
Total current assets	<u>631,871</u>
Noncurrent assets:	
Furniture, machinery and equipment	2,334,424
Less: accumulated depreciation	<u>(1,141,686)</u>
Total noncurrent assets	<u>1,192,738</u>
Total assets	<u><u>\$ 1,824,609</u></u>
NET POSITION	
Net investment in capital assets	\$ 1,192,738
Unrestricted	<u>631,871</u>
Total net position	<u><u>\$ 1,824,609</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, 2017

	<u>Business-type Activity - Enterprise Fund Food Service</u>
OPERATING REVENUES	
Charges for services:	
Daily sales - reimbursable programs	\$ 604,120
Daily sales - non-reimbursable programs	384,005
Special functions	55,986
Miscellaneous income	3,334
Total operating revenues	<u>1,047,445</u>
OPERATING EXPENSES	
Cost of sales - reimbursable programs	1,769,571
Cost of sales - non-reimbursable programs	283,839
Salaries	1,805,985
Employee benefits	378,309
Supplies and materials	683,641
Depreciation expense	149,710
Insurance - other	43,801
Total operating expenses	<u>5,114,856</u>
Operating (loss)	<u>(4,067,411)</u>
NONOPERATING REVENUES	
State sources:	
State school lunch program	42,648
Federal sources:	
School breakfast program	1,033,100
National school lunch program	2,229,272
Special milk program	1,475
Snack program	34,399
Summer food program	76,864
Food distribution program	77,698
Total nonoperating revenues	<u>3,495,456</u>
Net income	<u>(571,955)</u>
Change in net position	(571,955)
Total net position, July 1	<u>2,396,564</u>
Total net position, June 30	<u><u>\$ 1,824,609</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, 2017

	<u>Business-type Activity - Enterprise Fund Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 988,125
Other Receipts	55,986
Guaranteed revenue contribution receipt	3,334
Payments to employees	(1,805,985)
Payments for employee benefits	(378,309)
Payments to suppliers	(2,704,749)
Net cash (used for) operating activities	<u>(3,841,598)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State sources	49,131
Federal sources	3,870,254
Transfers out - General fund	514,909
Net cash provided by non-capital financing activities	<u>4,434,294</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital expenditures - payment for equipment	<u>(592,696)</u>
Net change in cash and cash equivalents	-
Balance, July 1	-
Balance, June 30	<u>\$ -</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES	
Operating (loss)	<u>\$ (4,067,411)</u>
Adjustment to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	149,710
Food distribution program	77,698
(Increase) in inventory	(1,595)
Total adjustments	<u>225,813</u>
Net cash (used for) operating activities	<u>\$ (3,841,598)</u>
NON-CASH ACTIVITY FROM NON-CAPITAL FINANCING ACTIVITIES	
Food commodities from the U.S. Department of Agriculture	<u>\$ 77,698</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, 2017

	Unemployment Compensation Insurance Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 208,701	\$ 4,413,349
	<u> </u>	<u> </u>
Total assets	<u>\$ 208,701</u>	<u>\$ 4,413,349</u>
 LIABILITIES		
Net Payroll	\$ -	\$ 1,856,610
Social Security and withholdings	-	944,669
New Jersey income tax	-	150,247
Exchange checking	-	4,280
Trust and Agency	-	13,955
Flex spending	-	13,901
Pension	-	1,059,324
PA gross income tax	-	1,717
Due to student groups	-	319,534
Due to general fund	208,701	-
Due to special revenue fund	-	49,111
	<u> </u>	<u> </u>
Total liabilities	<u>\$ 208,701</u>	<u>\$ 4,413,349</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, 2017

	<u>Unemployment Compensation Insurance Trust Fund</u>
ADDITIONS	
Local sources:	
Contributions	\$ 260,604
Interest on investment	221
Total additions	<u>260,825</u>
DEDUCTIONS	
Unemployment claims	227,176
Due to General Fund	33,649
Total deductions	<u>260,825</u>
Change in net position	-
Net position, July 1	-
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, 2017**

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, 2017**

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, 2017 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, and (b) 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, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017**

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 an elected board. 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. The District did make transfers during the year which are identified on schedules C-1 and C-2. Some of the transfers made were significant in amounts, but all were in the normal course of operations and properly approved. Due to the inclusion of the nonbudgeted on-behalf payment made by the State of New Jersey as district expenditures the District shows an over expenditure in this line item of the General Fund. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued):

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 get proper approval for such line-item transfers.

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, 2017**

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.

	<u>2016 - 2017</u>
Total Revenues (Budgetary Basis)	\$ 9,676,802
Adjustments:	
Add: Prior Year Encumbrances	1,085,699
Less: Current Year Encumbrances	(1,056,906)
Adjust for State Aid Payment Recognize for GAAP Statements in the Current Year, Previously Recognized for Budgetary Purposes	201,736
Adjust for State Aid Payment Not Recognized for GAAP Purpose until the Subsequent Year	<u>(241,887)</u>
Total Revenues (GAAP Basis)	<u>\$ 9,665,444</u>
Total Expenditures (Budgetary Basis)	\$ 9,676,802
Adjustments:	
Add: Prior Year Encumbrances	1,085,699
Less: Current Year Encumbrances	<u>(1,056,906)</u>
Total Expenditures (GAAP Basis)	<u>\$ 9,705,595</u>

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, 2017**

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, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Receivables and Payables (Continued):

Tuition Receivable – For the year ending June 30, 2017, there was \$14,252 in tuition charges due to the Board of Education.

Tuition Payable - Tuition charges for the fiscal years 2016-2017 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, 2017.

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, 2017**

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, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Unearned Revenue:

Unearned 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, 2017**

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, 2017**

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, 2016 audited excess surplus that will be appropriated in the 2017-2018 original budget certified for taxes.

Restricted - For Excess Surplus - This reserve was created to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2018-2019 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, 2017**

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

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, 2017**

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, 2017 through November 22, 2017, 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, 2017**

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

The District does not have a deposit policy for custodial credit risk. As of June 30, 2017, none of the District's bank balances totaling \$16,021,470 was exposed to custodial credit risk.

As of June 30, 2017, the District's deposits and investments are summarized as follows:

	Book Balance
Insured - FDIC	\$ 500,000
Insured - GUDPA	13,264,810
NJ Cash Management	494
	\$ 13,765,304
Reconciliation to Government-Wide Statement of Net Position:	
Unrestricted Cash	\$ 2,844,950
Restricted Cash	6,298,304
Trust and Agency Fund Cash (Not Included in District-Wide Statement)	4,622,050
	\$ 13,765,304

As of June 30, 2017, 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, 2017**

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, 2017, the District had \$494 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, 2017 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, 2017**

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, 2017 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, 2017 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, 2017 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, 2017**

NOTE 4. CAPITAL ASSETS AND DEPRECIATION (Continued)

Capital assets for governmental activities for the year ended June 30, 2017, were as follows:

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2017</u>
Governmental Activities:				
Non-Depreciable:				
Land	\$ 1,520,207	\$ -	\$ -	\$ 1,520,207
Depreciable:				
Buildings	83,239,013	-	-	83,239,013
Improvements	76,608,491	58,298	-	76,666,789
Machinery and Equipment	29,042,423	258,035	(4,262,019)	25,038,439
Vehicles	3,012,327	437,712	-	3,450,039
Total at Historical Cost	<u>191,902,254</u>	<u>754,045</u>	<u>(4,262,019)</u>	<u>188,394,280</u>
Less: Accumulated Depreciation:				
Buildings	(69,619,673)	(1,670,518)	-	(71,290,191)
Improvements	(28,473,823)	(2,558,781)	-	(31,032,604)
Machinery and Equipment	(20,307,666)	(1,355,930)	3,992,402	(17,671,194)
Vehicles	(2,223,973)	(108,763)	-	(2,332,736)
Total Accumulated Depreciation	<u>(120,625,135)</u>	<u>(5,693,992) *</u>	<u>3,992,402</u>	<u>(122,326,725)</u>
Depreciable Capital Assets, Net	<u>71,277,119</u>	<u>(4,939,947)</u>	<u>(269,617)</u>	<u>66,067,555</u>
Governmental Activities - Capital Assets, Net	<u>\$ 72,797,326</u>	<u>\$ (4,939,947)</u>	<u>\$ (269,617)</u>	<u>\$ 67,587,762</u>

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4. CAPITAL ASSETS AND DEPRECIATION (Continued)

* Depreciation expense was charged to Governmental Activities as follows:

Instruction:		
Regular		\$ 2,637,457
Special Education		724,844
Other Special Education		61,495
Vocational Education		35,303
Other Instruction		91,104
Total Instruction		<u>3,550,203</u>
Support Services:		
Tuition		191,888
Student & Instruction Related Services		673,030
School Administrative Services		273,881
General & Business Administrative Services		232,884
Operation & Maintenance of Plant		589,898
Pupil Transportation		163,418
Special Schools		18,790
Total Support Services		<u>2,143,789</u>
		<u>\$ 5,693,992</u>

Capital asset for business-type activity for the year ended June 30, 2017, was as follows:

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Balance at June 30, 2017</u>
Business-type Activity:			
Depreciable			
Machinery and Equipment	\$ 1,589,757	\$ 592,696	\$ 2,182,453
Vehicles	151,971	-	151,971
Total at Historical Cost	<u>1,741,728</u>	<u>592,696</u>	<u>2,334,424</u>
Less: Accumulated Depreciation:			
Machinery and Equipment	(875,040)	(116,895)	(991,935)
Vehicles	<u>(116,936)</u>	<u>(32,815)</u>	<u>(149,751)</u>
Total Accumulated Depreciation	<u>(991,976)</u>	<u>(149,710)</u>	<u>(1,141,686)</u>
Business-type Activity - Capital Assets, Net	<u>\$ 749,752</u>	<u>\$ 442,986</u>	<u>\$ 1,192,738</u>

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 5. LOAN PAYABLE

The District obtained a short term loan of \$5,514,269 in June 2017 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 2017 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, 2017, the governmental long-term debt of the District consisted of the following:

Accrued Compensation Absences:	
Current Portion	\$ 162,448
Noncurrent Portion	975,013
Capital Lease Obligation:	
Current Portion	1,872,196
Noncurrent Portion	<u>892,882</u>
Total Governmental Activity Debt	<u><u>\$ 3,902,539</u></u>

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017	Amounts Due Within One Year	Long-Term Portion
Governmental Activities:						
Capital Lease Obligations	\$ 2,544,327	\$ 2,480,106	\$ (2,259,355)	\$ 2,765,078	\$ 1,872,196	\$ 892,882
Compensated Absences	<u>1,268,019</u>	<u>-</u>	<u>(130,558)</u>	<u>1,137,461</u>	<u>162,448</u>	<u>975,013</u>
Total	<u><u>\$ 3,812,346</u></u>	<u><u>\$ 2,480,106</u></u>	<u><u>\$ (2,389,913)</u></u>	<u><u>\$ 3,902,539</u></u>	<u><u>\$ 2,034,644</u></u>	<u><u>\$ 1,867,895</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, 2017**

NOTE 6. LONG-TERM DEBT (Continued)

B. Capital Leases:

The District is currently leasing copiers, network upgrades, chrome books, smartboards, three school buses, a truck, and a vehicle for various schools. During fiscal year 2017, the District paid \$2,259,355 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, 2017:

<u>Year Ending</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Total</u>
June 30, 2018	\$ 1,813,551	\$ 115,512	\$ 1,929,063
June 30, 2019	507,998	105,909	613,907
June 30, 2020	145,006	94,217	239,223
June 30, 2021	19,085	47,108	66,193
Total Minimum Lease Payments	2,485,640	362,746	2,848,386
Less: Amount Representing Interest	(65,103)	(18,205)	(83,308)
Present Value of Net Minimum Lease Payments	<u>\$ 2,420,537</u>	<u>\$ 344,541</u>	<u>\$ 2,765,078</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, 2017**

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:

<u>Tier</u>	<u>Definition</u>
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, 2017**

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 2017. 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, 2017**

NOTE 7. PENSION PLANS (Continued)

E. Contribution Requirements (Continued):

During the years ended June 30, 2017, 2016 and 2015 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	<u>PERS Contributed by the District</u>		<u>TPAF Paid on behalf of the district</u>	
	<u>Pension</u>	<u>NCGI</u>	<u>Pension</u>	<u>NCGI</u>
June 30, 2017	\$ 1,904,343	\$ 95,043	\$ 6,518,567	\$ 236,183
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

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, 2017 the Districts net pension liability for PERS was \$66,655,820.

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, 2016, Districts PERS proportion was 0.2251%, which was an increase of 0.0138% from its proportion measured as of June 30, 2015.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017, the District recognized PERS pension expense of \$5,252,922. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and accrual experience	\$ 1,239,596	\$ -
Changes in assumptions	13,807,526	-
Net differences between projected and actual investment earnings on pension plan investments	2,541,647	-
Changes in proportion	3,717,869	-
District contributions subsequent to measurement date	2,043,248	-
Total	\$ 23,349,886	\$ -

\$2,043,248 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, 2018. 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 December 31,</u>	
2017	\$ 4,250,783
2018	4,250,785
2019	4,912,599
2020	6,391,659
2021	1,500,812
	\$ 21,306,638

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation rate	3.08%
Salary increases: Through 2026	1.65 – 4.15%
Thereafter	2.65 – 5.15% Based on age
Investment rate of return	7.65%

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 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 actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. 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, 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 on future financial statements.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments 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 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 PER's target asset allocations as of June 30, 2016 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%	0.87%
Core Bonds	1.50%	1.74%
Intermediate-Term Bonds	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds / Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 3.98% as of June 30, 2016. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016, 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 based on the average of the last five years of condition 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 2034 and 2034, respectively. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and 2033, respectively, 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 of the as of June 30, 2016, 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 (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of PERS net pension liability	\$ 81,678,926	\$ 66,655,820	\$ 54,252,942

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, 2017**

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, 2017 the District reported accounts payable to the PERS of \$2,043,248 for the required actuarially determined contribution to PERS for the year ended June 30, 2017.

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

At June 30, 2017 the State’s net pension liability for TPAF associated with the District was \$423,292,585. For the year ended June 30, 2017, the District recognized an on-behalf TPAF pension expense of \$27,700,844 offset by an on-behalf TPAF pension contribution for the same amount.

The net pension liability was measured as of June 30, 2017, 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, 2016, Districts TPAF proportion was 0.5381%, which was a decrease of 0.0245% from its proportion measured as of June 30, 2015.

Actuarial Assumptions

The total TPAF pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. 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	7.65%

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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)

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis on a 60-year average of Social Security data from 1953 to 2013.

The Actual assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds – MultiStrategy	5.00%	3.70%
Hedge Funds – Equity Hedge	3.75%	4.72%
Hedge Funds – Distressed	3.75%	3.49%

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 3.22% as of June 30, 2016. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined 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 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 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 \$4,640,064 during the year ended June 30, 2017, 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, 2017**

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, 2016, there were 110,512 retirees eligible for post-retirement medical benefits, and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016.

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, 2017, 2016 and 2015 were \$5,628,243, \$5,129,786 and \$4,828,487, 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, 2017**

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, 2016, the most recent actuarial valuation date, the State had a \$16.1 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) for local and \$43.8 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 Methods and Assumptions

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.

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, 2017**

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 report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-45-july-2016.pdf>.

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, 2017**

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, 2017, 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 settled a retroactive labor contract agreement during the year ended June 30, 2017 that resulted in a \$3,256,726 liability for salaries and related expenses. The labor contract agreement defers the payment of such liability to the succeeding fiscal year ending June 30, 2018. Therefore, the District deferred expenditures for such liability to the succeeding fiscal year ending June 30, 2018 on the budgetary basis of accounting and appropriated funds for such liability in the succeeding fiscal year budget ending June 30, 2018.

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 2017. 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, 2017**

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, 2017	\$ -	\$ 260,604	\$ 260,825	\$ 221	\$ -
June 30, 2016	-	243,952	244,168	216	-
June 30, 2015	-	241,402	241,558	156	-

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet of the governmental fund financial statement at June 30, 2017:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 3,998,416	\$ -
Special Revenue	-	5,479,591
Capital Projects	1,407,937	-
Enterprise	331,050	-
Fiduciary	-	257,812
Total	<u>\$ 5,737,403</u>	<u>\$ 5,737,403</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, 2017**

NOTE 14. INVENTORY

Inventory in the Food Service Fund at June 30, 2017, consisted of the following:

Food and Supplies	\$ <u>70,451</u>
-------------------	------------------

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 (\$7,252,812) General Fund fund balance at June 30, 2017, \$144,899 is committed for other purposes and a deficit of (7,397,711) is unassigned.

Special Revenue Fund – The (\$241,887) Special Revenue Fund deficit fund balance at June 30, 2017 is unassigned.

Capital Projects Fund – of the \$8,804,788 Capital Projects Fund fund balance at June 30, 2017, \$122,300 is committed for other purposes; and \$8,682,488 is assigned to the capital projects fund.

The total Governmental Funds fund balance is \$1,310,089.

**CITY OF BAYONNE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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	\$ 1,310,089	\$ 1,824,609	\$ 3,134,698
Add: Capital Assets, Net of Accumulated Depreciation	67,587,762	-	67,587,762
Deferred Outflows of Resources	23,349,886	-	23,349,886
Less: Accounts Payable for Pension	(2,043,248)	-	(2,043,248)
Long-Term Liabilities	(3,902,539)	-	(3,902,539)
Net Pension Liability	<u>(66,655,820)</u>	<u>-</u>	<u>(66,655,820)</u>
Total Net Position	<u>\$ 19,646,130</u>	<u>\$ 1,824,609</u>	<u>\$ 21,470,739</u>

NOTE 16. DEFICIT FUND BALANCES

The District has a deficit fund balance of (\$7,252,812) in the General Fund and (\$241,887) in the Special Revenue Fund as of June 30, 2017 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, 2017**

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. As of June 30, 2017 the District's deficit in the GAAP fund statements of (\$7,639,598) is (\$2,125,329) more than the last two state aid payments totaling \$5,514,269. This indicates that the District is facing financial difficulties.

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, 2017 is \$0.

NOTE 18. RECEIVABLES FROM OTHER GOVERNMENTS

Receivables from other governments as reported on the general fund balance sheet amounting to \$1,132,492 are from state sources.

Receivables from other governments as reported on the special revenue fund balance sheet amounting to \$2,553,092 are comprised of \$2,183,228 from federal sources and \$369,864 from state sources.

Receivables from other governments as reported on the capital projects fund balance sheet amounting to \$5,374,703 are from state sources.

NOTE 19. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2017 and November 22, 2017, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items, other than those already included in Note 11, contingent liabilities, have come to the attention of the District that would require disclosure. The following subsequent events are presented for additional information:

The State of New Jersey revised the District's projected aid, as used in their 2017-2018 budget, with an addition of \$2,899,639 over the initially projected amounts.

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, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES					
Local sources:					
Local tax levy	\$ 62,876,035	\$ -	\$ 62,876,035	\$ 62,876,035	\$ -
Tuition	87,000	-	87,000	101,842	14,842
Interest earned	-	-	-	57,191	57,191
Miscellaneous	2,735,836	-	2,735,836	2,138,451	(597,385)
Total - local sources	<u>65,698,871</u>	<u>-</u>	<u>65,698,871</u>	<u>65,173,519</u>	<u>(525,352)</u>
Federal sources:					
Special Education Medicare Reimbursement Initiative	276,312	-	276,312	365,284	88,972
Total - federal sources	<u>276,312</u>	<u>-</u>	<u>276,312</u>	<u>365,284</u>	<u>88,972</u>
State sources:					
Equalization aid	46,891,127	-	46,891,127	46,891,127	-
Transportation aid	75,758	-	75,758	75,758	-
Special education categorical aid	5,528,863	-	5,528,863	5,528,863	-
Security aid	741,826	-	741,826	741,826	-
Under adequacy aid	500,000	-	500,000	500,000	-
Extraordinary aid	-	-	-	688,925	688,925
PARCC readiness aid	92,880	-	92,880	92,880	-
Per pupil growth aid	92,880	-	92,880	92,880	-
Professional learning community aid	93,100	-	93,100	93,100	-
On-Behalf TPAF contributions (non budgeted)					
Pension	-	-	-	6,518,567	6,518,567
Non-contributory group insurance premium	-	-	-	236,183	236,183
Post-retirement medical contributions	-	-	-	5,628,243	5,628,243
Long term disability insurance premium	-	-	-	21,256	21,256
Reimbursed TPAF Social Security contributions (Non budgeted)	-	-	-	4,640,064	4,640,064
Total - state sources	<u>54,016,434</u>	<u>-</u>	<u>54,016,434</u>	<u>71,749,672</u>	<u>17,733,238</u>
Total revenues	<u>119,991,617</u>	<u>-</u>	<u>119,991,617</u>	<u>137,288,475</u>	<u>17,296,858</u>
EXPENDITURES -					
CURRENT EXPENSE					
Regular programs - instruction:					
Salaries of teachers:					
Preschool/kindergarten	3,258,885	(779,215)	2,479,670	2,474,245	5,425
Grades 1-5	13,033,606	1,897,562	14,931,168	14,886,441	44,727
Grades 6-8	11,049,137	(598,101)	10,451,036	10,450,997	39
Grades 9-12	13,108,845	501,217	13,610,062	13,521,407	88,655
Total regular programs - instruction	<u>40,450,473</u>	<u>1,021,463</u>	<u>41,471,936</u>	<u>41,333,090</u>	<u>138,846</u>
Regular programs - home instruction:					
Salaries of teachers	215,734	21,999	237,733	220,355	17,378
General supplies	1,500	-	1,500	1,408	92
Other objects	2,200	-	2,200	1,684	516
Total regular programs - home instruction	<u>219,434</u>	<u>21,999</u>	<u>241,433</u>	<u>223,447</u>	<u>17,986</u>
Regular programs - undistributed instruction:					
Other salaries for instruction	556,584	(485,000)	71,584	59,817	11,767
Other purchased services (400-500 series)	-	325,000	325,000	323,961	1,039
General supplies	2,945,481	(1,271,845)	1,673,636	1,226,779	446,857
Technology supplies	331,409	(84,847)	246,562	218,518	28,044
Textbooks	388,614	(83,016)	305,598	274,038	31,560
Total regular programs - undistributed instruction	<u>4,232,088</u>	<u>(1,609,708)</u>	<u>2,622,380</u>	<u>2,103,113</u>	<u>519,267</u>
Total regular programs	<u>44,901,995</u>	<u>(566,246)</u>	<u>44,335,749</u>	<u>43,659,650</u>	<u>676,099</u>
Special education:					
Neurologically impaired:					
Salaries of teachers	2,004,175	(238,480)	1,765,695	1,743,720	21,975
Other salaries for instruction	1,018,446	1,682,900	2,701,346	2,700,523	823
General supplies	11,045	(9,000)	2,045	2,003	42
Technology supplies	2,000	-	2,000	1,291	709
Textbooks	11,000	-	11,000	4,142	6,858
Other objects	92,170	(28,574)	63,596	60,745	2,851
Total learning/language disabilities	<u>3,138,836</u>	<u>1,406,846</u>	<u>4,545,682</u>	<u>4,512,424</u>	<u>33,258</u>

CITY OF BAYONNE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Behavioral disabilities:					
Salaries of teachers	\$ 3,387,681	\$ 1,172,034	\$ 4,559,715	\$ 4,559,566	\$ 149
Other salaries for instruction	351,382	101,100	452,482	452,119	363
General supplies	4,000	(1,500)	2,500	2,454	46
Technology supplies	3,000	(3,000)	-	-	-
Other objects	2,200	-	2,200	713	1,487
Total behavioral disabilities	<u>3,748,263</u>	<u>1,268,634</u>	<u>5,016,897</u>	<u>5,014,852</u>	<u>2,045</u>
Multiple disabilities:					
Salaries of teachers	780,000	(216,237)	563,763	563,761	2
Other salaries for instruction	711,470	384,298	1,095,768	1,095,768	-
General supplies	1,800	-	1,800	1,783	17
Textbooks	6,400	(2,868)	3,532	3,132	400
Other objects	13,000	(3,000)	10,000	9,908	92
Total multiple disabilities	<u>1,512,670</u>	<u>162,193</u>	<u>1,674,863</u>	<u>1,674,352</u>	<u>511</u>
Resource room/resource center:					
Salaries of teachers	780,000	(122,540)	657,460	645,040	12,420
General supplies	9,592	2,000	11,592	10,732	860
Technology supplies	5,000	(5,000)	-	-	-
Textbooks	6,500	(6,000)	500	61	439
Other objects	29,000	(27,000)	2,000	1,326	674
Total resource room/resource center	<u>830,092</u>	<u>(158,540)</u>	<u>671,552</u>	<u>657,159</u>	<u>14,393</u>
Autism:					
Salaries of teachers	677,049	(153,652)	523,397	518,113	5,284
Other salaries for instruction	1,011,710	263,000	1,274,710	1,268,785	5,925
General supplies	9,000	-	9,000	7,405	1,595
Technology supplies	2,000	-	2,000	-	2,000
Other objects	5,100	-	5,100	1,511	3,589
Total autism	<u>1,704,859</u>	<u>109,348</u>	<u>1,814,207</u>	<u>1,795,814</u>	<u>18,393</u>
Speech/occupational therapy/physical therapy:					
Salaries of teachers	595,628	(92,367)	503,261	503,180	81
Other salaries for instruction	378,181	(115,700)	262,481	262,308	173
General supplies	5,500	(1,000)	4,500	66	4,434
Technology supplies	600	-	600	-	600
Other objects	6,600	(6,600)	-	-	-
Total speech/occupational therapy/physical therapy	<u>986,509</u>	<u>(215,667)</u>	<u>770,842</u>	<u>765,554</u>	<u>5,288</u>
Total special education - instruction	<u>11,921,229</u>	<u>2,572,814</u>	<u>14,494,043</u>	<u>14,420,155</u>	<u>73,888</u>
Basic skills/remedial:					
Salaries of teachers	104,000	8,195	112,195	-	112,195
Total basic skills/remedial	<u>104,000</u>	<u>8,195</u>	<u>112,195</u>	<u>-</u>	<u>112,195</u>
Bilingual education:					
Salaries of teachers	1,108,704	(162,639)	946,065	929,356	16,709
Other salaries for instruction	291,060	(15,000)	276,060	274,054	2,006
Textbooks	3,500	(1,500)	2,000	1,939	61
Other objects	17,000	-	17,000	16,374	626
Total bilingual education	<u>1,420,264</u>	<u>(179,139)</u>	<u>1,241,125</u>	<u>1,221,723</u>	<u>19,402</u>
Vocational programs-local-instruction:					
Salaries of teachers	725,249	(217,854)	507,395	490,421	16,974
General supplies	39,613	(17,000)	22,613	22,613	-
Technology supplies	22,200	(10,000)	12,200	6,645	5,555
Textbooks	150,000	(135,000)	15,000	13,560	1,440
Other objects	490,738	(285,000)	205,738	173,565	32,173
Total vocational programs-local-instruction	<u>1,427,800</u>	<u>(664,854)</u>	<u>762,946</u>	<u>706,804</u>	<u>56,142</u>

CITY OF BAYONNE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2017

	<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	\$ 197,680	\$ (50,000)	\$ 147,680	\$ 129,759	\$ 17,921
Other Objects	21,255	-	21,255	21,255	-
School-sponsored athletics:					
Salaries	711,319	50,000	761,319	759,525	1,794
Other purchase services	375,380	796	376,176	368,933	7,243
Community service programs:					
Salaries	69,257	489,000	558,257	538,249	20,008
Total other instructional	<u>1,374,891</u>	<u>489,796</u>	<u>1,864,687</u>	<u>1,817,721</u>	<u>46,966</u>
Total - instruction	<u>61,150,179</u>	<u>1,660,566</u>	<u>62,810,745</u>	<u>61,826,053</u>	<u>984,692</u>
Undistributed expenditures - instruction:					
Tuition to other LEA's within the state - special	686,054	(78,500)	607,554	512,626	94,928
Tuition to CSSD & regional day schools	411,666	(24,000)	387,666	340,063	47,603
Tuition to private schools for the handicapped-within state	2,800,779	17,939	2,818,718	2,783,269	35,449
Tuition - state facilities	35,465	132,000	167,465	166,098	1,367
Tuition - other	128,969	(47,439)	81,530	19,972	61,558
Total undistributed expenditures - instruction	<u>4,062,933</u>	<u>-</u>	<u>4,062,933</u>	<u>3,822,028</u>	<u>240,905</u>
Attendance and social work services:					
Salaries	471,213	113,000	584,213	579,533	4,680
Other purchased services (400-500 series)	2,100	-	2,100	-	2,100
Supplies and materials	3,400	-	3,400	2,296	1,104
Total attendance and social work services	<u>476,713</u>	<u>113,000</u>	<u>589,713</u>	<u>581,829</u>	<u>7,884</u>
Health services:					
Salaries	666,008	646,500	1,312,508	1,312,362	146
Purchased professional and technical services	100,399	(4,873)	95,526	69,680	25,846
Other purchased services (400-500 series)	23,872	-	23,872	21,769	2,103
Supplies and materials	18,026	-	18,026	18,025	1
Total health services	<u>808,305</u>	<u>641,627</u>	<u>1,449,932</u>	<u>1,421,836</u>	<u>28,096</u>
Other support services - students-related services:					
Salaries	413,981	(96,000)	317,981	317,242	739
Supplies and materials	13,000	(8,000)	5,000	2,888	2,112
Other objects	8,500	-	8,500	7,844	656
Purchased professional - educational services	1,991	-	1,991	1,991	-
Total other support services - students-related services	<u>437,472</u>	<u>(104,000)</u>	<u>333,472</u>	<u>329,965</u>	<u>3,507</u>
Other support services - students-extra services :					
Salaries	583,403	359,000	942,403	917,801	24,602
Total other support services - students-extra services	<u>583,403</u>	<u>359,000</u>	<u>942,403</u>	<u>917,801</u>	<u>24,602</u>
Other support services - students-regular:					
Salaries of other professional staff	1,600,256	54,000	1,654,256	1,626,772	27,484
Salaries of secretarial and clerical assistants	151,902	32,500	184,402	179,773	4,629
Supplies and materials	99,896	(20,620)	79,276	79,276	-
Total other support services - students-regular	<u>1,852,054</u>	<u>65,880</u>	<u>1,917,934</u>	<u>1,885,821</u>	<u>32,113</u>
Other support services - students - special services:					
Salaries of other professional staff	1,077,441	35,606	1,113,047	1,099,432	13,615
Salaries of secretarial and clerical assistants	297,800	32,094	329,894	329,882	12
Purchased professional - educational services	1,726,195	(91,166)	1,635,029	1,443,773	191,256
Supplies and materials	35,598	(7,336)	28,262	28,262	-
Total other support services - students-special services	<u>3,137,034</u>	<u>(30,802)</u>	<u>3,106,232</u>	<u>2,901,349</u>	<u>204,883</u>
Improvement of instructional services:					
Salaries of supervisors of instructions	978,444	25,699	1,004,143	968,299	35,844
Salaries of secretarial and clerical assistants	148,451	(22,199)	126,252	125,756	496
Other objects	1,900	(1,900)	-	-	-
Total improvement of instructional services	<u>1,128,795</u>	<u>1,600</u>	<u>1,130,395</u>	<u>1,094,055</u>	<u>36,340</u>
Educational media services/school library:					
Salaries	119,172	11,000	130,172	129,785	387
Supplies and materials	47,532	(30,015)	17,517	16,992	525
Total educational media services/school library	<u>166,704</u>	<u>(19,015)</u>	<u>147,689</u>	<u>146,777</u>	<u>912</u>

CITY OF BAYONNE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2017

	<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 - educational	\$ 19,000	\$ (2,282)	\$ 16,718	\$ 13,189	\$ 3,529
Other purchased professional services - technical	7,300	(7,300)	-	-	-
Other purchased services (400-500 series)	6,000	(3,000)	3,000	765	2,235
Travel	11,921	8,208	20,129	20,129	-
Other objects	13,000	(10,927)	2,073	2,073	-
Total instruction staff training services	<u>57,221</u>	<u>(15,301)</u>	<u>41,920</u>	<u>36,156</u>	<u>5,764</u>
Support services - general administration:					
Salaries	908,071	(119,000)	789,071	788,754	317
Legal services	384,497	55,316	439,813	439,813	-
Audit Fees	145,000	17,916	162,916	154,071	8,845
Other purchased professional services	78,006	(31,377)	46,629	45,520	1,109
Communications/telephone	359,412	30,675	390,087	389,779	308
Board of education other purchased services	31,320	(183)	31,137	31,137	-
Other purchased services (400-500 series)	276,688	(122,892)	153,796	153,611	185
Supplies and materials	197,865	(73,802)	124,063	121,266	2,797
Board of education in-house training supplies	10,000	(10,000)	-	-	-
Miscellaneous expenditures	25,005	(10,000)	15,005	14,793	212
Board of education membership dues and fees	34,336	(5,000)	29,336	29,336	-
Total support services - general administration	<u>2,450,200</u>	<u>(268,347)</u>	<u>2,181,853</u>	<u>2,168,080</u>	<u>13,773</u>
Support services - school administration:					
Salaries of principals/assistant principals	3,538,708	73,232	3,611,940	3,564,123	47,817
Salaries of secretarial and clerical assistants	2,012,727	(237,889)	1,774,838	1,762,534	12,304
Supplies and materials	138,352	(461)	137,891	118,399	19,492
Total support services - school administration	<u>5,689,787</u>	<u>(165,118)</u>	<u>5,524,669</u>	<u>5,445,056</u>	<u>79,613</u>
Central services:					
Salaries	802,849	89,000	891,849	889,360	2,489
Lease-back payments	1,736,364	815	1,737,179	1,409,220	327,959
Supplies and materials	30,000	(28,701)	1,299	1,299	-
Total central services:	<u>2,569,213</u>	<u>61,114</u>	<u>2,630,327</u>	<u>2,299,879</u>	<u>330,448</u>
Administrative Information Technology:					
Salaries	41,137	2,900	44,037	42,064	1,973
Purchased profession services	26,000	(5,888)	20,112	20,112	-
Purchased technical services	21,000	-	21,000	21,000	-
Other purchased services (400-500 series)	100,000	-	100,000	86,856	13,144
Total administrative information technology:	<u>188,137</u>	<u>(2,988)</u>	<u>185,149</u>	<u>170,032</u>	<u>15,117</u>
Required maintenance for school facilities:					
Salaries	5,418,790	(23,726)	5,395,064	5,343,533	51,531
General supplies	550,314	75,000	625,314	586,858	38,456
Total required maintenance for school facilities	<u>5,969,104</u>	<u>51,274</u>	<u>6,020,378</u>	<u>5,930,391</u>	<u>89,987</u>
Operation and maintenance of plant services:					
Salaries	2,194,608	(65,524)	2,129,084	2,104,043	25,041
Cleaning, repair and maintenance services	2,557,599	(745,014)	1,812,585	1,705,315	107,270
Insurance	300,000	(300,000)	-	-	-
General supplies	541,394	(380,009)	161,385	160,573	812
Electricity	2,999,713	(1,150,000)	1,849,713	1,844,507	5,206
Total operation and maintenance of plant services	<u>8,593,314</u>	<u>(2,640,547)</u>	<u>5,952,767</u>	<u>5,814,438</u>	<u>138,329</u>
Student transportation services:					
Salaries for pupil transportation - (between home and school) - special	1,412,361	186,501	1,598,862	1,497,428	101,434
Cleaning, repair and maintenance services	104,433	(45,000)	59,433	55,884	3,549
Lease purchase payments - school buses	22,160	-	22,160	7,277	14,883
Contracted services - (Special education students) - vendors	1,320,378	251,744	1,572,122	1,496,892	75,230
Miscellaneous purchased services - transportation	171,443	(75,744)	95,699	70,771	24,928
General supplies	200,940	(86,000)	114,940	113,920	1,020
Miscellaneous purchased services	10,538	(480)	10,058	7,921	2,137
Total student transportation services	<u>3,242,253</u>	<u>231,021</u>	<u>3,473,274</u>	<u>3,250,093</u>	<u>223,181</u>

CITY OF BAYONNE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Employee benefits:					
Social Security contribution	\$ 2,018,315	\$ 13,000	\$ 2,031,315	\$ 2,016,211	\$ 15,104
Other retirement contributions	2,060,248	24,130	2,084,378	2,070,102	14,276
Workers' compensation	110,000	1,167,470	1,277,470	1,157,284	120,186
Health benefits	17,907,728	(597,730)	17,309,998	17,120,944	189,054
Tuition reimbursement	63,200	(2,000)	61,200	57,033	4,167
Other Employee Benefits	16,422	39,835	56,257	48,854	7,403
Total employee benefits	<u>22,175,913</u>	<u>644,705</u>	<u>22,820,618</u>	<u>22,470,428</u>	<u>350,190</u>
On-Behalf TPAF contributions (non budgeted)					
Pension	-	-	-	6,518,567	(6,518,567)
Non-contributory group insurance	-	-	-	236,183	(236,183)
Post-retirement medical contributions	-	-	-	5,628,243	(5,628,243)
Long term disability insurance premium	-	-	-	21,256	(21,256)
Reimbursed TPAF Social Security contributions (non budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,640,064</u>	<u>(4,640,064)</u>
Total on-behalf contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,044,313</u>	<u>(17,044,313)</u>
Total undistributed expenditures	<u>63,588,555</u>	<u>(1,076,897)</u>	<u>62,511,658</u>	<u>77,730,327</u>	<u>(15,218,669)</u>
Total current expense	<u>124,738,734</u>	<u>583,669</u>	<u>125,322,403</u>	<u>139,556,380</u>	<u>(14,233,977)</u>
CAPITAL OUTLAY					
Equipment:					
Preschool/kindergarten	12,130	(7,500)	4,630	4,630	-
Grades 1 - 5	16,000	(16,000)	-	-	-
Grades 6 - 8	8,200	(8,200)	-	-	-
Grades 9 - 12	11,000	(4,143)	6,857	6,857	-
Vocational - instruction	11,000	(11,000)	-	-	-
Undistributed expenditures:					
Instructional	1,200	(1,200)	-	-	-
Support services - students	35,000	(35,000)	-	-	-
School Buses - Special	150,000	(75,000)	75,000	-	75,000
Equipment - Grounds	70,000	(70,000)	-	-	-
Total equipment	<u>314,530</u>	<u>(228,043)</u>	<u>86,487</u>	<u>11,487</u>	<u>75,000</u>
Facilities acquisition and construction services:					
Construction services	654,229	253,137	907,366	832,359	75,007
Assessment for debt service on SDA funding	976,360	(706,903)	269,457	269,280	177
Total facilities acquisition and construction services	<u>1,630,589</u>	<u>(453,766)</u>	<u>1,176,823</u>	<u>1,101,639</u>	<u>75,184</u>
Assets acquired under capital leases (non budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,480,106</u>	<u>(2,480,106)</u>
Total capital outlay	<u>1,945,119</u>	<u>(681,809)</u>	<u>1,263,310</u>	<u>3,593,232</u>	<u>(2,329,922)</u>
SPECIAL SCHOOLS					
Adult education - local - instruction:					
Salaries of teachers	288,851	77,760	366,611	328,880	37,731
General supplies	8,917	(2,500)	6,417	6,280	137
Technology supplies	5,700	-	5,700	5,700	-
Textbooks	5,400	(500)	4,900	3,679	1,221
Other objects	85,342	(50,732)	34,610	34,610	-
Total adult education - local - instruction	<u>394,210</u>	<u>24,028</u>	<u>418,238</u>	<u>379,149</u>	<u>39,089</u>
Total special schools	<u>394,210</u>	<u>24,028</u>	<u>418,238</u>	<u>379,149</u>	<u>39,089</u>
Charter Schools	<u>377,216</u>	<u>74,112</u>	<u>451,328</u>	<u>423,561</u>	<u>27,767</u>
Total expenditures	<u>127,455,279</u>	<u>-</u>	<u>127,455,279</u>	<u>143,952,322</u>	<u>(16,497,043)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,463,662)</u>	<u>-</u>	<u>(7,463,662)</u>	<u>(6,663,847)</u>	<u>799,815</u>
OTHER FINANCING SOURCES (USES)					
Capital Leases (non budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,480,106</u>	<u>2,480,106</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,480,106</u>	<u>2,480,106</u>

CITY OF BAYONNE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2017

	<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	\$ (7,463,662)	\$ -	\$ (7,463,662)	\$ (4,183,741)	\$ 3,279,921
Fund balances, July 1	<u>7,463,662</u>	<u>-</u>	<u>7,463,662</u>	<u>5,460,037</u>	<u>(2,003,625)</u>
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,276,296</u>	<u>\$ 1,276,296</u>
 <u>Recapitulation:</u>					
Committed to:					
Year-end Encumbrances				\$ 144,899	
Unassigned				<u>1,131,397</u>	
				1,276,296	
Reconciliation to Government Funds (GAAP)					
Last State Aid Payment not recognized on GAAP Basis				(5,272,382)	
Retroactive salaries and related expenses not deferred on GAAP basis				<u>(3,256,726)</u>	
Fund Balance per Government Funds (GAAP)				<u>\$ (7,252,812)</u>	

CITY OF BAYONNE SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
for the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
REVENUES					
Federal sources	\$ -	\$ 6,331,647	\$ 6,331,647	\$ 6,276,520	\$ 55,127
State sources	51,955	3,242,756	3,294,711	2,788,903	505,808
Miscellaneous	142,834	243,725	386,559	611,379	(224,820)
Total revenues	<u>194,789</u>	<u>9,818,128</u>	<u>10,012,917</u>	<u>9,676,802</u>	<u>336,115</u>
EXPENDITURES					
Instruction:					
Salaries of teachers	-	4,587,416	4,587,416	4,565,127	22,289
Other salaries for instruction	-	283,686	283,686	283,686	-
Purchased prof. & tech. services	-	354,421	354,421	205,529	148,892
Other purchased services (400-500 series)	-	54,489	54,489	54,489	-
General supplies	-	182,582	182,582	180,033	2,549
Textbooks	-	49,340	49,340	49,294	46
Other objects	51,955	50,805	102,760	92,952	9,808
Total instruction	<u>51,955</u>	<u>5,562,739</u>	<u>5,614,694</u>	<u>5,431,110</u>	<u>183,584</u>
Support services:					
Salaries	-	401,512	401,512	401,512	-
Salaries of supervisors of instruction	-	171,739	171,739	171,739	-
Salaries of Program Directors	-	546,601	546,601	538,468	8,133
Salaries of other professional staff	-	129,234	129,234	112,547	16,687
Salaries of secretarial & clerical staff	-	173,948	173,948	170,491	3,457
Salaries of facilitators, math and literacy coaches	-	59,209	59,209	59,209	-
Personal services-employee benefits	-	2,010,472	2,010,472	1,996,370	14,102
Purchased professional - educational services	-	36,000	36,000	36,000	-
Other purchased professional services	-	44,039	44,039	44,039	-
Purchased technical services	-	79,020	79,020	79,020	-
Rentals	-	10,000	10,000	10,000	-
Contracted services transportation	-	13,007	13,007	13,007	-
Travel	-	1,000	1,000	999	1
Other purchased services (400-500 series)	142,834	145,580	288,414	192,191	96,223
Supplies and materials	-	384,857	384,857	373,275	11,582
Other objects	-	5,221	5,221	5,221	-
Total support services	<u>142,834</u>	<u>4,211,439</u>	<u>4,354,273</u>	<u>4,204,088</u>	<u>150,185</u>
Facilities acquisition and construction services:					
Noninstructional equipment	-	43,950	43,950	41,604	2,346
Total facilities acquisition and const. services	<u>-</u>	<u>43,950</u>	<u>43,950</u>	<u>41,604</u>	<u>2,346</u>
Total expenditures	<u>194,789</u>	<u>9,818,128</u>	<u>10,012,917</u>	<u>9,676,802</u>	<u>336,115</u>
Total Outflows	<u>194,789</u>	<u>9,818,128</u>	<u>10,012,917</u>	<u>9,676,802</u>	<u>336,115</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, 2017

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 137,288,475	[C-2]	\$ 9,676,802
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-		28,793
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		5,317,704		201,736
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.		<u>(5,272,382)</u>		<u>(241,887)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 137,333,797</u>	[B-2]	<u>\$ 9,665,444</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 143,952,322	[C-2]	\$ 9,676,802
Difference - budget to GAAP:				
Expenditures for retroactive salaries and related expenses were deferred to succeeding year for budgetary purposes but were expended in current year for financial reporting purposes		3,256,726		-
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.		<u>-</u>		<u>28,793</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 147,209,048</u>	[B-2]	<u>\$ 9,705,595</u>

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, 2017</u>	<u>June 30, 2016</u>
District's proportion of the net pension liability	0.2250583200%	0.2112561100%
District's proportionate share of the net pension liability	\$ 66,655,820	\$ 47,422,764
District's covered-employee payroll	\$ 15,634,992	\$ 15,172,232
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	23.46%	31.99%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 1,999,386	\$ 1,818,236
Contributions in relation to the contractually required contribution	<u>1,999,386</u>	<u>1,818,236</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 15,634,992	\$ 15,172,232
Contributions as a percentage of covered-employee payroll	12.79%	11.98%

**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, 2017</u>	<u>June 30, 2016</u>
District's proportion of the net pension liability	0.5380858443%	0.5625895462%
District's proportionate share of the net pension liability	\$ -	\$ -
District's covered-employee payroll	\$ 62,060,627	\$ 60,939,235
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	22.33%	28.71%

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, 2015 to the rate as of June 30, 2016, 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.

	PERS	TPAF
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	3.08%	2.50%
Projected salary increase		
Through 2026	1.65-4.15% based on age	Varies based on experience
Thereafter	2.65-5.15% based on age	Varies based on experience
Projected COLAs	N/A*	N/A*
Investment rate of return	7.65%	7.65%

* 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.

CITY OF BAYONNE SCHOOL DISTRICT
Special Revenue Fund
Combining Schedules of Program Revenues and Expenditures - Budgetary Basis
for the Fiscal Year Ended June 30, 2017

	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	\$ -	\$ 3,191,039	\$ 289,503
State sources	2,788,903	-	-
Miscellaneous	611,379	-	-
Total revenues	<u>3,400,282</u>	<u>3,191,039</u>	<u>289,503</u>
EXPENDITURES			
Instruction:			
Salaries of teachers	1,211,360	1,941,947	43,913
Other salaries for instruction	283,686	-	-
Purchased prof. & tech. services	24,187	1,678	113,955
Other purchased services (400-500 series)	41,589	7,000	-
General supplies	31,109	64,174	-
Textbooks	49,294	-	-
Other objects	84,346	1,000	-
Total instruction	<u>1,725,571</u>	<u>2,015,799</u>	<u>157,868</u>
Support services:			
Salaries	-	-	59,404
Salaries of supervisors of instruction	14,332	157,407	-
Salaries of Program Directors	538,468	-	-
Salaries of other professional staff	112,547	-	-
Salaries of secretarial & clerical staff	75,126	95,365	-
Salaries of facilitators, math and literacy coaches	59,209	-	-
Personal services-employee benefits	401,303	881,645	35,654
Purchased professional - educational services	36,000	-	-
Other purchased professional services	39,039	5,000	-
Purchased technical services	79,020	-	-
Rentals	10,000	-	-
Contracted services transportation	13,007	-	-
Travel	-	-	999
Other purchased services (400-500 series)	172,064	-	13,127
Supplies and materials	82,631	35,823	17,591
Other objects	361	-	4,860
Total support services	<u>1,633,107</u>	<u>1,175,240</u>	<u>131,635</u>
Facilities acquisition and construction services:			
Noninstructional equipment	41,604	-	-
Total facilities acquisition and construction services	<u>41,604</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,400,282</u>	<u>3,191,039</u>	<u>289,503</u>
Total Outflows	<u>3,400,282</u>	<u>3,191,039</u>	<u>289,503</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

No Child Left Behind Title III, English Language Acquisition	No Child Left Behind Title III, Immigrant	IDEA, Basic	IDEA, Preschool	Totals 2017
\$ 82,352	\$ 36,269	\$ 2,618,181	\$ 59,176	\$ 6,276,520
-	-	-	-	2,788,903
-	-	-	-	611,379
<u>82,352</u>	<u>36,269</u>	<u>2,618,181</u>	<u>59,176</u>	<u>9,676,802</u>
6,750	-	1,319,448	41,709	4,565,127
-	-	-	-	283,686
4,500	-	61,209	-	205,529
-	-	5,900	-	54,489
50,217	34,533	-	-	180,033
-	-	-	-	49,294
6,474	-	1,132	-	92,952
<u>67,941</u>	<u>34,533</u>	<u>1,387,689</u>	<u>41,709</u>	<u>5,431,110</u>
1,000	-	341,108	-	401,512
-	-	-	-	171,739
-	-	-	-	538,468
-	-	-	-	112,547
-	-	-	-	170,491
-	-	-	-	59,209
593	-	659,708	17,467	1,996,370
-	-	-	-	36,000
-	-	-	-	44,039
-	-	-	-	79,020
-	-	-	-	10,000
-	-	-	-	13,007
-	-	-	-	999
7,000	-	-	-	192,191
5,818	1,736	229,676	-	373,275
-	-	-	-	5,221
<u>14,411</u>	<u>1,736</u>	<u>1,230,492</u>	<u>17,467</u>	<u>4,204,088</u>
-	-	-	-	41,604
-	-	-	-	41,604
82,352	36,269	2,618,181	59,176	9,676,802
82,352	36,269	2,618,181	59,176	9,676,802
<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, 2017

	Total Brought Forward (Ex. E-1b)	Nonpublic Textbook Aid	Nonpublic Handicapped Aid Examination and Classification
REVENUES			
Federal sources	\$ -	\$ -	\$ -
State sources	2,543,775	49,294	46,738
Miscellaneous	611,379	-	-
Total revenues	<u>3,155,154</u>	<u>49,294</u>	<u>46,738</u>
EXPENDITURES			
Instruction:			
Salaries of teachers	1,211,360	-	-
Other salaries for instruction	283,686	-	-
Purchased prof. & tech. services	-	-	-
Other purchased services (400-500 series)	-	-	-
General supplies	31,109	-	-
Textbooks	-	49,294	-
Other objects	79,071	-	5,275
Total instruction	<u>1,605,226</u>	<u>49,294</u>	<u>5,275</u>
Support services:			
Salaries	-	-	-
Salaries of supervisors of instruction	14,332	-	-
Salaries of Program Directors	531,568	-	6,900
Salaries of other professional staff	87,754	-	20,493
Salaries of secretarial & clerical staff	68,583	-	6,543
Salaries of facilitators, math and literacy coaches	59,209	-	-
Personal services-employee benefits	398,707	-	2,596
Purchased professional - educational services	36,000	-	-
Other purchased professional services	39,039	-	-
Purchased technical services	-	-	-
Rentals	10,000	-	-
Contracted services transportation	13,007	-	-
Travel	-	-	-
Other purchased services (400-500 series)	172,064	-	-
Supplies and materials	77,700	-	4,931
Other objects	361	-	-
Total support services	<u>1,508,324</u>	<u>-</u>	<u>41,463</u>
Facilities acquisition and construction services:			
Noninstructional equipment	41,604	-	-
Total facilities acquisition and construction services	<u>41,604</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,155,154</u>	<u>49,294</u>	<u>46,738</u>
Total Outflows	<u>3,155,154</u>	<u>49,294</u>	<u>46,738</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Nonpublic Handicapped Aid		Nonpublic Aux	Nonpublic	Total
Corrective	Supplemental	Services Aid	Nursing	Carried
Speech	Instruction	Compensatory	Services	Forward
		Education		
\$ -	\$ -	\$ -	\$ -	\$ -
4,300	41,589	24,187	79,020	2,788,903
-	-	-	-	611,379
<u>4,300</u>	<u>41,589</u>	<u>24,187</u>	<u>79,020</u>	<u>3,400,282</u>
-	-	-	-	1,211,360
-	-	-	-	283,686
-	-	24,187	-	24,187
-	41,589	-	-	41,589
-	-	-	-	31,109
-	-	-	-	49,294
-	-	-	-	84,346
-	<u>41,589</u>	<u>24,187</u>	-	<u>1,725,571</u>
-	-	-	-	-
-	-	-	-	14,332
-	-	-	-	538,468
4,300	-	-	-	112,547
-	-	-	-	75,126
-	-	-	-	59,209
-	-	-	-	401,303
-	-	-	-	36,000
-	-	-	-	39,039
-	-	-	79,020	79,020
-	-	-	-	10,000
-	-	-	-	13,007
-	-	-	-	-
-	-	-	-	172,064
-	-	-	-	82,631
-	-	-	-	361
<u>4,300</u>	<u>-</u>	<u>-</u>	<u>79,020</u>	<u>1,633,107</u>
-	-	-	-	41,604
-	-	-	-	41,604
<u>4,300</u>	<u>41,589</u>	<u>24,187</u>	<u>79,020</u>	<u>3,400,282</u>
<u>4,300</u>	<u>41,589</u>	<u>24,187</u>	<u>79,020</u>	<u>3,400,282</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, 2017

	Total Brought Forward (Ex. E-1c)	Nonpublic Technology Initiative	Nonpublic Security Aid
REVENUES			
Federal sources	\$ -	\$ -	\$ -
State sources	-	19,726	41,604
Miscellaneous	338,163	-	-
Total revenues	<u>338,163</u>	<u>19,726</u>	<u>41,604</u>
EXPENDITURES			
Instruction:			
Salaries of teachers	-	-	-
Other salaries for instruction	-	-	-
Purchased prof. & tech. services	-	-	-
Other purchased services (400-500 series)	-	-	-
General supplies	11,383	19,726	-
Textbooks	-	-	-
Other objects	53,955	-	-
Total instruction	<u>65,338</u>	<u>19,726</u>	<u>-</u>
Support services:			
Salaries	-	-	-
Salaries of supervisors of instruction	-	-	-
Salaries of Program Directors	-	-	-
Salaries of other professional staff	87,754	-	-
Salaries of secretarial & clerical staff	-	-	-
Salaries of facilitators, math and literacy coaches	-	-	-
Personal services-employee benefits	-	-	-
Purchased professional - educational services	-	-	-
Other purchased professional services	-	-	-
Purchased technical services	-	-	-
Rentals	-	-	-
Contracted services transportation	13,007	-	-
Travel	-	-	-
Other purchased services (400-500 series)	172,064	-	-
Supplies and materials	-	-	-
Other objects	-	-	-
Total support services	<u>272,825</u>	<u>-</u>	<u>-</u>
Facilities acquisition and construction services:			
Noninstructional equipment	-	-	41,604
Total facilities acquisition and construction services	<u>-</u>	<u>-</u>	<u>41,604</u>
Total expenditures	<u>338,163</u>	<u>19,726</u>	<u>41,604</u>
Total Outflows	<u>338,163</u>	<u>19,726</u>	<u>41,604</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Nonpublic Home Instruction	Preschool Education Aid	Municipal Alliance	School Based Youth Services	Total Carried Forward
\$ -	\$ -	\$ -	\$ -	\$ -
5,054	2,401,943	75,448	-	2,543,775
-	-	-	273,216	611,379
<u>5,054</u>	<u>2,401,943</u>	<u>75,448</u>	<u>273,216</u>	<u>3,155,154</u>
5,054	964,237	-	242,069	1,211,360
-	283,686	-	-	283,686
-	-	-	-	-
-	-	-	-	31,109
-	-	-	-	-
-	-	25,116	-	79,071
<u>5,054</u>	<u>1,247,923</u>	<u>25,116</u>	<u>242,069</u>	<u>1,605,226</u>
-	-	-	-	-
-	-	14,332	-	14,332
-	531,568	-	-	531,568
-	-	-	-	87,754
-	50,449	-	18,134	68,583
-	59,209	-	-	59,209
-	398,707	-	-	398,707
-	-	36,000	-	36,000
-	39,039	-	-	39,039
-	-	-	-	-
-	-	-	10,000	10,000
-	-	-	-	13,007
-	-	-	-	-
-	-	-	-	172,064
-	75,048	-	2,652	77,700
-	-	-	361	361
<u>-</u>	<u>1,154,020</u>	<u>50,332</u>	<u>31,147</u>	<u>1,508,324</u>
-	-	-	-	41,604
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,604</u>
5,054	2,401,943	75,448	273,216	3,155,154
<u>5,054</u>	<u>2,401,943</u>	<u>75,448</u>	<u>273,216</u>	<u>3,155,154</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, 2017

	Safety Grant	Bayonne Housing Authority, Drug Elimination Program	Adopt-A-School Grant	Total Carried Forward
REVENUES				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Miscellaneous	51,955	114,144	172,064	338,163
Total revenues	<u>51,955</u>	<u>114,144</u>	<u>172,064</u>	<u>338,163</u>
EXPENDITURES				
Instruction:				
Salaries of teachers	-	-	-	-
Other salaries for instruction	-	-	-	-
Purchased prof. & tech. services	-	-	-	-
Other purchased services (400-500 series)	-	-	-	-
General supplies	-	11,383	-	11,383
Textbooks	-	-	-	-
Other objects	51,955	2,000	-	53,955
Total instruction	<u>51,955</u>	<u>13,383</u>	<u>-</u>	<u>65,338</u>
Support services:				
Salaries	-	-	-	-
Salaries of supervisors of instruction	-	-	-	-
Salaries of Program Directors	-	-	-	-
Salaries of other professional staff	-	87,754	-	87,754
Salaries of secretarial & clerical staff	-	-	-	-
Salaries of facilitators, math and literacy coaches	-	-	-	-
Personal services-employee benefits	-	-	-	-
Purchased professional - educational services	-	-	-	-
Other purchased professional services	-	-	-	-
Purchased technical services	-	-	-	-
Rentals	-	-	-	-
Contracted services transportation	-	13,007	-	13,007
Travel	-	-	-	-
Other purchased services (400-500 series)	-	-	172,064	172,064
Supplies and materials	-	-	-	-
Other objects	-	-	-	-
Total support services	<u>-</u>	<u>100,761</u>	<u>172,064</u>	<u>272,825</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>51,955</u>	<u>114,144</u>	<u>172,064</u>	<u>338,163</u>
Total Outflows	<u>51,955</u>	<u>114,144</u>	<u>172,064</u>	<u>338,163</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES					
Instruction:					
Salaries of teachers	\$ 964,237	\$ -	\$ 964,237	\$ 964,237	\$ -
Other salaries for instruction	283,686	-	283,686	283,686	-
Total instruction	<u>1,247,923</u>	<u>-</u>	<u>1,247,923</u>	<u>1,247,923</u>	<u>-</u>
Support services:					
Salaries of Program Directors	538,601	-	538,601	531,568	7,033
Salaries of secretarial & clerical staff	50,449	-	50,449	50,449	-
Salaries of facilitators, math and literacy coaches	59,209	-	59,209	59,209	-
Personal services-employee benefits	398,707	-	398,707	398,707	-
Other purchased professional services	39,039	-	39,039	39,039	-
Supplies and materials	84,943	-	84,943	75,048	9,895
Total support services	<u>1,170,948</u>	<u>-</u>	<u>1,170,948</u>	<u>1,154,020</u>	<u>16,928</u>
Total expenditures	<u>\$ 2,418,871</u>	<u>\$ -</u>	<u>\$ 2,418,871</u>	<u>\$ 2,401,943</u>	<u>\$ 16,928</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2016-17 Preschool Education Aid	\$ 2,418,871
Add: Actual Preschool Education Aid carryover June 30, 2016	102,789
Add: Budgeted transfer from General Fund 2016-17	-
Total Preschool Education Aid funds available for 2016-17 Budget	<u>2,521,660</u>
Less: 2016-17 budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>(2,418,871)</u>
Available & unbudgeted funds as of June 30, 2017	102,789
Add: June 30, 2017 unexpended Preschool Education Aid	16,928
2016-17 actual carryover - Preschool Education Aid	<u>\$ 119,717</u>
Preschool Education Aid carryover Budgeted for Preschool Programs 2017-18	<u>\$ 102,789</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, 2017

Project Title/Issue	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Balance June 30, 2017
		Prior Years	Current Year	
Renovations at Bayonne High School	6,341,960	1,499,268	66,435	4,776,257
Renovations at Walter F. Robinson No. 3 ES	827,375	231,565	22,150	573,660
Renovations at John M. Bailey No. 12 ES	347,500	164,330	-	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	844,600	187,243
Renovations at Lincoln No. 5 ES	1,117,608	940,485	-	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	461,803	162,378	230,819
Renovations at Washington No. 9 ES	1,077,500	-	-	1,077,500
Renovations at Woodrow Wilson No. 10 ES	495,250	141,845	-	353,405
	<u>\$ 13,750,230</u>	<u>\$ 3,849,879</u>	<u>\$ 1,095,563</u>	<u>\$ 8,804,788</u>
Committed fund balance:				
Year-end encumbrances				\$ 122,300
Assigned fund balance:				
Capital projects fund				<u>8,682,488</u>
				<u>\$ 8,804,788</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, 2017

EXPENDITURES	
Construction services	1,095,563
Total expenditures	<u>1,095,563</u>
Excess of revenues and other financing sources over expenditures	(1,095,563)
Fund balance, July 1	<u>9,900,351</u>
Fund balance, June 30	<u><u>\$ 8,804,788</u></u>

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, 2017

	Prior Years	Current Year	Totals	Revised Authorized Cost
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	1,499,268	66,435	1,565,703	6,341,960
Total expenditures	<u>1,499,268</u>	<u>66,435</u>	<u>1,565,703</u>	<u>6,341,960</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 4,842,692</u>	<u>\$ (66,435)</u>	<u>\$ 4,776,257</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	24.69%
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, 2017

	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	827,375	-	827,375	827,375
Expenditures and other financing uses				
Construction services	231,565	22,150	253,715	827,375
Total expenditures	231,565	22,150	253,715	827,375
Excess of revenues and other financing sources over expenditures	\$ 595,810	\$ (22,150)	\$ 573,660	\$ -

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	30.67%
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, 2017

	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	347,500	-	347,500	347,500
Expenditures and other financing uses				
Construction services	164,330	-	164,330	347,500
Total expenditures	164,330	-	164,330	347,500
Excess of revenues and other financing sources over expenditures	\$ 183,170	\$ -	\$ 183,170	\$ -

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, 2017

	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>49,934</u>	<u>-</u>	<u>49,934</u>	<u>113,750</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 63,816</u>	<u>\$ -</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, 2017

	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	844,600	913,550	1,100,793
Total expenditures	68,950	844,600	913,550	1,100,793
Excess of revenues and other financing sources over expenditures	\$ 1,031,843	\$ (844,600)	\$ 187,243	\$ -

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	82.99%
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 Lincoln No. 5 ES
for the Fiscal Year Ended June 30, 2017

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources - SDA Grant	\$ 555,988	\$ -	\$ 555,988	\$ 555,988
Transfer from capital reserve	561,620	-	561,620	561,620
Total revenues	<u>1,117,608</u>	<u>-</u>	<u>1,117,608</u>	<u>1,117,608</u>
Expenditures and other financing uses				
Construction services	940,485	-	940,485	1,117,608
Total expenditures	<u>940,485</u>	<u>-</u>	<u>940,485</u>	<u>1,117,608</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 177,123</u>	<u>\$ -</u>	<u>\$ 177,123</u>	<u>\$ -</u>

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, 2017

	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>49,934</u>	<u>-</u>	<u>49,934</u>	<u>198,125</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 148,191</u>	<u>\$ -</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, 2017

	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	1,275,369	-	1,275,369	1,275,369
Expenditures and other financing uses				
Construction services	241,765	-	241,765	1,275,369
Total expenditures	241,765	-	241,765	1,275,369
Excess of revenues and other financing sources over expenditures	\$ 1,033,604	\$ -	\$ 1,033,604	\$ -

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, 2017

	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	855,000	-	855,000	855,000
Expenditures and other financing uses				
Construction services	461,803	162,378	624,181	855,000
Total expenditures	461,803	162,378	624,181	855,000
Excess of revenues and other financing sources over expenditures	\$ 393,197	\$ (162,378)	\$ 230,819	\$ -

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	73.00%
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 Washington No. 9 ES
for the Fiscal Year Ended June 30, 2017

	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, 2017

	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	141,845	-	141,845	495,250
Total expenditures	<u>141,845</u>	<u>-</u>	<u>141,845</u>	<u>495,250</u>
Excess of revenues and other financing sources over expenditures	<u>\$ 353,405</u>	<u>\$ -</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, 2017

	<u>Food Service Fund</u>
ASSETS	
Current assets:	
Accounts receivable	\$ 230,370
Inventory	70,451
Interfund receivable	331,050
Total current assets	<u>631,871</u>
Noncurrent assets:	
Furniture, machinery and equipment	2,334,424
Less: accumulated depreciation	<u>(1,141,686)</u>
Total noncurrent assets	<u>1,192,738</u>
Total assets	<u>\$ 1,824,609</u>
NET POSITION	
Net investment in capital assets	\$ 1,192,738
Unrestricted	<u>631,871</u>
Total net position	<u>\$ 1,824,609</u>

CITY OF BAYONNE SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position
for the Fiscal Year Ended June 30, 2017

	Food Service Fund
OPERATING REVENUES	
Charges for services:	
Daily sales - reimbursable programs	\$ 604,120
Daily sales - non-reimbursable programs	384,005
Special functions	55,986
Miscellaneous income	3,334
Total operating revenues	1,047,445
OPERATING EXPENSES	
Cost of sales - reimbursable programs	1,769,571
Cost of sales - non-reimbursable programs	283,839
Salaries	1,805,985
Employee benefits	378,309
Supplies and materials	683,641
Depreciation expense	149,710
Insurance - other	43,801
Total operating expenses	5,114,856
Operating (loss)	(4,067,411)
NONOPERATING REVENUES	
State sources:	
State school lunch program	42,648
Federal sources:	
School breakfast program	1,033,100
National school lunch program	2,229,272
Special milk program	1,475
Snack program	34,399
Summer food program	76,864
Food distribution program	77,698
Total nonoperating revenues	3,495,456
Net income	(571,955)
Change in net position	(571,955)
Total net position, July 1	2,396,564
Total net position, June 30	\$ 1,824,609

CITY OF BAYONNE SCHOOL DISTRICT
Enterprise Fund
Statement of Cash Flows
for the Fiscal Year Ended June 30, 2017

	<u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 988,125
Other Receipts	55,986
Guaranteed revenue contribution receipt	3,334
Payments to employees	(1,805,985)
Payments for employee benefits	(378,309)
Payments to suppliers	(2,704,749)
Net cash (used for) operating activities	<u>(3,841,598)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State sources	49,131
Federal sources	3,870,254
Transfers out - General fund	514,909
Net cash provided by non-capital financing activities	<u>4,434,294</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital expenditures - payment for equipment	<u>(592,696)</u>
Net change in cash and cash equivalents	-
Balance, July 1	-
Balance, June 30	<u>\$ -</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES	
Operating (loss)	<u>\$ (4,067,411)</u>
Adjustment to reconcile operating (loss) to net cash (used for) operating activities:	
Depreciation	149,710
Food distribution program	77,698
(Increase) in inventory	(1,595)
Total adjustments	<u>225,813</u>
Net cash (used for) operating activities	<u>\$ (3,841,598)</u>
NON-CASH ACTIVITY FROM NON-CAPITAL FINANCING ACTIVITIES	
Food commodities from the U.S. Department of Agriculture	<u>\$ 77,698</u>

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, 2017

	<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	\$ 368,645	\$ 4,044,704	\$ 208,701	\$ 4,622,050
LIABILITIES				
Net Payroll	\$ -	\$ 1,856,610	\$ -	\$ 1,856,610
Social Security and withholdings	-	944,669	-	944,669
New Jersey income tax	-	150,247	-	150,247
Exchange checking	-	4,280	-	4,280
Trust and Agency	-	13,955	-	13,955
Flex spending	-	13,901	-	13,901
Pension	-	1,059,324	-	1,059,324
PA gross income tax	-	1,717	-	1,717
Due to student groups	319,534	-	-	319,534
Due to general fund	-	-	208,701	208,701
Due to special revenue fund	49,111	-	-	49,111
Total liabilities	<u>\$ 368,645</u>	<u>\$ 4,044,704</u>	<u>\$ 208,701</u>	<u>\$ 4,622,050</u>

CITY OF BAYONNE SCHOOL DISTRICT
Fiduciary Funds
Agency Funds Schedule of Receipts and Disbursements
for the Fiscal Year Ended June 30, 2017

	<u>Balance, June 30, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
<u>PAYROLL AGENCY FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 764,903	\$ 191,663,026	\$ 188,383,225	\$ 4,044,704
LIABILITIES				
Net Payroll	28,759	52,127,371	50,299,520	1,856,610
Social Security and withholdings	4,783	25,490,086	24,550,199	944,669
New Jersey income tax	1,799	3,266,435	3,117,987	150,247
Exchange checking	3,610	7,904	7,234	4,280
Trust and Agency	171	101,357,617	101,343,833	13,955
Flex spending	19,606	34,918	40,623	13,901
PA gross income tax	1,048	3,611	2,942	1,717
Pension	705,127	9,375,084	9,020,887	1,059,324
Total liabilities	<u>\$ 764,903</u>	<u>\$ 191,663,026</u>	<u>\$ 188,383,225</u>	<u>\$ 4,044,704</u>
<u>STUDENT ACTIVITY FUND</u>				
ASSETS				
Cash and cash equivalents	\$ 388,295	\$ 1,151,364	\$ 1,171,014	\$ 368,645
LIABILITIES				
Due to student groups	\$ 388,295	\$ 1,102,253	\$ 1,171,014	\$ 319,534
Due to special revenue fund	-	49,111	-	49,111
Total liabilities	<u>\$ 388,295</u>	<u>\$ 1,151,364</u>	<u>\$ 1,171,014</u>	<u>\$ 368,645</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 1,153,198	\$ 192,765,280	\$ 189,554,239	\$ 4,364,238
LIABILITIES				
Net Payroll	28,759	52,127,371	50,299,520	1,856,610
Social Security and withholdings	4,783	25,490,086	24,550,199	944,669
New Jersey income tax	1,799	3,266,435	3,117,987	150,247
Exchange checking	3,610	7,904	7,234	4,280
Trust and Agency	171	101,357,617	101,343,833	13,955
Flex spending	19,606	34,918	40,623	13,901
PA gross income tax	1,048	3,611	2,942	1,717
Pension	705,127	9,375,084	9,020,887	1,059,324
Due to student groups	388,295	1,102,253	1,171,014	319,534
Total liabilities	<u>\$ 1,153,198</u>	<u>\$ 192,765,280</u>	<u>\$ 189,554,239</u>	<u>\$ 4,364,238</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, 2017

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance, June 30, 2016	Issued	Retired	Balance, June 30, 2017
			Principal	Interest					
Digital Copy Machine	05/01/13	5 years	\$ 158,680	\$ 17,178	10.826%	\$ 56,558	\$ -	\$ 33,468	\$ 23,090
Digital Copy Machine	05/01/13	5 years	326,838	43,045	13.170%	123,744	-	69,394	54,350
Apple Computers	05/01/13	4 years	1,910,875	-	0.000%	417,799	-	417,799	-
Digital Copy Machine	06/28/13	5 years	6,229	1,105	17.740%	2,630	-	1,330	1,300
Network Upgrades	06/30/13	5 years	2,328,427	131,373	2.600%	946,881	-	467,372	479,509
Digital Copy Machine	04/06/14	5 years	14,378	2,428	6.320%	8,465	-	2,908	5,557
Digital Copy Machine	06/30/14	5 years	6,025	1,069	6.620%	3,754	-	1,207	2,547
Digital Copy Machine	06/28/12	5 years	39,431	6,664	5.990%	8,930	-	8,930	-
Jeep Vehicle	06/30/14	4 years	27,000	1,243	3.650%	13,992	-	6,868	7,124
Digital Copy Machine	02/15/15	5 years	6,025	1,068	6.620%	4,515	-	1,155	3,360
Digital Copy Machine	01/07/15	5 years	6,078	1,082	7.260%	4,555	-	1,166	3,389
New Badging Station	06/30/15	5 years	110,000	10,960	4.730%	90,927	-	26,506	64,421
Digital Copy Machine	11/19/15	5 years	165,247	18,952	4.800%	154,895	-	31,940	122,955
Chromebooks	09/25/15	3 years	1,065,500	14,935	1.281%	706,682	-	351,092	355,590
Two Interceptor Vehicles	05/30/15	4 years	51,690	2,215	4.000%	-	37,522	12,761	24,761
Metal Detectors	02/14/16	3 years	11,505	375	3.000%	-	11,505	3,835	7,670
Digital Copy Machine	11/25/14	67 months	549,834	45,129	2.640%	-	394,484	96,643	297,841
Smartboards	01/15/16	3 years	1,100,000	16,650	1.514%	-	728,409	361,560	366,849
Chromebooks	09/28/16	3 years	953,901	13,484	1.340%	-	953,901	321,792	632,109
Three School Buses	12/15/16	4 years	354,285	22,124	3.000%	-	354,285	41,629	312,656
						\$ 2,544,327	\$ 2,480,106	\$ 2,259,355	\$ 2,765,078

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>	115 - 121
<p>Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</p>	122 - 125
<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>	126 - 129
<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>	130 - 131
<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>	132 - 136

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

FINANCIAL TRENDS

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 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	\$ 64,822,684
Restricted	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	8,804,788
Unrestricted	(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)	(53,981,342)
Total governmental activities financial position	\$ 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	\$ 19,646,130
Business-type activities										
Net investment in capital assets	\$ 317,928	\$ 411,072	\$ 524,169	\$ 778,455	\$ 529,431	\$ 437,305	\$ 430,070	\$ 789,374	\$ 749,752	\$ 1,192,738
Unrestricted	373,468	392,413	528,279	436,408	904,023	1,325,760	1,829,269	2,159,494	1,646,812	631,871
Total business-type activities financial position	\$ 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	\$ 1,824,609
Government-wide										
Net investment in capital assets	\$ 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	\$ 66,015,422
Restricted	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	8,804,788
Unrestricted	(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)	(53,349,471)
Total government-wide net position	\$ 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	\$ 21,470,739

Source: District records

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EXPENSES										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 91,817,468
Special education	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	27,764,427
Other special instruction	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	2,346,897
Vocational	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	1,176,262
Other instruction	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	3,167,874
Support Services:										
Tuition	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	4,013,916
Student & instruction related services	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	19,951,151
School administrative services	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	10,415,044
General and business administrative services	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	6,390,416
Plant operations and maintenance	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	16,645,578
Pupil transportation	3,108,833	3,467,030	2,967,784	2,720,508	2,886,768	3,425,396	3,430,453	3,199,941	4,100,159	4,737,682
Other support services	-	4,500	-	-	-	-	-	-	-	-
Special Schools										
Current:										
Instruction	615,844	639,479	313,797	353,064	372,643	497,811	485,483	504,322	596,200	687,376
Charter Schools	137,660	179,243	163,340	160,327	123,894	123,714	140,251	203,546	312,481	423,561
Total governmental activities expenses	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	189,537,652
Business-type activity:										
Food service	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	5,114,856
Total business-type activity expense	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	5,114,856
Total government-wide expenses	\$ 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	\$ 194,652,508
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 103,668	\$ 140,268	\$ 100,310	\$ 123,024	\$ 63,644	\$ 77,704	\$ 189,949	\$ 87,707	\$ 64,792	\$ 101,842
Operating grants and contributions	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	108,866,343
Capital grants and contributions	-	-	-	-	-	-	8,264,617	(1,732,099)	(230,764)	41,604
Total governmental activities program revenues	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	109,009,789
Business-type activity:										
Charges for services										
Food service	1,015,005	1,042,259	1,084,756	990,125	953,627	995,347	1,356,699	1,013,658	1,038,210	1,047,445
Operating grants and contributions	1,853,566	2,056,061	2,908,979	2,337,451	2,675,390	3,413,846	3,709,742	3,672,574	3,633,974	3,495,456
Total business-type activities program revenues	2,868,571	3,098,320	3,993,735	3,327,576	3,629,017	4,409,193	5,066,441	4,686,232	4,672,184	4,542,901
Total government-wide program revenues	53,775,480	60,045,772	69,852,009	62,778,366	73,532,680	78,206,717	86,547,698	93,457,125	100,159,907	113,552,690
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (80,527,863)
Business-type activity	(569,434)	(606,308)	(379,152)	(370,700)	(325,186)	(369,341)	(76,176)	128,565	8,660	(571,955)
Total government-wide net expense	\$ (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)	\$ (81,099,818)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 57,086,193	\$ 57,086,193	\$ 57,086,193	\$ 57,086,193	\$ 57,086,193	\$ 58,227,916	\$ 59,399,474	\$ 59,399,474	\$ 61,174,248	\$ 62,876,035
State aid not restricted	11,534,511	8,317,098	14,026,014	8,483,553	1,917,569	126,586	35,943	162,262	-	-
Investment earnings	71,786	87,609	49,377	31,769	29,726	18,564	25,340	21,621	49,953	57,191
Miscellaneous income	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	2,757,070
Special items	2,443,612	18,477,160	(1,008,435)	(7,319,840)	(5,898,849)	(17,751)	(16,722)	(67,306)	(23,425)	(269,617)
Transfers	(657,920)	(718,397)	(628,115)	(533,115)	(543,777)	(698,952)	(572,450)	(560,964)	560,964	-
Total governmental activities	<u>71,635,662</u>	<u>86,215,301</u>	<u>72,286,694</u>	<u>61,691,539</u>	<u>54,552,882</u>	<u>59,079,859</u>	<u>60,697,381</u>	<u>60,625,020</u>	<u>64,192,221</u>	<u>65,420,679</u>
Business-type activity:										
Transfers	657,920	718,397	628,115	628,115	543,777	698,952	572,450	560,964	(560,964)	-
Total business-type activity	<u>657,920</u>	<u>718,397</u>	<u>628,115</u>	<u>628,115</u>	<u>543,777</u>	<u>698,952</u>	<u>572,450</u>	<u>560,964</u>	<u>(560,964)</u>	<u>-</u>
Total government-wide	<u>\$ 72,293,582</u>	<u>\$ 86,933,698</u>	<u>\$ 72,914,809</u>	<u>\$ 62,319,654</u>	<u>\$ 55,096,659</u>	<u>\$ 59,778,811</u>	<u>\$ 61,269,831</u>	<u>\$ 61,185,984</u>	<u>\$ 63,631,257</u>	<u>\$ 65,420,679</u>
Change in Net Position										
Governmental activities	\$ (2,341,700)	\$ 4,099,474	\$ 11,269,154	\$ (3,599,017)	\$ (927,567)	\$ 2,792,404	\$ 11,669,759	\$ (17,142,577)	\$ (9,131,697)	\$ (15,107,184)
Business-type activity	88,486	112,089	248,963	257,415	218,591	329,611	496,274	689,529	(552,304)	(571,955)
Total government-wide	<u>\$ (2,253,214)</u>	<u>\$ 4,211,563</u>	<u>\$ 11,518,117</u>	<u>\$ (3,341,602)</u>	<u>\$ (708,976)</u>	<u>\$ 3,122,015</u>	<u>\$ 12,166,033</u>	<u>\$ (16,453,048)</u>	<u>\$ (9,684,001)</u>	<u>\$ (15,679,139)</u>

Source: District records

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

(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Restricted	\$ 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	144,899
Assigned	-	-	-	-	-	885,693	366,944	651,077	-	-
Unassigned	(1,847,816)	(3,280,712)	-	(2,660,246)	(1,798,664)	(4,385,349)	(2,329,538)	(2,130,372)	(7,321,329)	(7,397,711)
Total general fund	<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>	<u>\$ (7,252,812)</u>
All Other Governmental Funds										
Restricted	\$ 11,346	\$ 5,837,591	\$ 6,058,712	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	279,403	428,834	124,758	1,557,834	1,557,834	1,316,204	122,300
Assigned:										
Capital projects fund	-	-	-	4,966,020	4,366,428	4,310,360	16,510,906	10,529,913	8,584,147	8,682,488
Unassigned:										
Special revenue fund	(328,658)	(186,233)	(194,792)	(194,792)	(186,564)	(197,519)	(222,301)	(215,446)	(201,736)	(241,887)
Total all other governmental funds	<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>	<u>\$ 8,562,901</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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES										
Local sources:										
Tax levy	\$ 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	\$ 62,876,035
Tuition charges	103,668	140,268	100,310	123,024	63,644	77,704	189,949	87,707	64,792	101,842
Interest earnings	71,786	87,609	49,377	31,769	29,726	18,564	25,340	18,564	49,953	57,191
Miscellaneous	1,341,965	3,032,635	2,209,839	3,988,543	1,962,020	1,423,496	1,832,796	1,676,933	2,430,481	2,757,070
Total local sources	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	65,792,138
State sources	57,039,042	66,730,402	62,699,554	59,915,070	63,884,671	68,761,082	75,661,327	68,247,696	70,353,660	74,637,595
Federal sources	5,114,225	6,020,709	17,636,245	7,850,685	7,872,917	5,085,524	5,665,924	6,102,408	6,195,298	6,569,508
Total revenue	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	146,999,241
EXPENDITURES										
Instruction:										
Regular	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	52,479,475
Special education instruction	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	14,420,155
Other special instruction	3,817,134	4,804,893	4,975,313	4,949,435	3,114,783	1,296,360	1,279,538	2,246,247	1,348,578	1,221,723
Vocational education	1,141,148	1,194,030	1,306,625	1,243,747	959,707	777,962	782,183	1,944,537	798,619	706,804
Other instruction	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	1,817,721
Adult/continuing education	314,241	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	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	3,822,028
Student & instruction related services	14,094,666	14,084,220	14,233,420	13,423,840	12,260,749	10,006,231	11,857,149	14,751,454	11,552,060	13,395,325
General administration	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	4,637,991
School administration services	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	5,445,056
Plant operations and maintenance	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	11,744,829
Pupil transportation	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	3,250,093
Other support services	851,867	-	-	-	-	-	-	-	-	-
Employee benefits	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	39,535,897
Food service	4,500	4,500	-	-	-	-	-	-	-	-
Special schools	595,389	618,228	291,481	330,748	282,379	361,916	359,031	348,535	381,366	379,149
Charter schools	137,660	179,243	163,340	160,327	123,894	123,714	140,251	203,546	312,481	423,561
Capital Outlay	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	4,730,399
Total Expenditures	128,427,446	138,710,625	131,466,313	122,086,797	121,294,939	130,572,826	132,438,182	151,993,818	148,152,404	158,010,206
Excess (Deficiency) of revenues over (under) expenditures	(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)	(11,010,965)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
OTHER FINANCING SOURCES (USES)										
Capital leases (non-budgeted)	-	\$ 1,148,584	\$ 252,700	\$ 120,760	\$ 139,048	\$ 4,731,049	\$ 4,095,129	122,103	1,230,747	\$ 2,480,106
Project authorizations	-	9,644,750	-	-	-	-	-	(1,350,292)	-	-
Non-board expenditures	-	-	(1,008,435)	(320,035)	(531,831)	(17,751)	-	-	(23,425)	-
Loan interest	-	-	-	-	-	-	-	-	-	-
Special item	-	-	-	-	-	119,708	-	1,282,986	-	-
Special item-prior year accounts receivable reinstated	-	-	-	(6,999,805)	(5,367,018)	-	-	-	-	-
Special item-cancellation of receivable	-	-	-	-	-	-	-	-	-	-
Special item-tuition receivable cancelled	-	-	-	-	-	-	-	-	-	-
Special item-City of Bayonne	2,443,612	-	-	-	-	-	-	-	-	-
Special item-State of New Jersey ERI	-	-	-	-	-	-	-	-	-	-
Special item-contribution to unemployment compensation insurance trust fund	-	-	-	-	-	(363,071)	(16,722)	-	-	-
Transfers (out) in	(657,920)	(718,397)	(628,115)	(533,115)	(543,777)	(698,952)	(572,450)	(560,964)	560,964	-
Total other financing sources (uses)	1,785,692	10,074,937	(1,383,850)	(7,732,195)	(6,303,578)	3,770,983	3,505,937	(506,167)	1,768,286	2,480,106
Net change in fund balances	\$ (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)	\$ (8,530,859)
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.

**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
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
2017	638,241	-	318,454	52,986	-	705,356	276,649	121,384	172,064	471,936	101,842	57,191	2,916,103

Source: District records

REVENUE CAPACITY

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Property										
Vacant Land	\$ 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	\$ 88,432,300
Residential	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	1,393,888,890
Commercial	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	300,200,200
Industrial	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	286,467,100
Apartment	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	104,014,900
Total Assessed Value	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	2,173,003,390
Less: Tax Exempt Property	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	3,768,800
Public Utilities ^a	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	2,665,905
Net Valuation Taxable	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	2,171,900,495
Estimated Actual Value	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	4,935,015,894
Total Direct School Tax Rate ^b	2.729	2.786	2.551	2.828	3.015	3.065	3.138	3.168	3.194	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
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
2017	2.988	0.473	3.461	3.536	1.242	8.239

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	2017			2008		
	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	\$ 116,806,400	1	5.38%	\$ 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.	12,388,300	4	0.57%	13,085,800	6	0.55%
Exxon Corporation	12,291,000	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%			
Buckeye Bayonne Terminal LLC	7,800,000	8	0.37%			
South Cove Development, LLC	7,294,100	9	0.36%			
ALD Realty	7,148,050	10	0.36%			
Global Terminal and Container Services, Inc.				20,000,000	2	0.84%
ACG Chemicals Americas, Inc				14,532,900	5	0.61%
Amerada Hess Corp.				12,579,000	7	0.53%
Morris Bayonne Assoc., LLC				9,813,700	8	0.41%
99 Hook Road, LLC				9,500,000	9	0.40%
Harrison Industrial Park, Ltd				9,319,000	10	0.39%
Total	\$ 217,207,050		10.07%	\$ 237,230,400		9.96%

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
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%
2017	62,876,035	62,876,035	100.00%

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

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				
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	0.14%	38	
2017	-	-	2,765,078	-	-	2,765,078	*	*	

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		
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%	-
2017	-	-	-	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, 2017
(UNAUDITED)**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Gross Overlapping Debt			
City of Bayonne	\$ 250,719,256	100.00%	\$ 250,719,256
Hudson County General Obligation Debt	984,702,577	8.785%	<u>86,506,121</u>
Subtotal, Overlapping and Other Debt			337,225,377
Gross Direct Debt of City of Bayonne School District			<u>-</u>
Total Direct and Overlapping Debt			<u><u>\$ 337,225,377</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)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	Year	Equalized Valuation Basis
Debt limit	\$ 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		\$ 213,574,147
Total Net Debt applicable to limit	-	-	-	-	-	-	-	-	-		-
Legal debt margin	\$ 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		\$ 213,574,147
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%
Average equalized valuation of taxable property											
School borrowing margin (4% of \$5,339,353,666) ^a											
Bonded school debt as of June 30, 2017											
School borrowing margin available											
											213,574,147
											\$ 213,574,147

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)**

<u>Year Ended December 31,</u>	<u>Population^a</u>	<u>Personal Income^b</u>	<u>Total Per Capita Income^c</u>	<u>Unemployment Rate^d</u>
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	66,238	1,877,582,348	28,346	6.0%
2017	*	*	*	*

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	2017			2008		
	Employees	Rank (Optional)	Percentage of Total Municipal Employment	Employees	Rank (Optional)	Percentage of Total Municipal Employment
Bayonne Medical Center	1,867	1	6.69%	930	1	3.37%
The Haddad Apparel Group Ltd	687	2	2.46%	443	2	1.61%
European American Food Group Co. Inc	525	3	1.88%			
Jerhel Plastics Inc	500	4	1.79%			
Vertellus	350	5	1.25%			
Royal Wine Corporation	220	6	0.79%			
Inserra Inc	220	7	0.79%			
Bayonne Community Bank	206	8	0.74%			
Gel Spice Company Inc	200	9	0.72%			
Bookazine Co Inc	180	10	0.64%	190	6	0.69%
Ideal Aluminum Products				344	3	1.25%
IMTT				293	4	1.06%
Royal Kedem Wine				200	5	0.73%
Shop Rite				184	7	0.67%
Stop & Shop				156	8	0.57%
A & P				140	9	0.51%
Imperial Bag				138	10	0.50%
	<u>4,955</u>		<u>17.75%</u>	<u>3,018</u>		<u>10.96%</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>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction										
Regular	403	428	428	541	563	568	587	584	701	608.6
Special education	147	157	157	315	315	315	317	315	272	387
Other special education	208	217	217	43	23	18	32	33	39	40
Vocational	5	4	4	10	7	6	6	6	3	5
Other instruction	133	116	116	1	1	1	1	1	2	60
Support Services:										
Student & instruction related services	70	76	76	102	98	96	104	99	125	50
General administration	31	36	36	13	12	10	11	11	10	21
School administrative services	43	45	45	59	60	62	62	67	65	82
Central services	12	12	12	11	11	11	12	12	12	10
Administrative Information Technology	3	10	10	1	1	1	1	1	0	8
Plant operations and maintenance	122	111	111	121	124	127	125	125	152	158.75
Pupil transportation	45	21	21	29	34	33	35	35	22	39
Other support services	16	41	41	-	-	-	-	-	2	-
Total	1,238	1,274	1,274	1,246	1,249	1,248	1,293	1,289	1,405	1,469

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				
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	-1.88%	1,017	13.2	12.4	9,359	8,944	0.19%	95.57%
2017	9,631	153,629,124	15,952	11.13%	1,101	13	12.3	9,022	8,544	-3.42%	94.70%

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building										
<u>Elementary</u>										
Henry E. Harris (1921)										
Square Feet	110,000	110,000	110,000	110,000	110,000	82,320	82,320	82,320	82,320	82,320
Capacity (students)	690	690	690	690	690	690	690	690	690	690
Enrollment	627	606	618	606	598	664	689	699	699	671
Philip Vroom (1914)										
Square Feet	72,500	72,500	72,500	72,500	72,500	66,746	66,746	66,746	66,746	66,746
Capacity (students)	470	504	504	504	504	504	504	504	504	504
Enrollment	418	477	435	380	387	454	485	491	491	473
Walter F. Robinson (1903)										
Square Feet	128,000	128,000	128,000	128,000	128,000	119,979	119,979	119,979	119,979	119,979
Capacity (students)	960	960	960	960	960	960	960	960	960	960
Enrollment	696	699	732	796	755	778	766	744	744	710
Mary J. Donohue (1920)										
Square Feet	81,000	81,000	81,000	81,000	81,000	61,450	61,450	61,450	61,450	61,450
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	446	456	467	484	451	496	485	498	498	496
Lincoln School (1919)										
Square Feet	51,588	51,588	51,588	51,588	51,588	76,614	76,614	76,614	76,614	76,614
Capacity (students)	426	426	426	426	426	426	426	426	426	426
Enrollment	391	415	434	426	417	430	463	453	453	470
Horace Mann (1914)										
Square Feet	94,000	94,000	94,000	94,000	94,000	85,353	85,353	85,353	85,353	85,353
Capacity (students)	636	636	636	636	636	636	636	636	636	636
Enrollment	529	515	501	563	563	602	602	614	614	627
Washington School (1917)										
Square Feet	135,413	135,413	135,413	135,413	135,413	113,755	113,755	113,755	113,755	113,755
Capacity (students)	650	650	650	650	650	650	650	650	650	650
Enrollment	547	569	573	620	634	677	661	678	678	684
Nicolas Oresko School(2008)										
Square Feet	90,000	90,000	90,000	90,000	90,000	80,006	80,006	80,006	80,006	80,006
Capacity (students)	600	600	600	600	600	600	600	600	600	600
Enrollment	342	389	349	400	413	455	455	444	444	467
John M. Bailey (1909)										
Square Feet	123,500	123,500	123,500	123,500	123,500	84,884	84,884	84,884	84,884	84,884
Capacity (students)	750	750	750	750	750	750	750	750	750	750
Enrollment	666	651	661	634	598	620	640	652	652	679
Woodrow Wilson (1931)										
Square Feet	127,000	127,000	127,000	127,000	127,000	114,998	114,998	114,998	114,998	114,998
Capacity (students)	750	750	750	750	750	750	750	750	750	750
Enrollment	629	647	666	656	590	635	675	655	655	672
Midtown Community School (1992)										
Square Feet	170,000	170,000	170,000	170,000	170,000	160,876	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	1,019	1,023	1,058	1,050	1,013	1,110	1,121	1,155	1,155	1,151
<u>High School</u>										
Bayonne High School (1935)										
Square Feet	505,000	505,000	505,000	505,000	505,000	535,570	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	2,500	2,536	2,365	2,381	2,617	2,417	2,437	2,574	2,574	2,605

Number of Schools at June 30, 2017
 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

* School Facilities	Project # (s)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Henry E. Harris	**	\$ 28,123	\$ 294,745	\$ 346,040	\$ 378,853	\$ 287,352	\$ 247,981	\$ 271,507	\$ 257,635	\$ 295,994	\$ 308,481
Philip Yrreom	**	185,351	194,264	202,842	222,071	189,391	201,068	220,141	208,894	239,996	250,120
Walter F. Robinson	**	327,241	342,976	272,054	297,852	334,373	385,586	395,718	375,499	431,407	449,607
Mary J. Donohue	**	207,082	217,039	226,710	248,208	211,596	185,112	202,677	192,321	220,956	230,277
Lincoln School	**	131,888	138,230	268,474	293,932	134,763	230,794	252,691	239,780	275,481	287,102
Honore Mann	**	240,318	251,873	250,578	274,339	245,555	257,118	281,513	267,130	306,903	319,850
Washington School	**	434,617	455,515	447,464	489,895	235,106	342,674	375,189	356,020	409,027	426,282
Nicolas Oresko School	**	346,193	362,839	536,953	587,870	444,089	241,009	263,876	250,394	287,675	299,811
John M. Bailey	**	324,684	340,296	301,889	330,516	331,761	255,704	279,963	265,659	305,213	318,088
Woodrow Wilson	**	315,736	330,918	325,222	356,061	322,618	346,421	379,287	359,908	413,494	430,938
Midtown Community School	**	230,091	241,155	119,320	130,635	353,738	484,620	530,603	503,492	578,457	602,860
Bayonne High School	**	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	2,006,975
Total School Facilities		\$ 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	\$ 5,930,391

Source: District Records

* School facilities as defined under BECFA (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, 2017
(UNAUDITED)**

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
New Jersey School Boards Insurance Group:		
Property - Blanket Building & Contents	\$ 419,416,081	\$ 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	10,894,898	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	31,000,000	N/A
Comprehensive Automobile Liability	31,000,000	N/A
Workman's Compensation and Supplemental Indemnity Options Professional	78,473,233	N/A
Non Professional	7,251,221	N/A
School Leaders Error and Omissions: Coverage A	31,000,000	10,000
Coverage B	300,000	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

* Position of treasurer was removed as of 2/1/2017

SINGLE AUDIT SECTION

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

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

310 Broadway
Bayonne, NJ 07002
(201) 437-9000
Fax: (201) 437-1432
E-Mail: dgd@dgdcpas.com

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

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, 2017, 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 22, 2017.

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

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. 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.

Our consideration of internal control was for the limited purpose described in the first 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness as finding 2017-001.

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 an instance of noncompliance and other matter that is 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 and which are described in the accompanying schedule of findings and questioned costs as finding 2017-001.

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 22, 2017 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, Gironde, Doria & Tomkins LLC
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants



MAURICIO CANTO
Certified Public Accountant
Licensed Public School Accountant
No. 2541

Bayonne, New Jersey
November 22, 2017

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

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

310 Broadway
Bayonne, NJ 07002
(201) 437-9000
Fax: (201) 437-1432
E-Mail: dgd@dgdcpas.com

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

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, 2017. 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.

Opinion on Each Major Federal and State Program

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 for the year ended June 30, 2017.

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.

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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the first 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Bayonne, New Jersey
November 22, 2017

MAURICIO CANTO
Certified Public Accountant
Licensed Public School Accountant
No. 2541

CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the Fiscal Year Ended June 30, 2017

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	171NJ304N1099	*	\$ 1,033,100	07/01/16	06/30/17
School Breakfast Program	10.553	16161NJ304N1099	*	1,073,025	07/01/15	06/30/16
National School Lunch Program	10.555	171NJ304N1099	*	2,229,272	07/01/16	06/30/17
National School Lunch Program	10.555	16161NJ304N1099	*	2,312,188	07/01/15	06/30/16
After School Snack	10.555	171NJ304N1099	*	34,399	07/01/16	06/30/17
After School Snack	10.555	16161NJ304N1099	*	34,843	07/01/15	06/30/16
Special Milk Program	10.556	171NJ304N1099	*	1,475	07/01/16	06/30/17
Special Milk Program	10.556	16161NJ304N1099	*	2,157	07/01/15	06/30/16
Summer Food Program	10.559	171NJ304N1099	*	76,864	07/01/16	06/30/17
<i>Child Nutrition Cluster</i>						
National School Lunch Program (Food Distribution)	10.565	17161NJ304N1099	*	77,698	07/01/16	06/30/17
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	S010A160030	NCLB__17	2,874,383	07/01/16	06/30/17
Title II, Part A Teacher & Principal Training	84.367A	S367A160029	NCLB__17	318,634	07/01/16	06/30/17
Title III, English Language Acquisition	84.365A	S365A160030	NCLB__17	87,989	07/01/16	06/30/17
Title III, Immigrant	84.365A	S365A160030	NCLB__17	36,297	07/01/16	06/30/17
IDEA, Basic	84.027	H027A160100	FT__17	2,517,645	07/01/16	06/30/17
IDEA, Basic	84.027	H027A150100	FT__16	2,596,453	07/01/15	06/30/16
IDEA, Basic	84.027	H027A150100	FT__15	2,511,430	07/01/14	06/30/15
IDEA, ISCI	84.027	H027A160100	FT__17	2,500	09/01/16	08/31/17
IDEA, ISCI	84.027	H027A150100	FT__16	5,000	09/01/15	08/31/16
IDEA, Preschool	84.173	H173A160114	FT__17	58,723	07/01/16	06/30/17
IDEA, Preschool	84.173	H173A150114	FT__16	57,204	07/01/15	06/30/16
<i>IDEA Cluster</i>						
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	1705NJ5MAP	*	365,284	07/01/16	06/30/17
Special Education Medicaid Initiative ("SEMI")	93.778	1605NJ5MAP	*	378,139	07/01/15	06/30/16
TOTAL GENERAL FUND						
TOTAL FEDERAL AWARDS						

* - Not Available

EXHIBIT K-3
SCHEDULE A

BALANCE AT JUNE 30, 2016	CASH RECEIVED	BUDGETARY EXPEND- ITURES	ADJUST- EMENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2017		
					(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR
\$ -	\$ 958,358	\$ (1,033,100)	\$ -	\$ -	\$ (74,742)	\$ -	\$ -
(234,826)	234,826	-	-	-	-	-	-
-	2,079,153	(2,229,272)	-	-	(150,119)	-	-
(480,362)	480,362	-	-	-	-	-	-
-	31,792	(34,399)	-	-	(2,607)	-	-
(7,069)	7,069	-	-	-	-	-	-
-	1,440	(1,475)	-	-	(35)	-	-
(390)	390	-	-	-	-	-	-
-	76,864	(76,864)	-	-	-	-	-
<u>(722,647)</u>	<u>3,870,254</u>	<u>(3,375,110)</u>	<u>-</u>	<u>-</u>	<u>(227,503)</u>	<u>-</u>	<u>-</u>
-	77,698	(77,698)	-	-	-	-	-
<u>(722,647)</u>	<u>3,947,952</u>	<u>(3,452,808)</u>	<u>-</u>	<u>-</u>	<u>(227,503)</u>	<u>-</u>	<u>-</u>
(2,971,684)	4,942,472	(3,191,039)	116,547	-	(1,103,704)	-	-
(345,809)	495,104	(289,503)	-	-	(140,208)	-	-
(82,195)	153,059	(82,352)	(2)	-	(11,490)	-	-
-	35,843	(36,269)	-	-	(426)	-	-
<u>(82,195)</u>	<u>188,902</u>	<u>(118,621)</u>	<u>(2)</u>	<u>-</u>	<u>(11,916)</u>	<u>-</u>	<u>-</u>
-	1,726,440	(2,616,604)	-	-	(890,164)	-	-
(2,613,982)	2,613,982	-	-	-	-	-	-
(120,449)	-	-	120,449	-	-	-	-
-	-	(1,577)	-	-	(1,577)	-	-
(4,157)	3,865	-	(843)	-	(1,135)	-	-
-	39,313	(59,176)	-	-	(19,863)	-	-
(57,204)	57,204	-	-	-	-	-	-
<u>(2,795,792)</u>	<u>4,440,804</u>	<u>(2,677,357)</u>	<u>119,606</u>	<u>-</u>	<u>(912,739)</u>	<u>-</u>	<u>-</u>
20,224	-	-	-	-	-	20,224	-
<u>(26,198)</u>	<u>11,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,661)</u>	<u>-</u>	<u>-</u>
<u>(6,201,454)</u>	<u>10,078,819</u>	<u>(6,276,520)</u>	<u>236,151</u>	<u>-</u>	<u>(2,183,228)</u>	<u>20,224</u>	<u>-</u>
-	353,177	(365,284)	-	-	(12,107)	-	-
(16,810)	16,810	-	-	-	-	-	-
<u>(16,810)</u>	<u>369,987</u>	<u>(365,284)</u>	<u>-</u>	<u>-</u>	<u>(12,107)</u>	<u>-</u>	<u>-</u>
<u>\$ (6,940,911)</u>	<u>\$ 14,396,758</u>	<u>\$ (10,094,612)</u>	<u>\$ 236,151</u>	<u>\$ -</u>	<u>\$ (2,422,838)</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, 2017

STATE GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROGRAM NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2016		CASH RECEIVED
			FROM	TO	UNEARNED INCOME/ (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR	
GENERAL FUND							
STATE DEPARTMENT OF EDUCATION							
Equalization Aid	17-495-034-5120-078	\$ 46,891,127	07/01/16	06/30/17	\$ -	\$ -	\$ 46,891,127
Transportation Aid	17-495-034-5120-014	75,758	07/01/16	06/30/17	-	-	75,758
Special Education Categorical Aid	17-495-034-5120-089	5,528,863	07/01/16	06/30/17	-	-	5,528,863
Security Aid	17-495-034-5120-084	741,826	07/01/16	06/30/17	-	-	741,826
Under Adequacy Aid	17-495-034-5120-096	500,000	07/01/16	06/30/17	-	-	500,000
Extraordinary Aid	17-495-034-5120-044	688,925	07/01/16	06/30/17	-	-	-
Extraordinary Aid	17-495-034-5120-044	543,648	07/01/15	06/30/16	(543,648)	-	543,648
PARCC Readiness Aid	17-495-034-5120-098	92,880	07/01/16	06/30/17	-	-	92,880
Per Pupil Growth Aid	17-495-034-5120-097	92,880	07/01/16	06/30/17	-	-	92,880
Professional Learning Community Aid	17-495-034-5120-101	93,100	07/01/16	06/30/17	-	-	93,100
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	4,640,064	07/01/16	06/30/17	-	-	4,208,064
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	4,410,183	07/01/15	06/30/16	(219,381)	-	219,381
On-behalf TPAF Pension Contribution	17-495-034-5094-002	6,518,567	07/01/16	06/30/17	-	-	6,518,567
On-behalf TPAF Non-Contributory Group Insurance	17-495-034-5094-004	236,183	07/01/16	06/30/17	-	-	236,183
On-behalf TPAF Long Term Disability Insurance	17-495-034-5094-004	21,256	07/01/16	06/30/17	-	-	21,256
On-behalf TPAF Post Retirement Medical Contributions	17-495-034-5094-001	5,628,243	07/01/16	06/30/17	-	-	5,628,243
TOTAL GENERAL FUND					<u>(763,029)</u>	<u>-</u>	<u>71,392,316</u>
SPECIAL REVENUE FUND							
STATE DEPARTMENT OF EDUCATION							
N.J. Nonpublic Aid:							
Nonpublic Textbook Aid	17-100-034-5120-064	49,340	07/01/16	06/30/17	-	-	49,340
Nonpublic Textbook Aid	16-100-034-5120-064	50,190	07/01/15	06/30/16	-	9	-
Nonpublic Handicapped Aid Ch. 193:							
Examination and Classification	17-100-034-5120-066	65,210	07/01/16	06/30/17	-	-	65,210
Examination and Classification	16-100-034-5120-066	43,184	07/01/15	06/30/16	-	447	-
Corrective Speech	17-100-034-5120-066	4,418	07/01/16	06/30/17	-	-	4,418
Supplemental Instruction	17-100-034-5120-066	41,589	07/01/16	06/30/17	-	100	41,589
<i>Total Nonpublic Handicapped Aid Ch. 193</i>					<u>-</u>	<u>547</u>	<u>111,217</u>
Nonpublic Auxiliary Services Aid Ch. 192:							
Compensatory Education	17-100-034-5120-067	169,306	07/01/16	06/30/17	-	-	169,306
Compensatory Education	16-100-034-5120-067	215,738	07/01/15	06/30/16	-	317	-
Nonpublic Home Instruction	17-100-034-5120-064	5,054	07/01/16	06/30/17	-	-	-
Nonpublic Home Instruction	16-100-034-5120-064	3,665	07/01/15	06/30/16	(3,665)	-	3,665
Nonpublic Security Aid	17-100-034-5120-509	43,900	07/01/16	06/30/17	-	-	43,900
Nonpublic Nursing Services	17-100-034-5120-070	79,020	07/01/16	06/30/17	-	-	79,020
Nonpublic Technology Initiative	17-100-034-5120-373	22,256	07/01/16	06/30/17	-	-	22,256
Nonpublic Technology Initiative	16-100-034-5120-373	22,854	07/01/15	06/30/16	-	-	-
Preschool Education Aid	17-495-034-5120-086	2,418,871	07/01/16	06/30/17	-	-	2,418,871
Preschool Education Aid	16-495-034-5120-086	2,017,358	07/01/15	06/30/16	102,789	-	-
STATE DEPARTMENT OF CHILDREN AND FAMILIES							
School Based Youth Services	17-100-054-7500-068	273,216	07/01/16	06/30/17	-	-	273,216
School Based Youth Services	16-100-054-7500-068	276,266	07/01/15	06/30/16	-	119	-
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	07/01/16	06/30/17	-	-	-
Municipal Alliance	100-082-C001-004	54,448	07/01/15	06/30/16	(11,417)	-	-
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					<u>(213,281)</u>	<u>3,046</u>	<u>3,170,791</u>
CAPITAL PROJECTS FUND							
STATE SCHOOL DEVELOPMENT AUTHORITY (SDA)							
SDA Grant Projects:							
Improvements to Bayonne High School	0220-020-09-00AK-00	1,251,815	2009	Completion	(141,312)	-	-
Renovations at Bayonne High School	0220-020-14-1001	3,737,374	2014	Completion	(972,333)	-	883,542
Renovations at Walter F. Robinson No. 3 ES	0220-030-14-1002	487,580	2014	Completion	(155,650)	-	151,680
Renovations at John M. Bailey No. 12 ES	0220-040-14-1003	204,785	2014	Completion	(96,841)	-	72,190
Renovations at Henry Harris No. 1 ES	0220-050-14-1004	67,034	2014	Completion	(29,427)	-	18,416
Renovations at Horace Mann No. 6 ES	0220-060-14-1005	648,707	2014	Completion	(611,113)	-	490,272
Renovations at Lincoln No. 5 ES	0220-070-14-1006	555,988	2014	Completion	(392,281)	-	555,962
Renovations at Mary J. Donohoe No. 4 ES	0220-080-14-1007	116,757	2014	Completion	(29,426)	-	18,416
Renovations at Midtown Community No. 8 ES	0220-085-14-1008	751,369	2014	Completion	(148,150)	-	143,216
Renovations at Phillip G. Vroom No. 2 ES	0220-090-14-1009	503,859	2014	Completion	(353,676)	-	367,642
Renovations at Woodrow Wilson No. 10 ES	0220-130-14-1011	291,855	2014	Completion	(87,430)	-	65,561
					<u>(3,017,639)</u>	<u>-</u>	<u>2,766,897</u>
TOTAL CAPITAL PROJECTS FUND					<u>(3,017,639)</u>	<u>-</u>	<u>2,766,897</u>
ENTERPRISE FUND							
STATE DEPARTMENT OF AGRICULTURE							
State School Lunch Aid	17-100-010-3350-023	42,648	07/01/16	06/30/17	-	-	39,781
State School Lunch Aid	16-100-010-3350-023	45,392	07/01/15	06/30/16	(9,350)	-	9,350
TOTAL ENTERPRISE FUND					<u>(9,350)</u>	<u>-</u>	<u>49,131</u>
TOTAL STATE FINANCIAL ASSISTANCE					<u>\$ (4,003,299)</u>	<u>\$ 3,046</u>	<u>\$ 77,379,135</u>
LESS:							
On-behalf TPAF Pension Contribution							
On-behalf TPAF Non-Contributory Group Insurance							
On-behalf TPAF Long Term Disability Insurance							
On-behalf TPAF Post Retirement Medical Contributions							
TOTAL STATE FINANCIAL ASSISTANCE SUBJECT TO SINGLE AUDIT							

* - Not Available

(A) - Adjustment for prior year encumbrances cancelled.

EXHIBIT K-4
SCHEDULE B

BUDGETARY EXPENDITURES	ADJUSTMENTS/	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2017			MEMO	
			(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
\$ (46,891,127)	\$ -	\$ -	\$ -	\$ -	\$ -	4,559,851	\$ 46,891,127
(75,758)	-	-	-	-	-	7,576	75,758
(5,528,863)	-	-	-	-	-	552,886	5,528,863
(741,826)	-	-	-	-	-	74,183	741,826
(500,000)	-	-	-	-	-	50,000	500,000
(688,925)	-	-	(688,925)	-	-	-	688,925
(92,880)	-	-	-	-	-	-	543,648
(92,880)	-	-	-	-	-	9,288	92,880
(93,100)	-	-	-	-	-	9,288	92,880
(4,640,064)	-	-	(431,460)	-	-	9,310	93,100
-	-	-	-	-	-	-	4,640,064
(6,518,567)	-	-	-	-	-	-	4,410,183
(236,183)	-	-	-	-	-	-	6,518,567
(21,256)	-	-	-	-	-	-	236,183
(5,628,243)	-	-	-	-	-	-	21,256
(71,749,672)	-	-	(1,120,385)	-	-	5,272,382	5,628,243
-	-	-	-	-	-	-	-
(49,294)	-	-	-	-	46	-	49,340
-	-	(9)	-	-	-	-	50,190
(46,738)	-	-	-	-	18,472	-	65,210
-	-	(447)	-	-	-	-	43,184
(4,300)	-	-	-	-	118	-	4,418
(41,589)	-	(100)	-	-	-	-	41,589
(92,627)	-	(547)	-	-	118	-	-
-	-	-	-	-	-	-	-
(24,187)	-	-	-	-	145,119	-	169,306
-	-	(317)	-	-	-	-	215,738
(5,054)	-	-	(5,054)	-	-	-	5,054
-	-	-	-	-	-	-	3,665
(41,604)	-	-	-	-	2,296	-	43,900
(79,020)	-	-	-	-	-	-	79,020
(19,726)	-	-	-	-	2,530	-	22,256
-	-	-	-	-	-	-	22,854
(2,401,943)	-	-	-	16,928	-	241,887	2,401,943
-	-	-	-	102,789	-	-	1,914,569
-	-	-	-	-	-	-	-
(273,216)	-	-	-	-	-	-	273,216
-	-	-	-	-	119	-	276,266
-	-	-	-	-	2,054	-	273,216
-	-	-	-	-	-	-	-
(51,448)	-	-	(51,448)	-	-	-	54,448
(24,000)	-	-	(49,739)	-	-	-	54,448
-	-	-	(54,448)	-	-	-	54,448
-	-	-	(34,810)	-	-	-	72,355
-	-	-	(63,450)	-	-	-	74,521
-	-	-	(48,589)	-	-	-	63,526
-	-	-	(62,326)	-	-	-	63,526
(3,062,119)	-	(873)	(369,864)	119,717	170,754	241,887	-
-	-	-	-	-	-	-	-
-	-	-	(141,312)	-	-	-	1,251,815
-	49,650 (a)	-	(39,141)	-	-	-	972,333
-	6,133 (a)	-	(24,651)	2,163	-	-	155,650
-	-	-	(11,011)	-	-	-	96,841
-	-	-	(120,163)	-	-	-	29,427
-	678 (a)	-	-	-	-	-	611,113
(95,777)	4,083 (a)	-	(11,010)	71,987	-	-	472,869
-	-	-	-	-	-	-	29,426
(174)	5,891 (a)	-	-	783	-	-	148,150
(14,159)	-	-	(193)	-	-	-	353,676
-	3,840 (a)	-	(18,029)	-	-	-	87,430
(110,110)	70,275	-	(365,510)	74,933	-	-	4,208,730
(110,110)	70,275	-	(365,510)	74,933	-	-	4,208,730
-	-	-	-	-	-	-	-
(42,648)	-	-	(2,867)	-	-	-	42,648
(42,648)	-	-	(2,867)	-	-	-	45,392
(74,964,549)	\$ 70,275	\$ (873)	\$ (1,858,626)	\$ 194,650	\$ 170,754	\$ 5,514,269	-
6,518,567	-	-	-	-	-	-	-
236,183	-	-	-	-	-	-	-
21,256	-	-	-	-	-	-	-
5,628,243	-	-	-	-	-	-	-
\$ (62,560,300)	-	-	-	-	-	-	-

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, 2017**

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, 2017**

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$45,322 for the General Fund and (\$11,358) 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	\$ 365,284	\$ 71,794,994	\$ -	\$ 72,160,278
Special Revenue Fund	6,204,224	2,842,601	618,619	9,665,444
Food Service Fund	<u>3,452,808</u>	<u>42,648</u>	<u>-</u>	<u>3,495,456</u>
Total Awards and Financial Assistance	<u>\$10,022,316</u>	<u>\$ 74,680,243</u>	<u>\$ 618,619</u>	<u>\$ 85,321,178</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 \$6,518,567 reported as TPAF Pension Contributions, \$236,183 reported as TPAF Non-Contributory Group Insurance, and \$5,628,243 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, 2017. TPAF Social Security Contributions in the amount of \$4,640,064 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, 2017.

**CITY OF BAYONNE SCHOOL DISTRICT
 NOTES TO THE SCHEDULES OF AWARDS
 AND FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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	\$ 3,191,039
Title II, Part A Teacher & Principal Training	289,503
Title III, English Language Acquisition	82,352
	\$ 3,562,894

**CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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>10.553</u>	<u>171NJ304N1099</u>	Child Nutrition Cluster:
<u>10.555</u>	<u>171NJ304N1099</u>	School Breakfast Program
<u>10.556</u>	<u>171NJ304N1099</u>	National School Lunch Program
<u>10.559</u>	<u>171NJ304N1099</u>	Special Milk Program
		Summer Food Program
		IDEA Cluster:
<u>84.027</u>	<u>H027A160100</u>	IDEA, Basic
<u>84.173</u>	<u>H173A160114</u>	IDEA, Preschool

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, 2017**

Section 1 - Summary of Auditors' Results

State Awards Section

J) Dollar threshold used to distinguish between Type A and Type B Programs.

\$1,876,809

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:

Unmodified

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:

<u>State Grant/Project Number(s)</u>
17-495-034-5120-078
17-495-034-5120-089
17-495-034-5120-084
17-495-034-5120-096
17-495-034-5120-098
17-495-034-5120-097
17-495-034-5120-101
17-495-034-5120-044

<u>Name of State Program</u>
General State Aid Cluster:
Equalization Aid
Special Education Categorical Aid
Security Aid
Underadequacy Aid
PARCC Readiness Aid
Per Pupil Growth Aid
Professional Learning Community Aid
Extraordinary Aid

**CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 2017-001

Criteria: School districts should properly estimate and commit sufficient funds for anticipated liabilities for retroactive salaries and related costs that may result from pending labor contract negotiations.

Condition: The District incurred a liability from a retroactive labor contract agreement settled during the year ended June 30, 2017 that was in excess of funds available.

Questioned Costs: None

Context: Incurring the \$3,256,726 liability from a retroactive labor contract agreement settled during the year ended June 30, 2017 resulted in a fund balance deficit in the GAAP fund statements that is (\$2,125,329) more than the last two state aid payments totaling \$5,514,269. Expending such liability on the budgetary basis statements would have resulted in a fund balance deficit of (\$2,125,329).

Effect: On the GAAP basis of accounting fund statement, the District has a fund balance deficit that is in excess of the last two state aid payments indicating that the District is facing financial difficulties. On the budgetary basis of accounting the District deferred expenditures for the liability resulting from a retroactive labor contract agreement settled during the year ended June 30, 2017 to the succeeding fiscal year ending June 30, 2018 in violation of New Jersey regulations. The District appropriated funds for such liability in the succeeding fiscal year ending June 30, 2018.

**CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Finding 2017-001 (continued)

Cause: The District did not properly estimate nor commit sufficient funds for an anticipated liability for retroactive salaries and related costs that resulted from pending labor contract negotiations settled during the year ended June 30, 2017. The labor contract agreement deferred the payment of such liability to the succeeding fiscal year ending June 30, 2018.

Recommendation: The District properly estimate and commit sufficient funds for anticipated liabilities for retroactive salaries and related costs that may result from pending labor contract negotiations.

**View of Responsible
Officials:**

In December of 2016, the Business Office and the Board of Education's Finance Committee had a conference call with the New Jersey Schools Development Authority ("SDA"). The District was told that the projects in their SDA ROD grants which had not been started could be cancelled. The SDA would then cancel the unspent portion of each ROD grant. This would allow the district to re-appropriate into their General Fund, the unobligated capital reserve funds which were transferred to its Capital Reserve in June of 2014. These funds were approximately 3.6 million dollars, which would have been more than adequate to cover the retroactive salary settlement. The District was first notified in February of 2017 that this could likely not be done as there is no statutorily approved mechanism to move monies out of Capital Reserve, once they are moved in.

Additionally, the District has restructured its budget, eliminating its budgetary operating deficit for the budget year 2018. The District has also implemented a new set of budget preparation standards which will help to ensure that any operating deficits will be limited and there will be proper fund balance available to cover any temporary operating deficits.

**CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

No matters were reported

**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, 2017**

[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 2016-001

Condition: The District expended \$6,463,250 over the amount appropriated for the budget line item.

Current Status: This finding has been corrected.

Finding 2016-002

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 been corrected.