



***CITY OF BAYONNE
SCHOOL DISTRICT
COUNTY OF HUDSON, NEW JERSEY***

***AUDITORS MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019***

HODULIK & MORRISON, P.A.

A division of



CITY OF BAYONNE SCHOOL DISTRICT
HUDSON COUNTY, NEW JERSEY

AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE

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INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the City of Bayonne School District in the County of Hudson, New Jersey, as of and for the year ended June 30, 2019, and have issued our report thereon dated January 7, 2020.

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

This report is intended for the information of the City of Bayonne School District Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Hodulik & Morrison, P.A.

HODULIK & MORRISON, P.A.
A division of PKF O'Connor Davies
Certified Public Accountants
Registered Municipal Accountants
Public School Accountants

Robert S. Morrison
Certified Public Accountant
Public School Accountant #841

Cranford, New Jersey
January 7, 2020

ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING

Scope of Audit

The audit covered the financial transactions of the Board Secretary/ Business Administrator for Business Services, the activities of the Board of Education, and the records of the various funds and accounts under the auspices of the Board of Education.

The audit did not and could not determine the character of services rendered for which payment had been made nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the approval of such claims. Revenues and receipts were established and verified as to sources and amount only insofar as the records permitted.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Fire insurance coverage was carried in amounts as detailed on Exhibit J-20 of the District's CAFR. The details of the various additional insurance coverages carried by the Board are also presented on this Exhibit. No attempt was made to determine the adequacy of coverage as part of this report. Adequacy of coverage is the responsibility of the Board of Education.

Official Bonds

The following positions was covered by Surety Bonds:

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Thomas Fogu	Acting Business Administrator/ Custodian of School Monies	\$510,000.00
Dr. Gary Maita	Board Secretary	\$510,000.00

The Surety Bond coverage for the Acting School Business Administrator and Board Secretary exceeded the minimum requirement as promulgated by the Department of Education.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. Differences in actual costs, as certified by the Department of Education pursuant to the provisions of N.J.A.C. 6:20-3.1, from estimated costs billed by the Board during the period were adjusted as required.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

Claims were examined for the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Payroll/Payroll Agency Account

The Board maintained the Net Payroll and Agency Account method for the depositing and payment of its payrolls. The net payrolls from all sources are deposited in the payroll account and all payroll deductions, together with the Board's share, are deposited to the agency account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator. Tests were made of these records with no exceptions noted.

Salary withholdings were promptly remitted to the proper agencies.

During the year under review, the District implemented a new, more sophisticated payroll processing/time and attendance tracking system that effectively corrected the authorization and documentation issues relating to employee overtime that were noted in our previous report. The new system provides the documentation of overtime worked to managers, supervisors and department heads that is needed to provide the required certifications.

Employee Health Benefits

A test of the employee health benefits was made to determine eligibility and appropriate employee contribution rates. No exceptions were noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Report for all federal awards for the District to reimburse the State for TPAF Pension and Social Security payments made by the State on-behalf of the District for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60-day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Our review indicated that outstanding issued purchase orders were properly classified at June 30, 2019 based upon accounting principles generally accepted in the United States of America.

The use of blanket orders during the school year was based on operating efficiencies, and controls over their utilization were good.

Test of purchase orders issued during the current period indicate a significant reduction in the number of confirming orders issued.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f). Our testing included random sampling procedures as well as a full review of items determined to be individually significant. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. We noted no errors in the test population relating to the proper classification of expenditures.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. Exhibit "H-2" sets forth the activity of this fund for the period under review. Total revenue, which consisted of interest earnings, employee contributions and board contributions, amounted to \$239,851 and expenditures, which consist primarily of reimbursements to the New Jersey Unemployment Insurance Fund, amounted to \$198,427. Funds available at June 30, 2019 to pay future claims amounted to \$41,563. The cash balance in the Unemployment Compensation Insurance Trust Fund at June 30, 2019 is sufficient, without additional interest earnings, to cover actual claims reimbursed to the State during the year then ended.

Investment of Idle Funds

During the period under audit, the Board had all of the idle funds in its governmental fund types invested in interest bearing accounts. Based on an agreement with its official depository, the Board receives interest, calculated using the federal funds rate, on its bank balance in the general account. Additional funds were held in certificates of deposit. The existing practices allow the Board to maximize investment income without exposing Board funds to market related risks to investment principal.

Board Secretary's Records

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

Business Administrator's Records

The financial records maintained by the Business Office were found to be in generally good condition. Cash receipts were deposited timely, and monthly cash reconciliations for all accounts were found to be accurate and prepared in a timely manner.

Finding:

Audit adjustments were required to correct errors in the recordation of budget appropriations and transfers. The accounting system effectively masks any such error by utilizing a "Budgeted Fund Balance" account as a default balancing account. An audit adjustment was also required to accrue revenue for state aid payments not received at the close of the school year.

Recommendation:

It is recommended that any revenue that is susceptible to accrual be accrued at the start of the fiscal year, and that budgetary account balances be reconciled to the adopted budget and subsequent Board amendments on a monthly basis.

Elementary and Secondary Education Act of 1965 (E.S.E.A.)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001.

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

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

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

The financial exhibits are contained within the Special Revenue Fund Section of the CAFR. This section of the CAFR documents the revenues and expenditures pertaining to the aforementioned special projects on a grant accounting budgetary basis and reports the financial position of the fund on a GAAP basis at June 30, 2019.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted for items tested.

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states"

"a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500.00, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotes. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A: 11-9) the board of education may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by general delegation of the power to negotiate and award such contracts pursuant to this section."

SCHOOL PURCHASING PROGRAMS (CONT'D.)

Contracts and Agreements Requiring Advertisement for Bids (cont'd)

"b. Commencing in the fifth year after the year in which P.L. 1999. c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section to the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S. 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1, of the year in which it is made."

"Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

N.J.S.A. 18A:18A-4 states, "Every contract or agreement for the performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3(a) are \$40,000.00 (with a Qualified Purchasing Agent) and \$29,000.00 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$19,000 for 2018-19.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

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

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

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained.

State approved contracts were issued for vendors throughout the year for state contracts that were awarded over the bid threshold as required under Administrative Code section 5:34-7.29.

Pay-to-Play Law (N.J.S.A. 19:44A-20.4 et seq)

The existing laws and regulations have created a situation wherein the aggregated purchases from an individual vendor may not trigger the provisions of the Local School Contracts Law, but do require vendors to disclose business ownership and any political contributions made. In any instance wherein the District's total purchases from a vendor, excluding purchases made in conformity with fair and open contracting provisions, exceeds \$17,500, the District must require such vendor(s) to submit this documentation. In many instances, multiple individual purchases may aggregate to an amount exceeding the statutory threshold with no individual purchase order exceeding this threshold. During the current year, the purchase order approval process was expanded to include a determination of aggregate purchases for compliance with these requirements.

School Food Service Fund

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test check basis. There were no exceptions noted for those items reviewed.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted. Inventory records for food and supplies were maintained current and were properly applied in determining the costs of food and supplies used.

The number of meals claimed for reimbursement in each category were compared to underlying sales and meal count records. No exceptions were noted.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review. No exceptions noted.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Service employees in the service of the District. No exceptions were noted

Expenses were separately recorded as food, labor, benefits and other costs. The cash disbursement records reflected expenditures for program and related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did not exceed three months average expenditures.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely matter. No exceptions noted.

U.S.D.A. Food Distribution Program (food and/or commodities) were received and single inventory was maintained on a first-in, first-out basis. No exceptions noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets does separate program and non-program revenue and program and non-program cost of goods sold.

School Food Service Fund (Cont'd)

However, the scope of our audit engagement did not include audit procedures to determine that this information was based upon USDA approved allocation procedures. Furthermore, documentation of any test period results was not provided to us.

Finding:

During the current period, the monthly reports of the Food Service Manager were not reconciled to the District's central accounting records. Differences between the two records were noted.

Recommendation:

It is recommended that the profit/loss statements provided by the Food Service Manager be reconciled to the District's general ledger balances on a monthly basis

Student Activity Funds

The recordkeeping of the various student activities funds was reviewed for the 2018-2019 school year. The records were maintained in generally good condition.

During the current period, the Acting Business Administrator provided specific guidance to the school fund custodians regarding the requirement that these funds are limited to student-related activities. The instances of noncompliance decreased significantly based on this educational process.

Application for State School Aid

Our audit included procedures to test information reported in the October 15, 2018 Application for State School Aid (ASSA) for on-roll, private schools for the handicapped and low-income. We also performed a review of District procedures relating to its completion. The information contained in the ASSA was compared to the District workpapers without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed state form or their equivalent.

The district's written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2018-2019 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Internal Control Documentation

Every governmental entity is responsible for developing and maintaining a system of internal accounting controls which will provide reasonable assurance that transactions are properly authorized, executed and recorded in the financial records. The District meets this obligation through several methods, including the promulgation of Board Policies and the development of standard operating procedures, which can be either written or unwritten. We suggest that the District also consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication, and Monitoring. In addition, we suggest that the documentation should also include the internal controls that exist over grant compliance.

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings.

ACKNOWLEDGMENT

During the course of our audit, we received the complete cooperation of all the officials of the school district. Every effort was made by the staff to assist us in the completion of our engagement. We greatly appreciate the professionalism of the staff and the courtesies extended to us.

Respectfully submitted,



HODULIK & MORRISON, P.A.
A division of PKF O'Connor Davies
Certified Public Accountants
Registered Municipal Accountants
Public School Accountants



Robert S. Morrison, CPA
Certified Public Accountant
Public School Accountant #871

CITY OF BAYONNE BOARD OF EDUCATION
SCHEDULE OF MEAL COUNT ACTIVITY
ENTERPRISE FUND
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -FEDERAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	FEDERAL RATE	(OVER)/ UNDER CLAIM
National School Lunch (Severe Needs Rate)	Paid	117,973	117,973	117,973	-	0.33	\$ -
	Reduced	57,321	57,321	57,321	-	2.93	-
	Free	<u>612,511</u>	<u>612,511</u>	<u>612,511</u>	-	3.33	-
	TOTAL	<u>787,805</u>	<u>787,805</u>	<u>787,805</u>	-		<u>\$ -</u>
	HHFKA - PB Lunch Only	<u>787,805</u>	<u>787,805</u>	<u>787,805</u>	-	0.06	<u>\$ -</u>
School Breakfast (Severe Need Rate)	Paid	231,129	231,129	231,129	-	0.31	\$ -
	Reduced	49,911	49,911	49,911	-	1.84	-
	Free	<u>437,723</u>	<u>437,723</u>	<u>437,723</u>	-	2.14	-
	TOTAL	<u>718,763</u>	<u>718,763</u>	<u>718,763</u>	-		<u>\$ -</u>
	Special Milk	Free*	<u>2,445</u>	<u>2,445</u>	<u>2,445</u>	-	0.235
After School Snacks	Free (Area Eligible)	<u>53,059</u>	<u>53,059</u>	<u>53,059</u>	-	0.91	<u>\$ -</u>
	TOTAL	<u>53,059</u>	<u>53,059</u>	<u>53,059</u>	-		<u>\$ -</u>
Total Net (Over)/Under Claim:							<u>\$ -</u>

* Average cost per half pint, based on individual LEA's cost per half pint.

CITY OF BAYONNE BOARD OF EDUCATION
 SCHEDULE OF MEAL COUNT ACTIVITY
 ENTERPRISE FUND
 FOOD SERVICE FUND
 NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>NJ STATE RATE</u>	<u>(OVER)/ UNDER CLAIM</u>
NJ State Reimbursement - National School Lunch (Severe Needs Rate)	Paid	117,973	117,973	117,973	-	0.05	\$ -
	Reduced	57,321	57,321	57,321	-	0.055	\$ -
	Free	612,511	612,511	612,511	-	0.055	\$ -
	TOTAL	<u>787,805</u>	<u>787,805</u>	<u>787,805</u>			<u> </u>
Total Net (Over)/Under Claim							<u><u>\$ -</u></u>

NET CASH RESOURCE SCHEDULE

Net cash resources did/did not exceed three months of expenditures

Proprietary Funds - Food Service

FYE 2019

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	-
B-4		Due from Other Gov'ts	1,030,954.76
B-4		Accounts Receivable	-
B-4		Investments	-
CAFR		Current Liabilities	
B-4		Less Accounts Payable	270.40
B-4		Less Accruals	-
B-4		Less Due to Other Funds	285,219.74
B-4		Less Deferred Revenue	-
		Net Cash Resources	<u>\$ 1,316,444.90</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	4,688,908.03	
B-5	Less Depreciation	(19,606.10)	
	Adj. Tot. Oper. Exp.	<u>\$ 4,669,301.93</u>	(B)

Average Monthly Operating Expense:

	B / 10	<u>\$ 466,930.19</u>	(C)
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Three times monthly Average:

	3 X C	<u>\$ 1,400,790.58</u>	(D)
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TOTAL IN BOX A	\$	1,316,444.90	
LESS TOTAL IN BOX D	\$	1,400,790.58	
NET	\$	<u>(84,345.68)</u>	

From above:

**A is greater than D, cash exceeds 3 X average monthly operating expenses.
D is greater than A, cash does not exceed 3 X average monthly operating expenses.**

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF AUDITED ENROLLMENTS

**CITY OF BAYONNE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018**

	2018-2019 Application for State School Aid						Sample for Verification				Private Schools for Disabled					
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors per Register On Roll		Reported on A.S.S.A. Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Half Day Preschool - 3 Years Old	13.0		13.0					2.0		2.0						
Half Day Preschool - 4 Years Old	343.0		343.0					13.0		13.0						
Full Day Preschool- 3 Years Old																
Full Day Preschool- 4 Years Old	32.0		32.0													
Half Day Kindergarten																
Full Day Kindergarten	709.0		709.0					19.0		19.0						
One	654.0		654.0					16.0		16.0						
Two	636.0		636.0					19.0		19.0						
Three	620.0		620.0					17.0		17.0						
Four	673.0		673.0					16.0		16.0						
Five	614.0		614.0					18.0		18.0						
Six	660.0		660.0					21.0		21.0						
Seven	609.0		609.0					18.0		18.0						
Eight	637.0		637.0					18.0		18.0						
Nine	459.0	72.0	459.0	72.0				19.0	2.0	19.0						
Ten	507.0	49.0	507.0	49.0				19.0	2.0	19.0						
Eleven	464.0	85.0	464.0	85.0				20.0	3.0	20.0						
Twelve	464.0	95.0	464.0	95.0				17.0	4.0	17.0						
Adult High School (15+ credits)																
Adult High School (1-14 credits)																
Subtotals	8,094.0	301.0	8,094.0	301.0				252.0	11.0	252.0						
Special Ed - Elementary	611.0		611.0					20.0		20.0			10.0	9.0	9.0	
Special Ed - Middle School	355.0		355.0					17.0		17.0			4.0	4.0	4.0	
Special Ed - High School Sent to CSSD	305.0	92.0	305.0	92.0				15.0	3.0	15.0	3.0		19.0	15.0	15.0	
Subtotals	1,271.0	92.0	1,271.0	92.0				52.0	3.0	52.0	3.0		33.0	28.0	28.0	
Totals	9,365.0	393.0	9,365.0	393.0				304.0	14.0	304.0	3.0		33.0	28.0	28.0	
Percentage Error																

SCHEDULE OF AUDITED ENROLLMENTS

**CITY OF BAYONNE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018**

	Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. As Low Income	Reported on Workpapers As Low Income	Errors	Sample Selected From Workpapers	Verified to Application And Register	Sample Errors	Reported on A.S.S.A. as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Kindergarten	423.0	423.0		25.0	25.0		13.0	13.0		7.0	7.0	
One	426.0	426.0		24.0	24.0		39.0	39.0		12.0	12.0	
Two	415.0	415.0		22.0	22.0		27.0	27.0		12.0	12.0	
Three	375.0	375.0		23.0	23.0		26.0	26.0		13.0	13.0	
Four	422.0	422.0		20.0	20.0		34.0	34.0		11.0	11.0	
Five	358.0	358.0		21.0	21.0		14.0	14.0		12.0	12.0	
Six	380.0	380.0		19.0	19.0		26.0	26.0		12.0	12.0	
Seven	339.0	339.0		16.0	16.0		23.0	23.0		10.0	10.0	
Eight	348.0	348.0		12.0	12.0		30.0	30.0		11.0	11.0	
Nine	259.5	259.5		18.0	18.0		22.5	22.5		10.0	10.0	
Ten	267.5	267.5		17.0	17.0		19.0	19.0		11.0	11.0	
Eleven	239.0	239.0		19.0	19.0		18.5	18.5		10.0	10.0	
Twelve	256.0	256.0		19.0	19.0		10.5	10.5		6.0	6.0	
Subtotals	4,508.0	4,508.0		255.0	255.0		302.5	302.5		137.0	137.0	
Special Ed - Elementary	425.0	425.0		26.0	26.0		3.0	3.0		2.0	2.0	
Special Ed - Middle	250.0	250.0		15.0	15.0		5.0	5.0		2.0	2.0	
Special Ed - High	216.5	216.5		16.0	16.0		2.0	2.0		1.0	1.0	
Subtotals	891.5	891.5		57.0	57.0		10.0	10.0		5.0	5.0	
Co. Voc. - Regular												
Co. Voc. Ft. Post Sec												
Juvenile Detention Center	2.0	2.0										
DYFS Residential Ctrs.												
Totals	5,401.5	5,401.5		312.0	312.0		312.5	312.5		142.0	142.0	
Percentage Error												

	Transportation						Reported	Recalculated
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors		
Reg. - Public Schools (col. 1)	13	13		6	6			
Reg - Special Ed. (col.4)	435	435		163	163			
Transported - Non-Public (col. 3)								
Aid in Lieu- Charter School	9	9		3	3			
Out of District Public School	9	9		3	3			
Out of District Charter School	1	1		1	1			
Out of District Private School	17	17		6	6			
Out of District Spec. Trans. Needs	35	35		13	13			
Courtesy	4	4		2	2			
Totals	523	523		197	197			
Percentage Error								

Reg. Avg. Mileage - Regular Inc. Grade PK students (Part A) 1.7 1.7
 Spec. Ed With and Without Special Trans. Needs Mileage (B) 17.0 17.0
 Courtesy Students' Mileage (Part C) 1.0 1.0

SCHEDULE OF AUDITED ENROLLMENTS

**CITY OF BAYONNE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2018**

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected From Workpapers	Verified per Test Score and Register	Sample Errors
Half Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten	6.0	6.0		4.0	4.0	
One	5.0	5.0		3.0	3.0	
Two	7.0	7.0		5.0	5.0	
Three	2.0	2.0		2.0	2.0	
Four	3.0	3.0		2.0	2.0	
Five	1.0	1.0		1.0	1.0	
Six	3.0	3.0		1.0	1.0	
Seven	5.0	5.0		3.0	3.0	
Eight	4.0	4.0		2.0	2.0	
Nine	7.5	7.5		4.0	4.0	
Ten	8.0	8.0		5.0	5.0	
Eleven	5.5	5.5		3.0	3.0	
Twelve	4.5	4.5		2.0	2.0	
Adult High School (15+ credits)						
Adult High School (1-14 credits)						
Subtotals	61.5	61.5		37.0	37.0	
Special Ed-Elementary						
Special Ed - Middle School						
Special Ed - High School	1.0	1.0		1.0	1.0	
Subtotals	1.0	1.0		1.0	1.0	
C. Voc. - Regular						
C. Voc. Ft. Post Sec.						
Totals	62.5	62.5		38.0	38.0	
Percentage Error						

EXCESS SURPLUS CALCULATION

SECTION 1 - REGULAR DISTRICT

A. 2% Calculation of Excess Surplus

2018-19 Total General Fund Expenditures per the CAFR "C-1"	\$ <u>148,870,449.81</u> (B)
Increased by Applicable Operating Transfers:	
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ (B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ (B1b)
Transfer from General Fund to SRF for Pre-K Regular	\$ <u>0.00</u> (B1c)
Transfer from General Fund to SRF for Pre-K Inclusion	\$ <u>0.00</u> (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	\$ <u>22,053,301.24</u> (B2a)
Assets Acquired Under Capital Leases	\$ _____ (B2b)
Adjusted 2018-19 General Fund Expenditures [(B)+(B1s)-B2s)]	<u>126,817,148.57</u> (B3)
2% of Adjusted 2018-19 General Fund Expenditures [(B3) times .02]	\$ <u>2,536,342.97</u> (B4)
Enter Greater of (B4) or \$250,000	\$ <u>2,536,342.97</u> (B5)
Increased by: Allowable Adjustment*	\$ <u>46,773.00</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ <u>2,583,115.97</u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/19 (Per CAFR Budgetary Comparison schedule/statement)	\$ <u>7,436,739.79</u> (C)
Decreased by:	
Reserve for Encumbrances	\$ <u>1,067,963.52</u> (C1)
Legally Restricted -Designated for Subsequent Year's Expenditures	\$ <u>0.00</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>181,511.44</u> (C3)
Other Reserved Fund Balances****	\$ <u>809,893.75</u> (C4)
Assigned Unreserved Fund Balance - Designated for Subsequent Year's Expenditures	\$ <u>220,186.56</u> (C5)
Additional Assigned Fund Balance-Unreserved-Designated for Subsequent Year Expenditures July 1-August 1, 2019	\$ _____ (C6)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$ <u>5,157,184.52</u> (U1)

SECTION 3

Restricted Fund Balance-Excess Surplus ***((U1-(M)) If negative enter -0- <u>Recapitulation of Excess Surplus as of June 30, 2019</u>	\$ <u>2,574,068.55</u> (E)
Reserved Excess Surplus-Designated for Subsequent Year's Expenditures**	\$ <u>181,511.44</u> (C3)
Reserved Excess Surplus***(E)	\$ <u>2,574,068.55</u> (E)
Total Excess Surplus [(C3) +(E)]	\$ <u>2,755,579.99</u> (D)

Footnotes:

*Allowable adjustment to expenditures on line K must be as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

(H) Federal Impact Aid. The passage of P.L. 2015, c. 46 amended NJSA 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, for the year ending June 30, 2015, the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve-General (8002 or 8003) by Board resolution during June of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4).

(I) Sale and Leaseback (Refer to audit Program Section II, Chapter 10)

(J1) Extraordinary Aid

(J2) Additional Nonpublic School Transportation Aid

(J3) Recognized current year School Bus Advertising Revenue, and

(J4) Family Crisis Transportation Aid

Notes to auditor: Refer to audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, FamilyCrisis Transportation Aid, and Additional Non public School Transportation Aid

Detail of Allowable Adjustments

Impact Aid	\$	<u>0.00</u>	(H)
Sale & Lease-back	\$	<u>0.00</u>	(I)
Extraordinary Aid	\$	<u>46,773.00</u>	(J1)
Additional Nonpublic School Transportation Aid	\$	<u>0.00</u>	(J2)
Current year School Bus Advertising Rev. Recognized	\$	<u>0.00</u>	(J3)
Family Crisis Transportation Aid	\$	<u> </u>	(J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)]	\$	<u>46,773.00</u>	(K)

** This amount represents the June 30, 2018 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree to the June 30, 2019 CAFR and must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by any other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Reserved Fund Balance

Statutory restrictions:

Approved unspent spearate proposal	\$	<u> </u>
Sale/lease-back reserve	\$	<u> </u>
Capital Reserve	\$	<u>559,893.75</u>
Maintenance Reserve	\$	<u>250,000.00</u>
Emergency Reserve	\$	<u> </u>
Tuition Reserve	\$	<u>0.00</u>
School Bus Advertising 50% Fuel Offset Reserve-current year	\$	<u> </u>
School Bus Advertising 50% Fuel Offset Reserve-prior year	\$	<u> </u>
Impact Aid General Fund Reserve (Sec. 8002 & 8003)	\$	<u> </u>
Impact Aid Capital Fund Reserve (Sec. 8007 & 8008)	\$	<u> </u>
Other state/government mandated reserve	\$	<u> </u>
(Other Restricted Fund Balance not noted above)****	\$	<u> </u>
Total Other Reserved Fund Balance	\$	<u>809,893.75</u> (C4)

CITY OF BAYONNE SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

It is recommended that any revenue that is susceptible to accrual be accrued at the start of the fiscal year and that budgetary account balances be reconciled to the adopted budget and subsequent Board amendments on a monthly basis.

3. School Purchasing Programs

None

4. School Food Service

It is recommended that the profit/loss statements provided by the Food Service Manager be reconciled to the District's general ledger balances on a monthly basis.

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

A review of prior year findings during the current period indicates that corrective action had been taken on all prior year findings.