

**CITY OF BAYONNE SCHOOL DISTRICT
MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2022**

**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
County of Hudson, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements described by the Division of Finance, Department of Education, State of New Jersey, the basic financial statements of the Board of Education of the City of Bayonne School District, County of Hudson as of and for the year ended June 30, 2022, and have issued our report thereon dated June 1, 2023.

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

This report is intended solely for the information and use of the City of Bayonne Board of Education's management, Board of Education members, others within the entity, and the New Jersey Department of Education and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

PKF O'Connor Davies, LLP

Cranford, New Jersey
June 1, 2023

A handwritten signature in black ink, appearing to read "Michael Andriola".

Michael Andriola, CPA
Licensed Public School Accountant
No. 2429

Scope of Audit

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

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on J-20, Insurance Schedule contained in the District's ACFR. 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 N.J.S.A. 18A:17-26, 18A:17-32, & 18A:13-13

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Daniel Castles	School Business Administrator	\$ 575,000
Dr. Gary Maita	Board Secretary	575,000

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

P.L.2020,c.44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by the district.

The school district data certification was completed by the chief school administrator. The school district Chapter 44 data was submitted timely.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The District made a proper adjustment to the billings to sending Districts for the increase (decrease) in per pupil costs in accordance with *N.J.A.C. 6A:23A-17.1(f)3*.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period did not indicate any discrepancies with respect to signatures, certification or supporting documentation and no discrepancies or exceptions were noted.

Payroll Account and Position Control Roster

The net salaries of all employees of the Board were deposited in the payroll account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Position control roster was reviewed for accuracy 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 proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23A-16.2(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to our randomly selected test samples, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, a transaction error rate of 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary did not note any exceptions.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)

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

The study of compliance for E.S.E.A. indicated no instances of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedules A (K-3) and B (K-4) located in the ACFR.

Our audit 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 Section of the ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

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.

T.P.A.F Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Nonpublic State Aid

Project completion reports were finalized and transmitted to the department by the due date.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2021 and thereafter, the bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is currently \$20,200 for 2021-2022.

The District has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract 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.

The results of our examination, performed on a test basis, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the

statutory thresholds where there had been no advertising for bids in accordance with the provisions 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.

Enrollment Counts and Submissions to the Department

Our audit procedures included a testing on enrollment information on October 15 and the last day of school for on-roll, special education, English Language Learners (ELL) and low-income. The results of our procedures are presented in the Schedule of Audited Enrollments. No discrepancies were noted.

Student Body Activities

During our audit of the student activity funds, we noted the following exception:

Finding 2022-001:

Not all cash receipts were promptly deposited (N.J.A.C. 6A:23A-16.12).

Recommendation:

All cash receipts should be promptly deposited.

Finding 2022-002:

Audit testing revealed some non-student related activities were being funded and expensed through the Student Activity Funds. These consisted of instances of staff activities and Teacher’s Wish List Grants. In all cases noted in our testing, funding for these activities was deposited to the student activity accounts.

Recommendation:

It is recommended that only financial activities by and for the students be financed and processed through Student Activity Funds.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2021-2022 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments. No discrepancies were noted. 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. No exceptions were noted in our review of transportation related purchases of goods and services.

Transportation Aid was not tested as a major program for purposes of the State single audit and therefore limited procedures were performed over the DRTRS.

School Food Service

Public Health Emergency

In accordance with the Governor’s Declaration of Emergency pertaining to the public health emergency all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were

required to institute alternate procedures to provide meals to eligible students during the period of school closures. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. Food Service Agencies operated under this federal waiver.

As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO). SFAs could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A.18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of all children throughout the age of 18, as well as persons with disabilities as defined in the regulations.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all students during the emergency.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records were reviewed on a test-check basis. Cash receipts and bank records were reviewed for timely deposit.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed, and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

The SFA recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO or SFSP program requirements.

Net cash resources did exceed three months average expenditures. See other suggestion to management.

Time sheets were reviewed, and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education. No exceptions were noted.

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 manner.

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 meals and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

USDA Food Donation Program were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Position (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

Miscellaneous

Our audit procedures included a test of community education fund activities. No exceptions were noted.

Facilities and Capital Assets

During the period under review the capital asset accounting and reporting system was not maintained satisfactorily to provide for all the required financial information for the District's basic financial statements. The District engaged an outside consultant to update the full physical inventory and valuation of the District's capital assets that was performed in the prior period. Additions and deletions reported in the consultant's report match financial records maintained by the business office, however differences were noted in the beginning balances of the capital asset records.

Finding 2022-003:

The capital asset accounting and reporting system produced a report with beginning balances that were not in agreement with the District's audited balances in the prior year. Additionally, construction in progress balances are not being transferred into depreciable assets at project completion, resulting in understatement of depreciation expense and accumulated depreciation.

Recommendation:

Capital asset reports should be reconciled to the underlying records on a periodic basis.

Testing for Lead of All Drinking Water in Educational Facilities

The school district adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The school district submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Other Suggestion to Management

Net Cash Resources

Net cash resources did exceed three months average expenditures, which was a result of the COVID-19 pandemic and the Federal Government's decision to offer free lunches to all students at a higher reimbursement rate than previously provided for, and therefore no formal finding and recommendation was included. The District is aware of the condition and will continue to invest in its food service program until the appropriate amount of net cash resources is depleted.

Follow-up on Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings.

Acknowledgment

We received the complete cooperation of all the officials of the School District and we greatly appreciate the courtesies extended to the members of the audit team.

CITY OF BAYONNE SCHOOL DISTRICT

SCHEDULE OF MEAL COUNT ACTIVITY

**FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -Federal
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
National School Lunch (Regular/Rate)	Paid	-	-	-	-	0.37	\$ -
National School Lunch (Regular Rate)	Reduced	-	-	-	-	3.28	-
National School Lunch - Snack Program (Regular/SSO Rate)	Free	63,354	63,354	63,354	-	1.00	-
National School Breakfast (Regular/SSO Rate)	Free	949,494	949,494	949,494	-	2.61	-
National School Lunch (Regular/SSO Rate)	Free	563,785	563,785	563,785	-	4.56	-
	TOTAL	1,576,633	1,576,633	1,576,633			-
National School Lunch	HHFKA - PB Lunch Only				-	0.07	-
School Breakfast (Regular Rate)	Paid	-	-	-	-	0.33	-
	Reduced	-	-	-	-	2.05	-
	Free	-	-	-	-	2.35	-
	TOTAL	-	-	-			-
Total Net Overclaim							\$ -

Auditor Notation:

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.29 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) If underclaims are identified and total \$100.00 or more by program, please contact the DOA for requirements to request reimbursement from USDA. Underclaim requests may or may not be approved by USDA for reimbursement. (d) Child and Adult Care Food Program-(CACFP)-At-Risk Dinners

CITY OF BAYONNE SCHOOL DISTRICT

SCHEDULE OF MEAL COUNT ACTIVITY

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate)	Paid	-	-	-	-	0.050	\$ -
State Reimbursement - National School Lunch (Regular Rate)	Reduced	-	-	-	-	0.055	-
State Reimbursement - National School Lunch (Regular Rate)	Free	-	-	-	-	0.105	-
	TOTAL	<u>-</u>	<u>-</u>	<u>-</u>			
Seamless Summer Option (SSO)							
Lunch	Free	<u>563,785</u>	<u>563,785</u>	<u>563,785</u>	-	0.105	-
	TOTAL	<u>563,785</u>	<u>563,785</u>	<u>563,785</u>			
Total Net Overclaim							<u><u>\$ -</u></u>

Auditor Notation:

(a) Reimbursement rates are subject to annual change. Rates indicated in this sample schedule are for illustrative purposes only. Refer to the detailed schedule of reimbursement rates presented on page II-60.29 of this Audit Program. (b) Overclaims or underclaims must be reflected by program on the Schedule of Findings and Questioned Costs (where applicable) and in the AMR. (c) State underclaims identified are not eligible for reimbursement.

CITY OF BAYONNE SCHOOL DISTRICT

**Net cash resources did/did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2022**

<u>Net Cash Resources:</u>		Food Service B - 4/5	
ACFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 704,106.00
B-4		Due from Other Gov'ts	1,708,144.00
B-4		Interfund Receivable	245,011.00
B-4		Inventories	60,220.00
ACFR		Current Liabilities	
B-4		Less Accounts Payable	
B-4		Less Accruals	(158,900.00)
B-4		Less Due to Other Funds	
B-4		Less Unearned Revenue	
		Net Cash Resources	<u>\$ 2,558,581.00</u> (A)

<u>Net Adj. Total Operating Expense:</u>			
B-5	Tot. Operating Exp.	4,647,211.00	
B-5	Less Depreciation	<u>(106,211.00)</u>	
	Adj. Tot. Oper. Exp.	<u>\$ 4,541,000.00</u>	(B)

<u>Average Monthly Operating Expense:</u>			
	B / 10	<u>\$ 454,100.00</u>	(C)

<u>Three times monthly Average:</u>			
	3 X C	<u>\$ 1,362,300.00</u>	(D)

TOTAL IN BOX A	\$ 2,558,581.00
LESS TOTAL IN BOX D	\$ 1,362,300.00
NET	<u>\$ 1,196,281.00</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 SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021**

	2021-2022 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				
Full Day Preschool- 4 Years Old	439.0		439.0					14.0		14.0						
Full Day Kindergarten	631.0		631.0					21.0		21.0						
One	638.0		638.0					21.0		21.0						
Two	625.0		625.0					20.0		20.0						
Three	643.0		643.0					21.0		21.0						
Four	599.0		599.0					20.0		20.0						
Five	597.0		597.0					20.0		20.0						
Six	587.0		587.0					19.0		19.0						
Seven	661.0		661.0					22.0		22.0						
Eight	621.0		621.0					20.0		20.0						
Nine	603.0	52.0	603.0	52.0				20.0	2.0	20.0	2.0					
Ten	518.0	51.0	518.0	51.0				17.0	2.0	17.0	2.0					
Eleven	421.0	93.0	421.0	93.0				14.0	3.0	14.0	3.0					
Twelve	385.0	112.0	385.0	112.0				13.0	4.0	13.0	4.0					
Subtotals	7,968.0	308.0	7,968.0	308.0				262.0	11.0	262.0	11.0					
Special Ed - Elementary	593.0		593.0					19.0		19.0			12.0	11.0	11.0	
Special Ed - Middle School	379.0		379.0					12.0		12.0			6.0	5.0	5.0	
Special Ed - High School Sent to CSSD	372.0	98.0	372.0	98.0				12.0	2.0	12.0	2.0		17.0	15.0	15.0	
Subtotals	1,344.0	98.0	1,344.0	98.0				43.0	2.0	43.0	2.0		35.0	31.0	31.0	
Totals	9,312.0	406.0	9,312.0	406.0				305.0	13.0	305.0	13.0		35.0	31.0	31.0	
Percentage Error																

SCHEDULE OF AUDITED ENROLLMENTS

**CITY OF BAYONNE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021**

	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
Full Day Preschool 4 Years	200.0	200.0		12.0	12.0							
Full Day Kindergarten	351.0	351.0		21.0	21.0		10.0	10.0		5.0	5.0	
One	368.0	368.0		20.0	20.0		12.0	12.0		7.0	7.0	
Two	360.0	360.0		21.0	21.0		24.0	24.0		11.0	11.0	
Three	356.0	356.0		20.0	20.0		17.0	17.0		8.0	8.0	
Four	349.0	349.0		20.0	20.0		35.0	35.0		16.0	16.0	
Five	346.0	346.0		21.0	21.0		21.0	21.0		10.0	10.0	
Six	315.0	315.0		18.0	18.0		13.0	13.0		6.0	6.0	
Seven	362.0	362.0		21.0	21.0		16.0	16.0		8.0	8.0	
Eight	348.0	348.0		20.0	20.0		17.0	17.0		8.0	8.0	
Nine	346.0	346.0		21.0	21.0		22.0	22.0		10.0	10.0	
Ten	292.0	292.0		17.0	17.0		16.0	16.0		8.0	8.0	
Eleven	246.5	246.5		14.0	14.0		11.5	11.5		5.0	5.0	
Twelve	236.5	236.5		14.0	14.0		8.0	8.0		4.0	4.0	
Subtotals	4,476.0	4,476.0		260.0	260.0		222.5	222.5		106.0	106.0	
Special Ed - Elementary	381.0	381.0		23.0	23.0		7.0	7.0		3.0	3.0	
Special Ed - Middle	250.0	250.0		14.0	14.0		5.0	5.0		2.0	2.0	
Special Ed - High	268.0	268.0		15.0	15.0		2.0	2.0		1.0	1.0	
Subtotals	899.0	899.0		52.0	52.0		14.0	14.0		6.0	6.0	
Totals	5,375.0	5,375.0		312.0	312.0		236.5	236.5		112.0	112.0	
Percentage Error												

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public School	5	5				
Regular Special Education	455	455				
Non-Public Transportation	\$24.00	\$24.00				
Aid in Lieu- Non Public	28	28				
Special Needs	27	27				
Courtesy	8	8				
Totals	547	547				
Percentage Error						

	Reported	Recalculated
Reg. Avg. Mileage - Regular Inc. Grade PK students (Part A)	1.6	1.5
Spec. Ed With and Without Special Trans. Needs Mileage (B)	19.0	19.4
Courtesy Students' Mileage (Part C)	0.8	0.5

SCHEDULE OF AUDITED ENROLLMENTS

**CITY OF BAYONNE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2021**

	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
Full Day Kindergarten	17.0	17.0		8.0	8.0	
One	17.0	17.0		8.0	8.0	
Two	9.0	9.0		4.0	4.0	
Three	12.0	12.0		6.0	6.0	
Four	10.0	10.0		5.0	5.0	
Five	15.0	15.0		7.0	7.0	
Six	17.0	17.0		8.0	8.0	
Seven	13.0	13.0		6.0	6.0	
Eight	9.0	9.0		4.0	4.0	
Nine	22.0	22.0		10.0	10.0	
Ten	18.5	18.5		9.0	9.0	
Eleven	10.5	10.5		5.0	5.0	
Twelve	5.5	5.5		3.0	3.0	
Subtotals	175.5	175.5		83.0	83.0	
Special Ed-Elementary	3	3		1.0	1.0	
Special Ed - Middle School						
Special Ed - High School	3.0	3.0		1.0	1.0	
Subtotals	6.0	6.0		2.0	2.0	
C. Voc. - Regular						
C. Voc. Ft. Post Sec.						
Totals	181.5	181.5		85.0	85.0	
Percentage Error						

EXCESS SURPLUS CALCULATION

SECTION 1 - REGULAR DISTRICT

A. 4% Calculation of Excess Surplus

2021-22 Total General Fund Expenditures per the ACFR "C-1"	\$ <u>186,007,394</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	\$ _____	(B1c)
Transfer from General Fund to SRF for Pre-K Inclusion	\$ _____	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>36,405,285</u>	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Adjusted 2021-22 General Fund Expenditures [(B)+(B1s)-B2s]	<u>149,602,109</u>	(B3)
4% of Adjusted 2021-22 General Fund Expenditures [(B3) times .04]	\$ <u>5,984,084</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>5,984,084</u>	(B5)
Increased by: Allowable Adjustment*	\$ <u>525,953</u>	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$	<u><u>6,510,037</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/22 (Per CAFR Budgetary Comparison schedule/statement)	\$ <u>18,870,799</u>	(C)
Decreased by:		
Reserve for Encumbrances	\$ <u>272,414</u>	(C1)
Legally Restricted -Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>3,927,942</u>	(C3)
Other Reserved Fund Balances****	\$ <u>2,994,735</u>	(C4)
Assigned Unreserved Fund Balance - Designated for Subsequent Year's Expenditures	\$ <u>1,029,109</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$	<u><u>10,646,599</u></u> (U1)

SECTION 3

Restricted Fund Balance-Excess Surplus ***((U1-(M)) If negative enter -0- <u>Recapitulation of Excess Surplus as of June 30, 2022</u>	\$	<u>4,136,562</u> (E)
Reserved Excess Surplus-Designated for Subsequent Year's Expenditures**	\$	<u>3,927,942</u> (C3)
Reserved Excess Surplus***(E)	\$	<u>4,136,562</u> (E)
Total Excess Surplus [(C3) +(E)]	\$	<u><u>8,064,504</u></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

(J5) Maintenance of Equity Aid and State Military Impact 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	\$ _____	(H)
Sale & Lease-back	\$ _____	(I)
Extraordinary Aid	\$ <u>525,953</u>	(J1)
Additional Nonpublic School Transportation Aid	\$ _____	(J2)
Current year School Bus Advertising Rev. Recognized	\$ _____	(J3)
Family Crisis Transportation Aid	\$ _____	(J4)
Maintenance of Equity Aid and State Military Impact Aid	\$ _____	(J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	\$ <u>525,953</u>	(K)

** This amount represents the June 30, 2021 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree to the June 30, 2022 ACFR 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 separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital Reserve	\$ <u>2,647,173</u>
Maintenance Reserve	\$ <u>250,000</u>
Emergency Reserve	\$ _____
Tuition Reserve	\$ _____
Unemployment Compensation	\$ <u>97,562</u>
School Bus Advertising 50% Fuel Offset Reserve-current year	\$ _____
School Bus Advertising 50% Fuel Offset Reserve-prior year	\$ _____
Impact Aid General Fund Reserve (Sec. 8002 & 8003)	\$ _____
Impact Aid Capital Fund Reserve (Sec. 8007 & 8008)	\$ _____
Other state/government mandated reserve	\$ _____
(Other Restricted Fund Balance not noted above)****	\$ _____
 Total Other Reserved Fund Balance	 \$ <u>2,994,735</u> (C4)

CITY OF BAYONNE SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Recommendations:

1. Administrative Practices and Procedures
None
2. Financial Planning, Accounting and Reporting
None
3. School Purchasing Programs
None
4. School Food Service
None
5. Student Body Activities
2022-001 All cash receipts should be promptly deposited.
2022-002 Only financial activities by and for the students be financed and processed through Student Activity Funds.
6. Application for State School Aid
None
7. Pupil Transportation
None
8. Facilities and Capital Assets
2022-003 Capital asset reports should be reconciled to the underlying records on a periodic basis.
9. Miscellaneous
None
10. Status of Prior Year Audit Findings/Recommendations

In accordance with Government Auditing Standards, our procedures included a review of all prior year's recommendations. Corrective action had been taken on all prior year findings.