CITY OF BAYONNE SCHOOL DISTRICT
COUNTY OF HUDSON, NEW JERSEY

AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2025

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

CITY OF BAYONNE SCHOOL DISTRICT
AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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, the basic financial statements of the Board of Education of the City of Bayonne School District, in the County of Hudson, for the year ended June 30, 2025, and have issued our report thereon dated March 6, 2026.

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
March 6, 2026

Anthony Branco

Anthony Branco, CPA
Licensed Public School Accountant
No. 2515

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

Insurance coverage was carried in the amounts as detailed on J-20, Insurance Schedule contained in the District's ACFR.

Official Bonds *N.J.S.A. 18A:17-26, 18A:17-32, & 18A:13-13*

Name	Position	Amount
Daniel Castles	School Business Administrator	$ 575,000
Dr. Gary Maita	Board Secretary	575,000

There is a Public Employees' Faithful Performance Blanket Position Bond with the New Jersey Educational Insurance Fund covering all other employees with multiple coverage of $100,000.

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. Adjustments to the billings to sending districts for the change in per pupil costs, in accordance with *N.J.A.C 6A:23A-17.1(f)3*, was required.

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.

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.

The Board implemented and maintains a personnel tracking and accounting (Position Control System).

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.

A review of the Position Control Roster found it to be consistent with payroll records, employee benefit records (e.g. pension reports and health benefit coverage reports) and the general ledger accounts to where wages are posted (administrative versus instruction).

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 0.0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary noted the following exception:

Finding 2025-001 (ACFR Finding 2025-001):
The District did not maintain effective controls over general ledger maintenance and reconciliation procedures. Certain balance sheet account reconciliations were not performed or were incomplete, and errors were identified in bank reconciliations that resulted in misstated balances. Adjusting journal entries from the prior year's audit were not posted, and interfund balances were not in agreement due to mispostings of related activity.

Recommendation:
The District should strengthen its internal control procedures over general ledger maintenance and financial reporting by implementing formal monthly and year-end closing procedures; ensuring all balance sheet accounts are reconciled and independently reviewed on a timely basis; verifying beginning balances to prior-year audited amounts; posting audit adjustments promptly; and reconciling interfund balances to supporting documentation.

Finding 2025-002:
Our audit revealed the original budget included in the District's revenue and expenditures report for the Special Revenue Fund was not in agreement with the adopted budget.

Recommendation:
The original budget included in the District's revenue and expenditures report for the Special Revenue Fund be in agreement with the adopted budget.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer noted no exceptions.

Unemployment Compensation Insurance Trust Fund

The District has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the General Fund. No exceptions were noted.

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.

The study of compliance for the special projects indicated no instances of noncompliance.

Finding 2025-003:
Due to grantor balances were not evaluated and resolved in a timely manner.

Recommendation:
Due to grantor balances should be evaluated promptly at the conclusion of each grant period, and a determination should be made as to the appropriate method of liquidation in accordance with grant requirements.

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 Reports 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

Our review of Non-Public State Aid did not identify any exceptions.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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 $22,400 for 2024-2025.

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.

Procedures were performed on a test basis, to indicate if any individual payments, contracts, or agreements were 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 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*.

Our review of the School Purchasing Programs identified the following exceptions:

Finding 2025-004:
Six out of ten purchases tested above the quote threshold but below the bid threshold did not have evidence of multiple quotes.

Recommendation:
A minimum of three quotes be obtained for purchases above the quote threshold but below the bid threshold and evidence of these quotes should be retained.

School Food Service

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 over 18 with disabilities as defined in the regulations.

The District does not utilize a food service management company (FSMC) to operate its food service program.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts and 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 and 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.

Net cash resources did not exceed three months' average expenditures.

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 meal 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 (food and/or commodities) 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.

Exhibits reflecting Child Nutrition Program operations are included in Section B of the ACFR.

Student Body Activities

During our audit of the student activity funds, no exceptions were noted.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2024 Application for State School Aid (ASSA) for on-roll, private schools for students with disabilities, low-income, and bilingual. We also performed a review of the District procedures related to its completion.

The information on the ASSA was compared to the District workpapers without exception. The information included as part of the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.
The District maintained workpapers on the prescribed state forms or their equivalent.

The District 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 2024-2025 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.

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 did not utilize a third party provider to maintain the District's capital assets records. The following exception was noted:

Finding 2025-005:
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, capital additions and deletions are not properly maintained throughout the year.

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)*.

Follow-up on Prior Year Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. All prior year findings have been corrected with the exception of findings 2024-002 and 2024-005, which are repeated as findings 2025-004 and 2025-005, respectively.

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.

Respectfully submitted,

PKF O'Connor Davies, LLP

Cranford, New Jersey
March 6, 2026

Anthony Branco

Anthony Branco, CPA
Licensed Public School Accountant
No. 2515

SCHEDULE OF MEAL COUNT ACTIVITY

BAYONNE SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -FEDERAL
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
National School Lunch (Regular and SSO Rate)	Paid	140,362	140,362	140,362	-	0.44	-
National School Lunch (Regular and SSO Rate)	Reduced	45,118	45,118	45,118	-	4.05	-
National School Lunch (Regular and SSO Rate)	Free	632,854	632,854	632,854	-	4.45	-
National School Breakfast (Severe Needs Rate)	Paid	183,078	183,078	183,078	-	0.39	-
National School Breakfast (Severe Needs Rate)	Reduced	29,711	29,711	29,711	-	2.54	-
National School Breakfast (Severe Needs Rate)	Free	450,184	450,184	450,184	-	2.84	-
Summer Food Service Program Breakfast	Free	38,263	38,263	38,263	-	2.71	-
Summer Food Service Program Lunch/Dinner	Free	39,434	39,434	39,434	-	4.72	-
After School Snack Program	Reduced	-	-	-	-	0.60	-
After School Snack Program	Free	111,528	111,528	111,528	-	1.21	-
	TOTAL	1,670,532	1,670,532	1,670,532			-
National School Lunch	HHFKA - PB Lunch Only	818,334	818,334	818,334	-	0.09	-
	TOTAL	2,488,866	2,488,866	2,488,866			-

Total Net Overclaim -

SCHEDULE OF MEAL COUNT ACTIVITY

BAYONNE SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement -National School Lunch (Regular and SSO Rate)	Paid	323,440	323,440	323,440	-	0.060	-
State Reimbursement -National School Lunch (Regular and SSO Rate)	Reduced	74,829	74,829	74,829	-	0.070	-
State Reimbursement -National School Lunch (Regular and SSO Rate)	Free	1,083,038	1,083,038	1,083,038	-	0.070	-
NJEIE - National School Lunch		15,344	15,344	15,344	-	4.010	-
NJEIE - Severe Needs Breakfast		10,348	10,348	10,348	-	2.450	-
Summer Food Service Program-State Supplement		77,697	77,697	77,697	-	0.100	-
After the Bell Breakfast		662,973	662,973	662,973	-	0.100	-
	TOTAL	2,247,669	2,247,669	2,247,669			
	Total Net Overclaim						-

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CITY OF BAYONNE SCHOOL DISTRICT

Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE 2025

			Food Service B -4/5	
Net Cash Resources:				
ACFR	*	**Current Assets**		
B-4		Cash & Cash Equiv.	$ 1,037,006.00	
B-4		Due from Other Gov'ts	298,497.00	
B-4		Inventories	166,702.00	
ACFR		**Current Liabilities**		
B-4		Less Accruals	1,477.00	
B-4		Less Unearned Revenue	32,841.00	
		Net Cash Resources	**$ 1,536,523.00**	**(A)**
Net Adj. Total Operating Expense:				
B-5		Tot. Operating Exp.	7,904,137.00	
B-5		Less Depreciation	(113,130.00)	
		Adj. Tot. Oper. Exp.	**$ 7,791,007.00**	**(B)**
Average Monthly Operating Expense:				
		B / 10	**$ 779,100.70**	**(C)**
Three times monthly Average:				
		3 X C	**$ 2,337,302.10**	**(D)**

TOTAL IN BOX A	$	1,536,523.00
LESS TOTAL IN BOX D	$	2,337,302.10
NET	**$**	**(800,779.10)**

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, 2024

	2025-2026 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	512.0		512.0				17.0		17.0							
Full Day Kindergarten	648.0		648.0				19.0		19.0							
One	661.0		661.0				20.0		20.0							
Two	612.0		612.0				19.0		19.0							
Three	662.0		662.0				21.0		21.0							
Four	650.0		650.0				20.0		20.0							
Five	640.0		640.0				20.0		20.0							
Six	684.0		684.0				21.0		21.0							
Seven	666.0		666.0				20.0		20.0							
Eight	658.0		658.0				19.0		19.0							
Nine	560.0	37.0	560.0	37.0			18.0	2.0	18.0	2.0						
Ten	582.0	74.0	582.0	74.0			18.0	2.0	18.0	2.0						
Eleven	512.0	63.0	512.0	63.0			16.0	2.0	16.0	2.0						
Twelve	505.0	82.0	505.0	82.0			16.0	2.0	16.0	2.0						
Subtotals	8,552.0	256.0	8,552.0	256.0			264.0	8.0	264.0	8.0						
Special Ed - Elementary	669.0		669.0				22.0		22.0				10.0	8.0	8.0	
Special Ed - Middle School	316.0		316.0				10.0		10.0				18.0	16.0	16.0	
Special Ed - High School	394.0	81.0	394.0	81.0			12.0	2.0	12.0	2.0			18.0	16.0	16.0	
Sent to CSSD																
Subtotals	1,379.0	81.0	1,379.0	81.0			44.0	2.0	44.0	2.0			46.0	40.0	40.0	
Totals	9,931.0	337.0	9,931.0	337.0			308.0	10.0	308.0	10.0			46.0	40.0	40.0	
Percentage Error																

SCHEDULE OF AUDITED ENROLLMENTS

CITY OF BAYONNE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

	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	266.0	266.0		14.0	14.0							
Full Day Kindergarten	396.0	396.0		20.0	20.0		36.0	36.0		10.0	10.0	
One	415.0	415.0		21.0	21.0		43.0	43.0		12.0	12.0	
Two	369.0	369.0		19.0	19.0		49.0	49.0		14.0	14.0	
Three	394.0	394.0		20.0	20.0		50.0	50.0		14.0	14.0	
Four	407.0	407.0		21.0	21.0		46.0	46.0		13.0	13.0	
Five	379.0	379.0		19.0	19.0		50.0	50.0		14.0	14.0	
Six	411.0	411.0		21.0	21.0		32.0	32.0		9.0	9.0	
Seven	382.0	382.0		20.0	20.0		52.0	52.0		13.0	13.0	
Eight	385.0	385.0		20.0	20.0		47.0	47.0		13.0	13.0	
Nine	362.5	362.5		19.0	19.0		42.5	42.5		12.0	12.0	
Ten	375.0	375.0		19.0	19.0		43.0	43.0		12.0	12.0	
Eleven	306.5	306.5		16.0	16.0		25.0	25.0		7.0	7.0	
Twelve	306.0	306.0		16.0	16.0		22.0	22.0		6.0	6.0	
Subtotals	5,154.0	5,154.0		265.0	265.0		537.5	537.5		149.0	149.0	
Special Ed - Elementary	442.0	442.0		22.0	22.0		8.0	8.0		2.0	2.0	
Special Ed - Middle	219.0	219.0		12.0	12.0		4.0	4.0		1.0	1.0	
Special Ed - High	278.5	278.5		13.0	13.0		4.5	4.5		1.0	1.0	
Subtotals	939.5	939.5		47.0	47.0		16.5	16.5		4.0	4.0	
Totals	6,093.5	6,093.5		312.0	312.0		554.0	554.0		153.0	153.0	
Percentage Error												

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public School	6.0	6.0		2.0	2.0	
Regular Special Education	535.0	535.0		165.0	165.0	
Aid in Lieu- Charter School	22.0	22.0		7.0	7.0	
Special Transportation Needs	38.0	38.0		12.0	12.0	
Out of District- No Spec. Trans. Needs	27.0	27.0		9.0	9.0	
Courtesy	7.0	7.0		2.0	2.0	
Totals	635.0	635.0		197.0	197.0	
Percentage Error						

	Reported	Recalculated
Reg. Avg. Mileage - Regular Inc. Grade PK students (Part A)	1.6	1.6
Spec. Ed With and Without Special Trans. Needs Mileage (B)	18.8	18.8
Courtesy Students' Mileage (Part C)	1.2	1.2

SCHEDULE OF AUDITED ENROLLMENTS

CITY OF BAYONNE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2024

	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	19.0	19.0		5.0	5.0	
One	23.0	23.0		6.0	6.0	
Two	18.0	18.0		5.0	5.0	
Three	20.0	20.0		6.0	6.0	
Four	20.0	20.0		6.0	6.0	
Five	17.0	17.0		5.0	5.0	
Six	22.0	22.0		6.0	6.0	
Seven	27.0	27.0		7.0	7.0	
Eight	22.0	22.0		6.0	6.0	
Nine	27.0	27.0		7.0	7.0	
Ten	28.0	28.0		8.0	8.0	
Eleven	21.0	21.0		6.0	6.0	
Twelve	13.0	13.0		4.0	4.0	
Subtotals	277.0	277.0		77.0	77.0	
Special Ed-Elementary	2.0	2.0		1.0	1.0	
Special Ed - Middle School	2.0	2.0		1.0	1.0	
Special Ed - High School	1.0	1.0				
Subtotals	5.0	5.0		2.0	2.0	
C. Voc. - Regular						
C. Voc. Ft. Post Sec.						
Totals	282.0	282.0		79.0	79.0	
Percentage Error						

EXCESS SURPLUS CALCULATION

SECTION 1 - REGULAR DISTRICT

A. 2% Calculation of Excess Surplus

2024-25 Total General Fund Expenditures per the ACFR "C-1"	$ 250,956,229	(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	$ 1,500,474	(B1c)	
Transfer from General Fund to SRF for Pre-K Inclusion	$	(B1d)	
Decreased by:			
On-Behalf TPAF Pension & Social Security	$ 44,443,634	(B2a)	
Assets Acquired Under Capital Leases	$	(B2b)	
Adjusted 2024-25 General Fund Expenditures [(B)+(B1s)-B2s)]	208,013,069	(B3)	
2% of Adjusted 2024-25 General Fund Expenditures [(B3) times .02]	$ 4,160,261	(B4))	
Enter Greater of (B4) or $250,000	$ 4,160,261	(B5)	
Increased by: Allowable Adjustment*	$ 530,723	(K)	
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]		$ 4,690,984	(M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/25 (Per ACFR Budgetary Comparison schedule/statement)	$ 15,004,677	(C)	
Decreased by:			
Reserve for Encumbrances	$ 198,260	(C1)	
Legally Restricted -Designated for Subsequent Year's Expenditures	$	(C2)	
Excess Surplus - Designated for Subsequent Year's Expenditures **	$ 2,766,709	(C3)	
Other Reserved Fund Balances****	$ 3,453,510	(C4)	
Assigned Unreserved Fund Balance - Designated for Subsequent Year's Expenditures	$ 2,985,891	(C5)	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]		$ 5,600,307	(U1)

SECTION 3

Restricted Fund Balance-Excess Surplus ***((U1-(M)) If negative enter -0-	$	909,323	(E)

Recapitulation of Excess Surplus as of June 30, 2025

Reserved Excess Surplus-Designated for Subsequent Year's Expenditures**	$	2,766,709	(C3)
Reserved Excess Surplus***(E)	$	909,323	(E)
Total Excess Surplus [(C3) +(E)]	$	3,676,032	(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 Boatd 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) Supplemental Stabilization Aid received April 2025 & Maintenance of Equity Aid received July 2025

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	$ 530,723	(J1)
Additional Nonpublic School Transportation Aid	$	(J2)
Current year School Bus Advertising Rev. Recognized	$	(J3)
Family Crisis Transportation Aid	$	(J4)
Maintenace of Equity Aid and State Military Impact Aid	$	(J5)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)+(J5)]	$ 530,723	(K)

** This amount represents the June 30, 2024 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree to the June 30, 2025 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 spearate proposal	$	
Sale/lease-back reserve	$	
Capital Reserve	$ 2,647,173	
Maintenance Reserve	$ 250,000	
Emergency Reserve	$	
Tuition Reserve	$	
Unemployment Compensation	$ 556,337	
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	$ 3,453,510	(C4)

CITY OF BAYONNE SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

2025-001 (ACFR Finding 2025-001)	The District should strengthen its internal control procedures over general ledger maintenance and financial reporting by implementing formal monthly and year-end closing procedures; ensuring all balance sheet accounts are reconciled and independently reviewed on a timely basis; verifying beginning balances to prior-year audited amounts; posting audit adjustments promptly; and reconciling interfund balances to supporting documentation.
2025-002	The original budget included in the District's revenue and expenditures report for the Special Revenue Fund be in agreement with the adopted budget.
2025-003	Due to grantor balances should be investigated immediately upon conclusion of the grant period.

3. School Purchasing Programs

2025-004	A minimum of three quotes be obtained for purchases above the quote threshold but below the bid threshold and evidence of these quotes should be retained.

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Miscellaneous

None

9. Facilities and Capital Assets

2025-005	Capital asset reports should be reconciled to the underlying records on a periodic basis.

10. Status of Prior Year Audit Findings/Recommendations

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. All prior year findings have been corrected with the exception of findings 2024-002 and 2024-005, which are repeated as findings 2025-004 and 2025-005, respectively.