

CITY OF BAYONNE SCHOOL DISTRICT

AUDITOR'S MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE

JUNE 30, 2015

CITY OF BAYONNE SCHOOL DISTRICT

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

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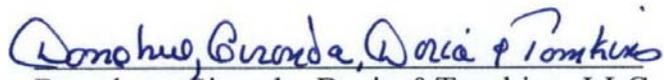
REPORT OF INDEPENDENT AUDITOR'S

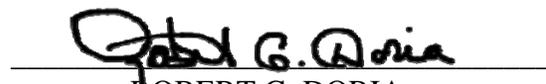
Honorable President and
Members of the Board of Education
City of Bayonne School District
County of Hudson, New Jersey

We have audited, in accordance with generally accepted audit 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 for the year ended June 30, 2015, and have issued our report thereon dated December 14, 2015.

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 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.


Donohue, Gironda, Doria & Tomkins, LLC


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Bayonne, New Jersey
December 14, 2015

**ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE**

SCOPE OF AUDIT

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Education, and the records of 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 Exhibit J-20, Insurance Schedule, contained in the District's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Janet Convery	Treasurer of School Monies	\$475,000
Leo Smith	School Business Administrator/ Board Secretary/ Custodian of School Moneys	475,000
Gary R. Maita, DMD	Board Secretary	475,000

The Board also has an errors and omissions policy with the New Jersey School Boards Association Insurance Group with coverage of \$100,000 total for all fees and claims.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

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 decrease in per pupil costs in accordance with N.J.A.C. 6A:23A-3.1(f)3.

Examination of Claims

A test examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification and proper itemization and/or supporting documentation.

**ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and the Board's required payroll contributions were deposited in the Agency Reserve Account.

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

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

Payrolls were delivered to the treasurer of school monies with a warrant made to her order for the full amount of each payroll.

Employee Health Benefits

A review of employee health benefits was made to make sure only active employees were receiving health benefits, the following discrepancy was found.

Finding 2015-05 An employee who resigned in December 2014 was still receiving benefits as of June 2015.

Recommendation: The District should make sure that employees who resign are removed from health benefits in a timely manner.

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 discrepancies were noted.

Travel

The District did have an approved board travel policy as required by N.J.A.C. 6A:23-6.13 and N.J.S.A. 18A:11-12. No discrepancies were noted.

**ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23-2.2(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 randomly selecting a test sample, our sample selection specifically targeted administrative coding classification to determine overall reliability and compliance with *N.J.A.C. 6A:23-8.3*. As a result of the procedures performed, no transaction errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings

No findings were noted

B. Administrative Classification Findings

No findings were noted

Board Secretary's Records/Business Administrator

Our review of the financial and accounting records maintained by the Board Secretary/Business Administrator disclosed the following exception.

Finding 2015-01 (CAFR Finding 2015-01)

The District over expended two budgetary line items in violation of *N.J.A.C. 6A:23A-16.10*.

Recommendation:

The District must monitor line item accounts to ensure accounts are not over expended.

Finding 2015-02: (CAFR Finding 2015-02)

The District did not obtain proper approval from the New Jersey State Department of Education Commissioner or executive county superintendent as Commissioner's designee for general fund appropriation account transfers that on a cumulative basis exceeded 10 percent of the amount of the account included in the budget certified for taxes.

**ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Board Secretary's Records/Business Administrator (Continued)

Recommendation:

The District must monitor cumulative transfers to and from general fund appropriation accounts to ensure proper approval from the New Jersey State Department of Education Commissioner or executive county superintendent as Commissioner's designee is obtained prior to initiating transfers that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer found them to be in proper form and order.

Elementary and Secondary Education Act (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 and VI of the Elementary and Secondary Education Act as amended.

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 Schedule A and Schedule B located in the CAFR.

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 CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the other special federal and/or state projects indicated the following areas of noncompliance:

**ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE**

Other Special Federal and/or State Projects (Continued)

Equalization Aid

Finding 2015-01 (CAFR Finding 2015-01)

The District over expended two budgetary line items in violation of N.J.A.C. 6A:23A-16.10.

Recommendation:

The District must monitor line item accounts to ensure accounts are not over expended.

Finding 2015-02 (CAFR Finding 2015-02)

The District did not obtain proper approval from the New Jersey State Department of Education Commissioner or executive county superintendent as Commissioner’s designee for general fund appropriation account transfers that on a cumulative basis exceeded 10 percent of the amount of the account included in the budget certified for taxes.

Recommendation:

The District must monitor cumulative transfers to and from general fund appropriation accounts to ensure proper approval from the New Jersey State Department of Education Commissioner or executive county superintendent as Commissioner’s designee is obtained prior to initiating transfers that on a cumulative basis exceed 10 percent of the amount of the account included in the budget certified for taxes.

T.P.A.F. Reimbursement

Our audit procedures included a test of the semi-monthly 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.

**ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE**

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter, the bid thresholds in accordance with *N.J.S.A.* 18A:18A-2 and 18A:39-3(a) are \$36,000 with a Qualified Purchasing Agent (QPA) and \$26,000 without a QPA, respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$17,500.

The District Board of Education 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.

Based on the results of our examination, we did note some 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 provision of *N.J.S.A.* 18A:18A-4, amended as noted in the following:

Finding 2015-03 Instances were noted where the District initiated aggregate purchases in excess of the bid threshold without properly complying with statutory procurement regulations.

Recommendation: The District must monitor aggregate expenditures to ensure compliance with statutory procurement regulations prior to initiating aggregate purchases in excess of their bid threshold.

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

SCHOOL FOOD SERVICE

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supplies were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted.

**ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE**

SCHOOL FOOD SERVICE (CONTINUED)

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. However, net cash resources exceeded three months average expenditures.

Finding 2015-06 Net cash resources exceeded three months average expenditures.

Recommendation: The District should make sure the net cash resources balance is at a level that is approximately three months average expenditures. The excess amount should be spent in the food service fund.

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. 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 did not exceed the number of valid applications and 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 is uniformly administered throughout the school system. Sites approved to participate in Provisions complied with all counting and claiming requirements. The required verification procedures for free and reduced price applications was completed and available for review. No exceptions were noted.

USDA Food Distribution program food and commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exception were noted.

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

STUDENT BODY ACTIVITIES

Our audit of the Student Activity funds found no exceptions in regards to proper form and order.

**ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE**

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 15, 2013, Application for State School Aid (ASSA) for on-roll, private schools for the handicapped, 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 that was included on the workpapers was verified. 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 has adequate written procedures for the recording of student enrollment data.

PUPIL TRANSPORTATION

Our audit procedures included a test of on roll status reported in the 2014-15 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.

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.

FACILITIES AND CAPITAL ASSETS

Our procedures included a review of the SDA grant agreement for consistency with recording SDA revenue, transfer of local funds from the General Fund or from the Capital Reserve Account, and awarding of contracts for eligible facilities construction. The following exception was noted.

Finding 2015-04 The District did not have a capital asset valuation performed, nor was a capital asset subsidiary ledger properly maintained.

Recommendation: The District should either have a periodic capital asset valuation performed or properly maintain a capital asset subsidiary ledger.

**ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE**

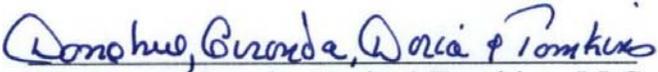
FOLLOW-UP ON PRIOR YEAR FINDINGS

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 with the exception of the following, which are repeated in this year's recommendations:

- The District did not obtain proper approval from the New Jersey State Department of Education Commissioner or executive county superintendent as Commissioner's designee for general fund appropriation account transfers that on a cumulative basis exceeded 10 percent of the amount of the account included in the budget certified for taxes.
- Instances were noted where the District initiated aggregate purchases in excess of the bid threshold without properly complying with statutory procurement regulations.
- The District did not have a capital asset valuation performed, nor was a capital asset subsidiary ledger properly maintained.

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.


Donohue, Gironda, Doria & Tomkins, LLC



ROBERT G. DORIA
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Public School Accountant
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Bayonne, New Jersey
December 14, 2015

CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
ENTERPRISE FUND
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDER CLAIM - FEDERAL
FOR FISCAL YEAR ENDED JUNE 30, 2015

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER)/ UNDER CLAIM</u>
National School Lunch (High Rate)	Paid	136,724	40,319	40,319	-	0.300	\$ -
	Reduced	80,676	20,407	20,407	-	2.600	-
	Free	<u>630,721</u>	<u>178,741</u>	<u>178,741</u>	-	3.000	-
	Total	<u>848,121</u>	<u>239,467</u>	<u>239,467</u>	-		<u>\$ -</u>
National School Lunch	HHFKA - PB Lunch Only	<u>848,121</u>	<u>239,467</u>	<u>239,467</u>	-	0.06	
School Breakfast (Severe Needs Rate)	Paid	204,312	56,683	56,683	-	0.280	\$ -
	Reduced	60,979	15,457	15,457	-	1.320	-
	Free	<u>431,554</u>	<u>116,968</u>	<u>116,968</u>	-	1.620	-
	Total	<u>696,845</u>	<u>189,108</u>	<u>189,108</u>	-		<u>\$ -</u>
Total Net (Over)/Under Claim					<u>-</u>		<u>\$ -</u>

CITY OF BAYONNE SCHOOL DISTRICT
SCHEDULE OF MEAL COUNT ACTIVITY
ENTERPRISE FUND
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDER CLAIM - STATE
FOR FISCAL YEAR ENDED JUNE 30, 2015

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER)/ UNDER CLAIM</u>
State Reimbursement National School Lunch (High Rate)	Paid	136,724	40,319	40,319	-	0.040	\$ -
	Reduced	80,676	20,407	20,407	-	0.055	-
	Free	<u>630,721</u>	<u>178,741</u>	<u>178,741</u>	<u>-</u>	0.055	<u>-</u>
	Total	<u><u>848,121</u></u>	<u><u>239,467</u></u>	<u><u>239,467</u></u>	<u><u>-</u></u>		<u><u>\$ -</u></u>
Total Net (Over)/Under Claim					<u><u>-</u></u>		<u><u>\$ -</u></u>

CITY OF BAYONNE SCHOOL DISTRICT
Net cash resources did/did not exceed three months of expenditures
Proprietary Funds - Food Service
For Fiscal Year Ended June 30, 2015

<u>Net Cash Resources:</u>	Food Service B - 4/5	
CAFR	*	Current Assets
B-4		Cash & Cash Equiv. \$ 464,881.00
B-4		Due from Other Gov'ts 1,348,644
B-4		Accounts Receivable 274,533
		Net Cash Resources
		\$ 2,088,058.00
		(A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	4,557,667	
B-5	Less Depreciation	(83,549)	
	Adj. Tot. Oper. Exp.	\$ 4,474,118.00	(B)

Average Monthly Operating Expense:

B / 10	\$ 447,411.80	(C)
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Three times monthly Average:

3 X C	\$ 1,342,235.40	(D)
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TOTAL IN BOX A	\$ 2,088,058.00
LESS TOTAL IN BOX D	\$ 1,342,235.40
NET	\$ 745,822.60

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

CITY OF BAYONNE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	2015-2016 Application for State School Aid						Sample of Verification						Private Schools for Disabled								
	Reported on ASSA		Reported on Workpapers		Errors		Sample Selected from Workpapers		Verified per Registers		Errors per Registers		Reported on ASSA as Private Schools		Sample for Verification		Sample Verified		Sample Errors		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Half Day Preschool	372	-	372	-	-	-	24	-	24	-	-	-	-	-	-	-	-	-	-	-	
Full Day Kindergarten	726	-	726	-	-	-	51	-	51	-	-	-	-	-	-	-	-	-	-	-	
One	743	-	743	-	-	-	46	-	46	-	-	-	-	-	-	-	-	-	-	-	
Two	668	-	668	-	-	-	68	-	68	-	-	-	-	-	-	-	-	-	-	-	
Three	618	-	618	-	-	-	55	-	55	-	-	-	-	-	-	-	-	-	-	-	
Four	644	-	644	-	-	-	62	-	62	-	-	-	-	-	-	-	-	-	-	-	
Five	594	-	594	-	-	-	48	-	48	-	-	-	-	-	-	-	-	-	-	-	
Six	604	-	604	-	-	-	54	-	54	-	-	-	-	-	-	-	-	-	-	-	
Seven	599	-	599	-	-	-	73	-	73	-	-	-	-	-	-	-	-	-	-	-	
Eight	641	-	641	-	-	-	48	-	48	-	-	-	-	-	-	-	-	-	-	-	
Nine	526	52	526	52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ten	453	112	453	112	-	-	453	-	453	-	-	-	-	-	-	-	-	-	-	-	
Eleven	450	31	450	31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Twelve	449	98	449	98	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Adult HS (15+ Credits)	75	-	75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Subtotal	8,162	293	8,162	293	-	-	982	-	982	-	-	-	-	-	-	-	-	-	-	-	
Special Education-Elementary	547	-	547	-	-	-	14	-	14	-	-	-	-	-	-	-	-	-	-	-	
Special Education-Middle	327	-	327	-	-	-	21	-	21	-	-	-	-	-	-	-	-	-	-	-	
Special Education-Highschool	384	53	384	53	-	-	384	-	384	-	-	-	-	-	-	-	-	-	-	-	
Subtotal	1,258	53	1,258	53	-	-	419	-	419	-	-	-	-	-	-	-	-	-	-	-	
TOTALS	9,420	346	9,420	346	-	-	1,401	-	1,401	-	-	-	-	-	-	-	-	-	-	-	0.00%

**CITY OF BAYONNE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014**

	2015-2016 Application for State School Aid			Sample of Verification			Resident LEP Low Income			Sample of Verification		
	Reported on ASSA Low Income	Reported on Workpapers Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Registers	Sample Errors	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Registers	Sample Errors
Half Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	467	467	-	32	32	-	15	15	-	10	10	-
One	489	489	-	35	35	-	26	26	-	7	7	-
Two	467	467	-	24	24	-	23	23	-	4	4	-
Three	407	407	-	28	28	-	17	17	-	8	8	-
Four	419	419	-	41	41	-	16	16	-	11	11	-
Five	371	371	-	29	29	-	22	22	-	8	8	-
Six	388	388	-	37	37	-	27	27	-	9	9	-
Seven	375	375	-	32	32	-	20	20	-	9	9	-
Eight	399	399	-	36	36	-	25	25	-	7	7	-
Nine	321	321	-	-	-	-	17	17	-	11	11	-
Ten	30	30	-	-	-	-	23	23	-	14	14	-
Eleven	258	258	-	258	258	-	20	20	-	8	8	-
Twelve	275	275	-	-	-	-	12	12	-	5	5	-
Subtotal	4,666	4,666	-	552	552	-	263	263	-	111	111	-
Special Education-Elementary	395	395	-	28	28	-	3	3	-	1	1	-
Special Education-Middle	239	239	-	14	14	-	3	3	-	1	1	-
Special Education-Highschool	297	297	-	12	12	-	7	7	-	3	3	-
Subtotal	931	931	-	54	54	-	13	13	-	5	5	-
TOTALS	5,597	5,597	0.00%	606	606	0.00%	276	276	0.00%	116	116	0.00%
Transportation												
Reported on DRTRS by DOE/County	14	14	-	7	7	-	-	-	-	-	-	-
Reported on DRTRS by District	399	399	-	148	148	-	-	-	-	-	-	-
Subtotal	63	63	-	42	42	-	-	-	-	-	-	-
TOTALS	476	476	0.00%	197	197	0.00%	-	-	-	-	-	-
Reg.-Public Schools												
Reg. - Special Education												
Special Ed. Spec Trans.												
TOTALS												

Reg Avg (Mileage) = Regular including Grade PK Students (Part A)
 Reg Avg (Mileage) = Regular excluding Grade PK Students (Part B)
 Special Avg = Special Ed w/ Special Needs

Reported
n/a

Recalculated
n/a

1.5
15.2

**CITY OF BAYONNE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014**

	LEP Not Low Income			Sample of Verification		
	Reported on ASSA NOT LOW Income	Reported on Workpapers NOT LOW Income	Errors	Sample Selected from Workpapers	Verified per Applications & Registers	Errors
Full Day Kindergarten						
One	3.00	3.00	-	1.00	1.00	-
Two	3.00	3.00	-	2.00	2.00	-
Three	2.00	2.00	-	-	-	-
Four	1.00	1.00	-	1.00	1.00	-
Five	3.00	3.00	-	1.00	1.00	-
Six	2.00	2.00	-	-	-	-
Seven	1.00	1.00	-	1.00	1.00	-
Eight	1.00	1.00	-	1.00	1.00	-
Nine	2.00	2.00	-	-	-	-
Ten	1.00	1.00	-	1.00	1.00	-
Eleven	8.00	8.00	-	3.00	3.00	-
Twelve	12.00	12.00	-	4.00	4.00	-
Subtotal	3.00	3.00	-	1.00	1.00	-
	42.00	42.00	-	16.00	16.00	-
TOTALS	42.00	42.00	-	16.00	16.00	-
			0.00%			0.00%

**CITY OF BAYONNE SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

SECTION 1

A. 2% Calculation of Excess Surplus

2014-2015 Total General Fund Expenditures per the CAFR, Exhibit C-1	\$ 140,152,608	(B)	
Increased by:			
Transfer to Food Service Fund	\$ 560,964	(B1a)	
Transfer from Capital Outlay to Capital Projects Fund	\$ -	(B1b)	
Transfer from Capital Reserve to Capital Projects Fund	\$ 217	(B2c)	
Decreased by:			
On-Behalf TPAF Pension & Social Security	\$ (12,861,143)	(B2a)	
Assets Acquired Under Capital Leases:	\$ (122,103)	(B2b)	
Adjusted 2014-15 General Fund Expenditures [(B) + (B1s) - (B2s)]	<u>\$ 127,730,543</u>	(B3)	
2% of Adjusted 2014-15 General Fund Expenditures [(B3) times .02]	<u>\$ 2,554,611</u>	(B4)	
Enter Greater of (B4) or \$250,000	<u>\$ 2,554,611</u>	(B3)	
Increased by:			
Allowable Adjustment*	<u>\$ 615,577</u>	(K)	
Maximum Unassigned Fund Balance [(B5) + (K)]		<u>\$ 3,170,188</u>	(M)

SECTION 2

Total General Fund - Fund Balances at for the Fiscal Year Ended June 30, 2015 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 9,384,893	(C)	
Decreased by:			
Year-end Encumbrances	\$ (4,040,304)	(C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ -	(C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ -	(C3)	
Other Restricted/Reserved Fund Balances****	\$ -	(C4)	
Assigned Fund Balance - Unreserved-Designated for Subsequent Year's Expenditures	\$ (651,077)	(C5)	
Total Unassigned Fund Balance [(C) - (C1) - (C2) - (C3) - (C4) - (C5)]		<u>\$ 4,693,512</u>	(U1)

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U) - (M)] IF NEGATIVE ENTER -0-	\$ 1,523,324	(E)	
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Recapitulation of Excess Surplus as of June 30, 2015

Restricted Excess Surplus -- Designated for Subsequent Year's Expenditures**	\$ -	(C3)	
Restricted Excess Surplus***[(E)]	<u>\$ 1,523,324</u>	(E)	
Total [(C3) + (E)]		<u>\$ 1,523,324</u>	(D)

* This adjustment line (line (K) as detailed below) is to utilized for Impact Aid, Sale and Lease-back, Extraordinary Aid, and Additional Nonpublic School Transportation Aid, and unbudgeted FICA Wage Freeze Grant Revenue, if applicable. Extraordinary Aid and Additional Nonpublic School Transportation Aid for 2014-15 received after June 30 is limited to the amount of revenue recognized in the audit year that was not appropriated.

**CITY OF BAYONNE SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Detail of Allowable Adjustments

Impact Aid	\$ - (H)
Sale & Lease-back	\$ - (I)
Extraordinary Aid	\$ 615,577 (J1)
Additional Nonpublic School Transportation Aid	\$ - (J2)
 Total Adjustments [(H) + (I) + (J1) + (J2)]	 \$ 615,577 (K)

** This amount represents the June 30, 2014 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree with the June 30, 2015 CAFR and Audit Summary Worksheet Line 90030.

**** Amount for Other Restricted/Reserved Fund Balance must be detailed for each source and request for approval to use amounts other than state imposed legal restrictions in the excess surplus calculation must be submitted to that Assistant to the Commissioner for Finance prior to September 30.

- (N-1) Capital reserve at June 30, 2015
- (N-2) Maintenance reserve minimum required under EFCFA
- (N-3) Tuition reserve at June 30, 2015
- (N-4) Emergency reserve at June 30, 2015
- (N-5) Waiver offset reserve at June 30, 2015

Detail of Other Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$ -
Sale/lease-back reserve	\$ -
Capital reserve	\$ -
Maintenance reserve	\$ -
Emergency reserve	\$ -
Waiver offset reserve	\$ -
Tuition reserve	\$ -
Other state/government mandated reserve	\$ -
[Other Restricted/Reserved Fund Balance not noted above]****	\$ -
 Total Other Restricted/Reserved Fund Balance	 \$ - (C4)