

**CITY OF BAYONNE SCHOOL DISTRICT
MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2023**

**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, 2023, and have issued our report thereon dated May 8, 2024.

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
May 8, 2024

Anthony Branco

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Licensed Public School Accountant
No. 2515

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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

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.

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.

Financial Planning, Accounting and Reporting (Continued)

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 noted the following exception:

Finding 2023-001 (ACFR Finding 2023-001):

The District's financial statement close process and procedures were not strictly adhered to resulting in general ledger balances that did not agree to the supporting records.

Recommendation:

Controls and procedures should be implemented to cause for the review of the recording of certain transactions to avoid the necessity of audit entries; and that procedures and reporting be performed on schedule to reduce the risk that errors may not be identified in a timely manner. It is recommended the District enhance its financial statements close process and procedures.

Financial Planning, Accounting and Reporting (Continued)

Finding 2023-002:

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.

Finding 2023-003:

One budgetary account line was over-expended during the fiscal year and at June 30 despite the Board Secretary's monthly certification to the contrary (*N.J.A.C. 6A:23A-16.10*).

Recommendation:

Approved budgetary line accounts should not be over-expended. The Board Secretary should not approve the issuance of purchase orders that would cause over-expenditure in the line account to be charged, prior to the board approving the requested transfer of additional appropriations to cover such orders.

The Board Secretary should file monthly certifications of the budgetary line item status which are consistent with the actual budgetary records.

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.

Finding 2023-004:

Due to grantor balances were not returned in a timely manner.

Recommendation:

Due to grantor balances must be returned immediately upon conclusion of the grant period.

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 2022-2023.

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*.

Finding 2023-005:

Three out of five 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.

Application for State School Aid (ASSA)

Our audit procedures included a test of information reported in the October 15, 2022 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.

Student Body Activities

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

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2022-2023 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

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.

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 school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or state support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

School Food Service (Continued)

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The B-5 does not separate program and non-program revenue and program and non-program cost of goods sold.

Finding 2023-006:

The school district did not separate program and non-program revenue and cost of goods sold.

Recommendation:

The school district should establish a system to ensure that the separation of program and non-program revenue and cost of goods sold occurs.

Finding 2023-007:

During the audit, we noted numerous items in inventory that contained costing errors.

Recommendation:

The school district should periodically review the inventory listing and compare inventory costs to the invoice amounts to ensure accuracy of the unit costs.

We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations.

Miscellaneous

Our audit procedures included a test of community education fund activities. The following exception was noted:

Finding 2023-008:

Not all cash receipts were promptly deposited (N.J.A.C. 6A:23A-16.12). It was noted during our testing that 25 out of 40 receipts tested were not deposited in a timely manner. Additionally, one of the 25 receipts were received in 2020 and not deposited until 2022.

Recommendation:

All cash receipts should be promptly deposited.

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:

Facilities and Capital Assets (Continued)

Finding 2023-009:

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. 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).

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. All prior year findings have been corrected with the exception of findings 2022-001 and 2022-003 which are repeated as findings 2023-008 and 2023-009, 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



Anthony Branco, CPA
Licensed Public School Accountant
No. 2515

SCHEDULE OF AUDITED ENROLLMENTS

**CITY OF BAYONNE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2022**

	2022-2023 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	519.0		519.0					16.0		16.0						
Full Day Kindergarten	610.0		610.0					19.0		19.0						
One	649.0		649.0					20.0		20.0						
Two	663.0		663.0					21.0		21.0						
Three	611.0		611.0					19.0		19.0						
Four	655.0		655.0					21.0		21.0						
Five	622.0		622.0					21.0		21.0						
Six	628.0		628.0					20.0		20.0						
Seven	598.0		598.0					19.0		19.0						
Eight	700.0		700.0					22.0		22.0						
Nine	619.0	33.0	619.0	33.0				20.0	1.0	20.0	1.0					
Ten	526.0	84.0	526.0	84.0				17.0	3.0	17.0	3.0					
Eleven	475.0	47.0	475.0	47.0				15.0	2.0	15.0	2.0					
Twelve	447.0	81.0	447.0	81.0				14.0	3.0	14.0	3.0					
Subtotals	8,322.0	245.0	8,322.0	245.0				264.0	9.0	264.0	9.0					
Special Ed - Elementary	613.0		613.0					20.0		20.0			14.0	11.0	11.0	
Special Ed - Middle School	377.0		377.0					12.0		12.0			11.0	11.0	11.0	
Special Ed - High School Sent to CSSD	345.0	110.0	345.0	110.0				11.0	2.0	11.0	2.0		20.0	17.0	17.0	
Subtotals	1,335.0	110.0	1,335.0	110.0				43.0	2.0	43.0	2.0		45.0	39.0	39.0	
Totals	9,657.0	355.0	9,657.0	355.0				307.0	11.0	307.0	11.0		45.0	39.0	39.0	
Percentage Error																

SCHEDULE OF AUDITED ENROLLMENTS

**CITY OF BAYONNE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2022**

	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	280.0	280.0		15.0	15.0							
Full Day Kindergarten	342.0	342.0		19.0	19.0		22.0	22.0		7.0	7.0	
One	392.0	392.0		20.0	20.0		24.0	24.0		8.0	8.0	
Two	414.0	414.0		22.0	22.0		32.0	32.0		10.0	10.0	
Three	372.0	372.0		20.0	20.0		32.0	32.0		11.0	11.0	
Four	370.0	370.0		20.0	20.0		29.0	29.0		10.0	10.0	
Five	360.0	360.0		19.0	19.0		22.0	22.0		7.0	7.0	
Six	372.0	372.0		20.0	20.0		27.0	27.0		9.0	9.0	
Seven	324.0	324.0		18.0	18.0		21.0	21.0		7.0	7.0	
Eight	388.0	388.0		21.0	21.0		24.0	24.0		8.0	8.0	
Nine	378.0	378.0		21.0	21.0		28.0	28.0		9.0	9.0	
Ten	313.0	313.0		17.0	17.0		27.0	27.0		9.0	9.0	
Eleven	264.5	264.5		15.0	15.0		13.0	13.0		5.0	5.0	
Twelve	263.0	263.0		17.0	17.0		10.0	10.0		4.0	4.0	
Subtotals	4,832.5	4,832.5		264.0	264.0		311.0	311.0		104.0	104.0	
Special Ed - Elementary	427.0	427.0		21.0	21.0		7.0	7.0		3.0	3.0	
Special Ed - Middle	250.0	250.0		15.0	15.0		7.0	7.0		2.0	2.0	
Special Ed - High	252.0	252.0		12.0	12.0							
Subtotals	929.0	929.0		48.0	48.0		14.0	14.0		5.0	5.0	
Totals	5,761.5	5,761.5		312.0	312.0		325.0	325.0		109.0	109.0	
Percentage Error												

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public School	5	5		2	2	
Regular Special Education	512	512		165	165	
Aid in Lieu- Charter School	28	28		9	9	
Special Transportation Needs	29	29		10	10	
Out of District- No Spec. Trans. Needs	27	27		9	9	
Courtesy	5	5		2	2	
Totals	606	606		197	197	
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)	19.1	19.1
Courtesy Students' Mileage (Part C)	0.9	0.9

SCHEDULE OF AUDITED ENROLLMENTS

**CITY OF BAYONNE SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2022**

	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	12.0	12.0		2.0	2.0	
One	20.0	20.0		7.0	7.0	
Two	28.0	28.0		10.0	10.0	
Three	17.0	17.0		6.0	6.0	
Four	20.0	20.0		7.0	7.0	
Five	23.0	23.0		8.0	8.0	
Six	22.0	22.0		7.0	7.0	
Seven	18.0	18.0		6.0	6.0	
Eight	26.0	26.0		9.0	9.0	
Nine	33.0	33.0		12.0	12.0	
Ten	27.0	27.0		9.0	9.0	
Eleven	4.0	4.0		1.0	1.0	
Twelve	9.0	9.0		3.0	3.0	
Subtotals	259.0	259.0		87.0	87.0	
Special Ed-Elementary	4.0	4.0		1.0	1.0	
Special Ed - Middle School	1.0	1.0				
Special Ed - High School						
Subtotals	5.0	5.0		1.0	1.0	
C. Voc. - Regular						
C. Voc. Ft. Post Sec.						
Totals	<u>264.0</u>	<u>264.0</u>		<u>88.0</u>	<u>88.0</u>	
Percentage Error						

EXCESS SURPLUS CALCULATION

SECTION 1 - REGULAR DISTRICT

A. 2% Calculation of Excess Surplus

2022-23 Total General Fund Expenditures per the ACFR "C-1"	\$ <u>204,342,868</u>	(B)
Increased by Applicable Operating Transfers:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____	(B1a)
Transfer from Capital Reserve to Capital Projects Fund	\$ _____	(B1b)
Transfer from General Fund to SRF for Pre-K Regular	\$ <u>349,656</u>	(B1c)
Transfer from General Fund to SRF for Pre-K Inclusion	\$ _____	(B1d)
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>38,586,769</u>	(B2a)
Assets Acquired Under Capital Leases	\$ _____	(B2b)
Adjusted 2022-23 General Fund Expenditures [(B)+(B1s)-B2s]	<u>166,105,755</u>	(B3)
2% of Adjusted 2022-23 General Fund Expenditures [(B3) times .02]	\$ <u>3,322,115</u>	(B4)
Enter Greater of (B4) or \$250,000	\$ <u>3,322,115</u>	(B5)
Increased by: Allowable Adjustment*	\$ <u>31,064</u>	(K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$	<u><u>3,353,179</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6/30/23 (Per ACFR Budgetary Comparison schedule/statement)	\$ <u>19,395,121</u>	(C)
Decreased by:		
Reserve for Encumbrances	\$ <u>900,918</u>	(C1)
Legally Restricted -Designated for Subsequent Year's Expenditures	\$ _____	(C2)
Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>4,136,562</u>	(C3)
Other Reserved Fund Balances****	\$ <u>2,995,361</u>	(C4)
Assigned Unreserved Fund Balance - Designated for Subsequent Year's Expenditures	\$ <u>2,871,426</u>	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$	<u><u>8,490,854</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, 2023</u>	\$	<u>5,137,675</u> (E)
Reserved Excess Surplus-Designated for Subsequent Year's Expenditures**	\$	<u>4,136,562</u> (C3)
Reserved Excess Surplus***(E)	\$	<u>5,137,675</u> (E)
Total Excess Surplus [(C3) +(E)]	\$	<u><u>9,274,237</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) Supplemental Stabilization Aid received April 2023 & Maintenance of Equity Aid received July 2023

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>31,064</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>31,064</u>	(K)

** This amount represents the June 30, 2022 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree to the June 30, 2023 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>98,188</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>2,995,361</u> (C4)

CITY OF BAYONNE SCHOOL DISTRICT
AUDIT RECOMMENDATIONS SUMMARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Recommendations:

1. Administrative Practices and Procedures
None

2. Financial Planning, Accounting and Reporting
2023-001 (ACFR Finding 2023-001) Controls and procedures should be implemented to cause for the review of the recording of certain transactions to avoid the necessity of audit entries; and that procedures and reporting be performed on schedule to reduce the risk that errors may not be identified in a timely manner. It is recommended the District enhance its financial statements close process and procedures.
2023-002 The original budget included in the District's revenue and expenditures report for the Special Revenue Fund be in agreement with the adopted budget.
2023-003 Approved budgetary line accounts should not be over-expended. The Board Secretary should not approve the issuance of purchase orders that would cause over-expenditure in the line account to be charged, prior to the board approving the requested transfer of additional appropriations to cover such orders. The Board Secretary should file monthly certifications of the budgetary line item status which are consistent with the actual budgetary records.
2023-004 Due to grantor balances must be returned immediately upon conclusion of the grant period.

3. School Purchasing Programs
2023-005 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
2023-006 The school district should establish a system to ensure that the separation of program and non-program revenue and cost of goods sold occurs.
2023-007 The school district should periodically review the inventory listing and compare inventory costs to the invoice amounts to ensure accuracy of the unit costs.

5. Student Body Activities
None

6. Application for State School Aid
None

7. Pupil Transportation
None

8. Miscellaneous
2023-008 All cash receipts should be promptly deposited.

9. Facilities and Capital Assets
2023-009 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's recommendations. All prior year findings have been corrected with the exception of findings 2022-001 and 2022-003 which are repeated as findings 2023-008 and 2023-009, respectively.