

CITY OF UNION CITY SCHOOL DISTRICT

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

JUNE 30, 2016

CITY OF UNION CITY 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 Union City 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 Union City School District in the County of Hudson for the year ended June 30, 2016, and have issued our report thereon dated December 2, 2016.

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 Union City 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


FREDERICK J. TOMKINS
Certified Public Accountant
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Bayonne, New Jersey
December 2, 2016

**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 Moneys, the activities of the Board of Education, and the records of the Athletic Fund, The Student Activity Fund, Food Service Fund and Special Revenue Fund 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>
Anthony Dragona	School Business Administrator/ Board Secretary/ Custodian of School Moneys	\$750,000

The Board also has an errors and omissions policy with the New Jersey School Boards Association Insurance Group with coverage of \$6,000,000 total for all fees and claims.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

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.

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.

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Payroll Account (Continued)

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

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.

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

Finding: Travel expenditures were charged to various program appropriation accounts.

Recommendation: As per the mandated District travel policy, travel expenditures are to only be charged to a travel appropriation account.

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 no exceptions.

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

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 no areas of noncompliance.

Finding: The District did not reconcile special revenue fund expenditures to Final Reports submitted for federal and state grants in a timely manner.

Recommendation: The District should timely reconcile special revenue fund expenditures to Final Reports submitted for federal and state grants in a timely manner to ensure accuracy of reports.

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.

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

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

Finding: The T.P.A.F. reimbursement to the State for the amount of the expenditures charged to the current year's Final Report 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 subsequent to the end of the 60 day grant liquidation period required by the Office of Grants Management and also subsequent to the 90 days required by *N.J.S.A. 18A:66-90*. Accordingly, the expenditure was not in accordance with State law (90 days).

Recommendation: The district should adopt internal control procedures designed to ensure that reimbursement(s) of TPAF/FICA paid by the State on-behalf of TPAF employees charged to federal grants are properly reported in the current year's Final Report(s) for all federal awards and are encouraged to remit payment within the 60 day grant liquidation period and/or certainly within the statutory 90 day liquidation period.

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 \$40,000 with a Qualified Purchasing Agent (QPA) and \$29,000 without a QPA, respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is currently \$18,800 for 2015-16.

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.

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

SCHOOL PURCHASING PROGRAMS (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Based on the results of our examination, 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 provision of *N.J.S.A. 18A:18A-4*, amended, except for the following:

Finding: There were instances where aggregate expenditures for vendors were not monitored timely as they exceeded the statutory threshold for bids.

Recommendation: Aggregate expenditures for vendors should be monitored timely as they exceed the statutory threshold for bids.

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.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A. 18a:17-34*, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will break even. The operating results provision has been met.\

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.

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. The records of the management company included time sheets for its employees who work at the various schools. No exceptions were noted.

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

SCHOOL FOOD SERVICE (Continued)

In the fiscal year 2016 the District has exercised its option to utilize Community Eligibility, where all students are eligible for free breakfast and lunch. 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.

As a result of utilizing the Community Eligibility, there was no required verification procedures for free and reduced price applications.

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

During our review 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, 2015, 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 2015-16 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.

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

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. No exceptions were noted.

FOLLOW-UP ON PRIOR YEAR FINDINGS

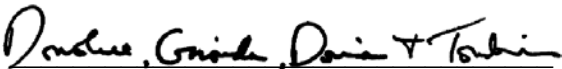
In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings with the exception of the following, which are repeated in this year's recommendations:

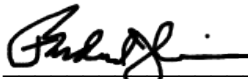
- The T.P.A.F. reimbursement to the State for the amount of the expenditures charged to the current year's Final Report for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made subsequent to the end of the 60 day grant liquidation period required by the Office of Grants Management and also subsequent to the 90 days required by *N.J.S.A. 18A:66-90*. Accordingly, the expenditure was not in accordance with State law (90 days).

- Travel expenditures were charged to various program appropriation accounts.

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


FREDERICK J. TOMKINS
Certified Public Accountant
Public School Accountant
License No. CS 00680

Bayonne, New Jersey
December 2, 2016

CITY OF UNION CITY 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, 2016

<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	170,893	53,036	53,036	-	0.310	\$ -
	Free	<u>1,554,026</u>	<u>491,800</u>	<u>491,800</u>	<u>-</u>	3.090	<u>-</u>
	Total	<u><u>1,724,919</u></u>	<u><u>544,836</u></u>	<u><u>544,836</u></u>	<u><u>-</u></u>		<u><u>\$ -</u></u>
National School Lunch	HHFKA - PB Lunch Only	<u>1,724,919</u>	<u>544,836</u>	<u>544,836</u>	<u>-</u>	0.06	<u>-</u>
School Breakfast (Severe Needs Rate)	Paid	137,697	42,455	42,455	-	0.290	\$ -
	Free	<u>1,276,002</u>	<u>393,472</u>	<u>393,472</u>	<u>-</u>	1.990	<u>-</u>
School Breakfast (Regular Rate)	Paid	2,910	1,101	1,101		0.290	
	Free	<u>27,020</u>	<u>10,198</u>	<u>10,198</u>	<u>-</u>	1.660	<u>-</u>
	Total	<u><u>1,443,629</u></u>	<u><u>447,226</u></u>	<u><u>447,226</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 UNION CITY 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, 2016

<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	Paid	170,893	53,036	53,036	-	0.040	\$ -
	Free	<u>1,554,026</u>	<u>491,800</u>	<u>491,800</u>	<u>-</u>	0.055	<u>-</u>
	Total	<u><u>1,724,919</u></u>	<u><u>544,836</u></u>	<u><u>544,836</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 UNION CITY SCHOOL DISTRICT
NET CASH RESOURCE SCHEDULE**

**Net cash resourced did not exceed three months of expenditures
Proprietary Fund - Food Service
for the Fiscal Year Ended June 30, 2016**

		<u>Food Service Exhibits B-4/5</u>
NET CASH RESOURCES:		
CAFR	Current Assets*	
B-4	Cash and cash equivalents	\$ 56,786
B-4	Accounts receivable	1,649,293
B-4	Inventory	138,519
CAFR	Current Liabilities	
B-4	Interfund payable	(218,225)
B-4	Accounts payable	<u>(1,788,063)</u>
NET CASH RESOURCES		<u>\$ (161,690) (A)</u>
 NET ADJUSTED TOTAL OPERATING EXPENSE:		
CAFR		
B-5	Total Operating Expenses	8,642,583
B-5	Less Depreciation	<u>(110,528)</u>
NET ADJUSTED TOTAL OPERATING EXPENSE		<u>\$ 8,532,055 (B)</u>
 AVERAGE MONTHLY OPERATING EXPENSE:		
	Monthly Average	<u>\$ 853,206 (C)</u>
AVERAGE MONTHLY OPERATING EXPENSE		<u>\$ 2,559,618 (D)</u>

TOTAL IN BOX A	\$ (161,690)
LESS TOTAL IN BOX D	<u>(2,559,618)</u>
NET	<u>\$ (2,721,308)</u>

From above:

A is greater than D, cash exceeds 3 times average monthly operating expenses.

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

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

SOURCE: USDA resource management comprehensive review form.

CITY OF UNION CITY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

SCHEDULE OF AUDITED ENROLLMENTS

	2016-2017 Application for State School Aid						Sample of 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 Regulators		Errors per Regulators		Reported on A.S.S.A. as Schools		Sample Verification		Sample Errors		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	
Full Day Preschool	339	-	339	-	-	-	36	-	36	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	944	-	944	-	-	-	22	-	22	-	-	-	-	-	-	-	-	-	-
One	997	-	997	-	-	-	29	-	29	-	-	-	-	-	-	-	-	-	-
Two	893	-	893	-	-	-	19	-	19	-	-	-	-	-	-	-	-	-	-
Three	925	-	925	-	-	-	24	-	24	-	-	-	-	-	-	-	-	-	-
Four	830	-	830	-	-	-	25	-	25	-	-	-	-	-	-	-	-	-	-
Five	812	-	812	-	-	-	22	-	22	-	-	-	-	-	-	-	-	-	-
Six	774	-	774	-	-	-	17	-	17	-	-	-	-	-	-	-	-	-	-
Seven	698	-	698	-	-	-	16	-	16	-	-	-	-	-	-	-	-	-	-
Eight	723	-	723	-	-	-	19	-	19	-	-	-	-	-	-	-	-	-	-
Nine	815	-	815	-	-	-	18	-	18	-	-	-	-	-	-	-	-	-	-
Ten	760	-	760	-	-	-	18	-	18	-	-	-	-	-	-	-	-	-	-
Eleven	699	-	699	-	-	-	21	-	21	-	-	-	-	-	-	-	-	-	-
Admitted (15+ Credits)	697	-	697	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-
Subtotal	11,072	12	11,072	12	-	-	300	-	300	-	-	-	-	-	-	-	-	-	-
Special Education-Elementary	422	-	422	-	-	-	14	-	14	-	-	-	-	-	25	-	25	-	-
Special Education-Middle	302	-	302	-	-	-	13	-	13	-	-	-	-	17	10	10	10	-	-
Special Education-Highschool	446	-	446	-	-	-	11	-	11	-	-	-	-	30	20	20	20	-	-
Subtotal	1,170	-	1,170	-	-	-	38	-	38	-	-	-	-	87	55	55	55	-	-
TOTALS	12,242	12	12,242	12	-	-	338	-	338	-	-	-	-	87	55	55	55	-	0.00%

CITY OF UNION CITY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015

SCHEDULE OF AUDITED ENROLLMENTS

	Resident 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 Kindergarten												
One	889	889	-	49	49	-	584	584	-	22	22	-
Two	923	923	-	31	31	-	446	446	-	27	27	-
Three	824	824	-	19	19	-	359	359	-	24	24	-
Four	852	852	-	22	22	-	382	382	-	11	11	-
Five	757	757	-	24	24	-	103	103	-	18	18	-
Six	763	763	-	18	18	-	70	70	-	17	17	-
Seven	724	724	-	16	16	-	59	59	-	19	19	-
Eight	661	661	-	22	22	-	69	69	-	21	21	-
Nine	674	674	-	23	23	-	87	87	-	17	17	-
Ten	761	761	-	22	22	-	131	131	-	16	16	-
Eleven	688	688	-	19	19	-	150	150	-	17	17	-
Twelve	626	626	-	20	20	-	131	131	-	16	16	-
Subtotal	9,759	9,759	-	302	302	-	2,662	2,662	-	239	239	-
Special Education-Elementary	433	433	-	15	15	-	38	38	-	22	22	-
Special Education-Middle	301	301	-	15	15	-	8	8	-	7	7	-
Special Education-Highschool	442	442	-	15	15	-	10	10	-	8	8	-
Subtotal	1,176	1,176	-	45	45	-	56	56	-	37	37	-
TOTALS	10,935	10,935	0.00%	347	347	0.00%	2,718	2,718	0.00%	296	296	0.00%
Transportation												
	Reported on DKTRS by DOE/County	Reported on DKTRS by District	Errors	Tested	Verified	Errors						
Reg.-Public Schools	14	14	-	10	10	-						
Reg.- Special Education	192	192	-	112	112	-						
Special Ed. Spec Trans.	123	123	-	59	59	-						
Courtesy Student	32	32	-	-	-	-						
TOTALS	361	361	0.00%	181	181	0.00%						
							Reported	Reported				
							n/a	n/a				
							1.3	1.3				
							9.0	9.0				
							Recalculated	Recalculated				
							n/a	n/a				

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

**CITY OF UNION CITY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2015**

SCHEDULE OF AUDITED ENROLLMENTS

	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	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool	-	-	-	-	-
Full Day Kindergarten	16	16	8	8	-
One	11	11	8	8	-
Two	15	15	10	10	-
Three	10	10	5	5	-
Four	2	2	2	2	-
Five	1	1	-	-	-
Six	2	2	-	-	-
Seven	-	-	-	-	-
Eight	2	2	-	-	-
Nine	4	4	3	3	-
Ten	3	3	1	1	-
Eleven	4	4	3	3	-
Twelfth	6	6	2	2	-
Subtotal	76	76	42	42	-
Special Education-Elementary	-	-	-	-	-
Special Education-Middle	-	-	-	-	-
Special Education-Highschool	1	1	1	1	-
Subtotal	1	1	1	1	-
TOTALS	77	77	43	43	-
					0.00%

**CITY OF UNION CITY SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SECTION 1

Calculation A: 2 Percent Excess Surplus

All districts required to use school-based budgeting are required to complete this calculation using 2 percent on line A10.

2015-16 Total General Fund Expenditures per the CAFR, Exhibit C-1	<u>\$ 214,752,335</u> (A)
Increased by Applicable Operating Transfers:	
Transfer from Capital Outlay to Capital Projects	- (A1a)
Transfer from Reserve to Capital Projects	<u>29,000,000</u> (A1a)
Transfer from G/F to SRF for Preschool - Regular	- (A1a)
Transfer from G/F to SRF for Preschool - Inclusion	<u>426,372</u> (A1a)
Less:	
Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	<u>(4,574,713)</u> (A1b)
2015-16 Adjusted General Fund & Other State Expenditures [(A) - (A1)-(A1b)]	<u>\$ 239,603,994</u> (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>\$ (17,673,874)</u> (A3)
Assets Acquired Under Capital Leases:	
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	<u>\$ (3,454,891)</u> (A4)
Add:	
General Fund & State Resources Portion of Fund 15	
Assets Acquired Under Capital Leases:	
Assets Acquired Under Capital Leases in Fund 15 reported on Exhibit C-1a	<u>-</u> (A5)
Combined General Fund Contribution & State Resources % of Fund 15 Resources Reported on Exhibit D-2	<u>95.77%</u> (A6)
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5) x (A6)]	<u>-</u> (A7)
Total Assets Acquired Under Capital Leases [(A4) + (A7)]	<u>(3,454,891)</u> (A8)
2015-16 General Fund Expenditures [(A2) - (A3) - (A8)]	<u>\$ 218,475,229</u> (A9)
2% of Adjusted 2014-2015 General Fund Expenditures [(A9) x 2%]	<u>\$ 4,369,505</u> (A10)
Enter Greater of (A10) or \$250,000	<u>4,369,505</u> (A11)
Increased by: Allowable Adjustment*	<u>263,537</u> (K)
Maximum Unassigned Fund Balance [(A11) + (K)]	<u>\$ 4,633,042</u> (M)

SECTION 2

Total General Fund - Fund Balances at June 30, 2016	<u>\$ 83,750,760</u> (C)
Decreased by:	
Year-end Encumbrances	<u>(7,009,600)</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>(32,546,137)</u> (C3)
Other Restricted Fund Balances****	<u>(15,997,704)</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	<u>-</u> (C5)
Total Unassigned Fund Balance [(C) - (C1) - (C2) - (C3) - (C4) - (C5)]	<u>\$ 28,197,319</u> (U)

SECTION 3

**CITY OF UNION CITY SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Restricted Fund Balance - Excess Surplus***[(U) - (M)] IF NEGATIVE ENTER -0- \$ 23,564,277 (E)

Summary:

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ 32,546,137 (C3)
Restricted Excess Surplus***[(E)]	23,564,277 (E)

Total [(C3) + (E)] \$ 56,110,414 (D)

* This adjustment line (line (K) as detailed below) is to utilized for Impact Aid, Sale and Lease-back, Extraordinary Aid, Additional Nonpublic School Transportation Aid, and unbudgeted FICA Wage Freeze Grant Revenue, if applicable. Extraordinary Aid and Additional Nonpublic School Transportation Aid for 2015-16 received after June 30 is limited to the amount of revenue recognized in the audit year that was not appropriated.

Detail of Allowable Adjustments

Impact Aid	\$ - (H)
Sale & Lease-back	- (I)
Extraordinary Aid	263,537 (J1)
Additional Nonpublic School Transportation Aid	- (J2)
Current Year School Bus Advertising Revenue Recognized	- (J3)
Family Crisis Transportation Aid	- (J4)
 Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	 \$ 263,537 (K)

** This amount represents the June 30, 2015 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** See (E) above. The amount entered must agree with the June 30, 2016 CAFR and Audit Summary Worksheet Line 90030.

**** Amount for Other Restricted 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, 2016
- (N-2) Maintenance reserve minimum required under EFCFA
- (N-3) Tuition reserve at June 30, 2016
- (N-4) Emergency reserve at June 30, 2016
- (N-5) School bus fuel offset reserve – current year - June 30, 2016
- (N-6) School bus fuel offset reserve – prior year - June 30, 2016
- (N-7) Impact Aid general fund reserve at June 30, 2016
- (N-8) Impact Aid capital fund reserve at June 30, 2016

Detail of Other Restricted/Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	-
Sale/lease-back reserve	-
Capital reserve (N-1)	8,997,704
Maintenance reserve (N-2)	4,000,000
Tuition reserve (N-3)	-
Emergency reserve (N-4)	-
School Bus Advertising 50% Fuel Offset Reserve - current year (N-5)	-
School Bus Advertising 50% Fuel Offset Reserve - prior year (N-6)	-
Impact Aid General Fund Reserve (Section 8002 and 8003) (N-7)	-
Impact Aid Capital Fund Reserve (Section 8007 and 8008) (N-8)	-

[Other Restricted/Reserved Fund Balance not noted above]****

Capital reserve - reserved for local share of 2016-2017 district budget	3,000,000
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Total Other Restricted/Reserved Fund Balance \$ 15,997,704 (C4)