

CITY OF UNION CITY SCHOOL DISTRICT

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

JUNE 30, 2018

CITY OF UNION CITY SCHOOL DISTRICT

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

TABLE OF CONTENTS

	PAGE NO.
Report of Independent Auditor's	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Account	2 - 3
Reserve for Encumbrances and Accounts Payable	3
Travel	3
Classification of Expenditures	
General Classifications	3
Administrative Classifications	3
Board Secretary's Records/Business Administrator	3
Elementary and Secondary Education Act (E.S.E.A.) as amended by Every Student Succeeds Act (ESSA)	4
Other Special Federal and/or State Projects	4 - 5
T.P.A.F. Reimbursement	5
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures	5
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	6
School Food Service	6
Student Body Activities	6
Application for State School Aid	7
Pupil Transportation	7
Facilities and Capital Assets	7
Testing for Lead of All Drinking Water in Educational Facilities	7
Follow-up on Prior Year Findings	8
Acknowledgment	8
Schedule of Audited Enrollments	9 - 11
Excess Surplus Calculation	12 - 13
Audit Recommendations	14 - 15

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

Robert A. Gironda, CPA
Robert G. Doria, CPA (N.J. & N.Y.)
Frederick J. Tomkins, CPA, RMA
Matthew A. Donohue, CPA

310 Broadway
Bayonne, NJ 07002
(201) 437-9000
Fax: (201) 437-1432
E-Mail: dgd@dgdcpas.com

Linda P. Kish, CPA, RMA
Mark W. Bednarz, CPA, RMA
Jason R. Gironda, CPA
Mauricio Canto, CPA, RMA

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, 2018, and have issued our report thereon dated February 28, 2019.

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
Certified Public Accountants



MAURICIO CANTO
Certified Public Accountant
Licensed Public School Accountant
No. 2541

Bayonne, New Jersey
February 28, 2019

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

SCOPE OF AUDIT

The audit covered the financial transactions of the Board Secretary/School Business Administrator, 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.

**INDEPENDENT AUDITOR'S MANAGEMENT REPORT OF
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, 2018 for proper classification of orders as reserve for encumbrances and accounts payable. No discrepancies were noted.

Travel

No exceptions 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

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 no exceptions.

**INDEPENDENT AUDITOR’S MANAGEMENT REPORT OF
ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

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 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 and reauthorized.

The study of compliance for E.S.E.A. indicated the following areas of noncompliance and/or questionable costs.

Finding 2018-001:

Financial reporting for ESEA schoolwide expenditures is not reflecting adjustments at year end for the allocation of schoolwide surplus/carryover to respective funding sources.

Recommendation:

Financial reporting for ESEA schoolwide expenditures be adjusted to reflect adjustments at year end for the allocation of schoolwide program surplus/carryover to respective funding sources.

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:

Finding 2018-002 (CAFR Finding 2018-001):

Adult Education and Literacy Act – Title II financial reporting used for reimbursement requests does not agree with the accounting records in the District’s financial management system.

Recommendation:

Adult Education and Literacy Act – Title II financial reporting used for reimbursement requests be derived from accounting records that support the audited financial statements and the schedule of expenditures of federal awards

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

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Other Special Federal and/or State Projects (Continued)

Finding 2018-003 (CAFR Finding 2018-002):

Separate accounting and reporting was not in the District's financial management system for IEP for Life program expenditures during the year ended June 30, 2017.

Recommendation:

Separate accounting for IEP for Life be setup in the District's financial management system at program commencement.

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 for all federal awards for the District to reimburse the State for the TPAF/FICA payment made by the State on-behalf of the 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, but prior to the 90 days required by *N.J.S.A. 18A:66-90*. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report for all federal awards.

**INDEPENDENT AUDITOR’S MANAGEMENT REPORT OF
ADMINISTRATIVE FINDINGS –
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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: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 \$19,000 for 2017-18.

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.

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

SCHOOL FOOD SERVICES

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.

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

The Statement of Revenues, Expenses, and Changes in Fund Net Position (CAFR 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 the section entitled Enterprise Funds, Section G, of the CAFR.

STUDENT BODY ACTIVITIES

During our review of the Student Activity funds no exceptions were noted.

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

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 13, 2017, 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 2017-18 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. No exceptions were noted.

TESTING FOR LEAD OF ALL DRINKING WATER IN EDUCATIONAL FACILITIES

The 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.

Finding 2018-004:

The District did not submit the annual Statement of Assurance of testing for lead of all drinking water in educational facilities to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

Recommendation:

The District submit the annual Statement of Assurance of testing for lead of all drinking water in educational facilities to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g).

**INDEPENDENT AUDITOR'S MANAGEMENT REPORT OF
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 including findings. Corrective action had been taken on all prior year findings.

ACKNOWLEDGMENT

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

Donohue, Gironde, Doria & Tomkins LLC

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants



MAURICIO CANTO
Certified Public Accountant
Licensed Public School Accountant
No. 2541

Bayonne, New Jersey
February 28, 2019

CITY OF UNION CITY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

SCHEDULE OF AUDITED ENROLLMENTS

	2018-2019 Application for State School Aid						Sample of Verification						Private Schools for Disabled						
	Reported on A.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Regians		Errors per Regians		Reported on A.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	363	-	363	-	-	-	47	-	47	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	907	-	907	-	-	-	51	-	51	-	-	-	-	-	-	-	-	-	-
One	990	-	990	-	-	-	49	-	49	-	-	-	-	-	-	-	-	-	-
Two	903	-	903	-	-	-	38	-	38	-	-	-	-	-	-	-	-	-	-
Three	867	-	867	-	-	-	48	-	48	-	-	-	-	-	-	-	-	-	-
Four	853	-	853	-	-	-	120	-	120	-	-	-	-	-	-	-	-	-	-
Five	869	-	869	-	-	-	46	-	46	-	-	-	-	-	-	-	-	-	-
Six	779	-	779	-	-	-	83	-	83	-	-	-	-	-	-	-	-	-	-
Seven	791	-	791	-	-	-	39	-	39	-	-	-	-	-	-	-	-	-	-
Eight	782	-	782	-	-	-	47	-	47	-	-	-	-	-	-	-	-	-	-
Nine	788	-	788	-	-	-	29	-	29	-	-	-	-	-	-	-	-	-	-
Ten	817	-	817	-	-	-	37	-	37	-	-	-	-	-	-	-	-	-	-
Eleven	817	-	817	-	-	-	32	-	32	-	-	-	-	-	-	-	-	-	-
Admitted	693	-	693	-	-	-	24	-	24	-	-	-	-	-	-	-	-	-	-
Admitted HS (15+ Credits)	84	-	84	-	-	-	15	-	15	-	-	-	-	-	-	-	-	-	-
Subtotal	11,263	-	11,263	-	-	-	715	-	715	-	-	-	-	-	-	-	-	-	-
Special Education-Elementary	374	-	374	-	-	-	30	-	30	-	-	-	32	-	28	-	28	-	-
Special Education-Middle	286	-	286	-	-	-	20	-	20	-	-	-	22	-	18	-	18	-	-
Special Education-Highschool	452	-	452	-	-	-	81	-	81	-	-	-	31	-	19	-	19	-	-
Subtotal	1,112	-	1,112	-	-	-	131	-	131	-	-	-	85	-	65	-	65	-	-
TOTALS	12,375	-	12,375	-	-	-	846	-	846	-	-	-	85	-	65	-	65	-	0.00%

CITY OF UNION CITY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

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	825	825	-	43	43	-	503	503	-	20	20	-
Two	871	871	-	35	35	-	481	481	-	33	33	-
Three	820	820	-	21	21	-	436	436	-	20	20	-
Four	782	782	-	22	22	-	330	330	-	38	38	-
Five	772	772	-	24	24	-	234	234	-	15	15	-
Six	781	781	-	17	17	-	110	110	-	16	16	-
Seven	695	695	-	15	15	-	74	74	-	20	20	-
Eight	730	730	-	21	21	-	96	96	-	24	24	-
Nine	721	721	-	32	32	-	93	93	-	20	20	-
Ten	719	719	-	25	25	-	127	127	-	20	20	-
Eleven	710	710	-	20	20	-	168	168	-	18	18	-
Twelve	655	655	-	31	31	-	126	126	-	14	14	-
Subtotal	883	883	-	322	322	-	2,827	2,827	-	291	291	-
	9,667	9,667	-			-			-			-
Special Education-Elementary	373	373	-	15	15	-	44	44	-	17	17	-
Special Education-Middle	286	286	-	15	15	-	4	4	-	2	2	-
Special Education-Highschool	429	429	-	15	15	-	9	9	-	5	5	-
Subtotal	1,088	1,088	-	45	45	-	57	57	-	24	24	-
TOTALS	10,755	10,755	0.00%	866	866	0.00%	2,914	2,914	0.00%	315	315	0.00%
Transportation												
	Reported on DOKS/County	Reported on DOKS by District	Errors	Tested	Verified	Errors						
Reg.-Public Schools	6	6	-	6	6	-						
Reg.- Special Education	206	206	-	128	128	-						
Special Ed. Spec Trans.	106	106	-	68	68	-						
Courtesy Student	45	45	-	202	202	-						
TOTALS	363	363	0.00%	202	202	0.00%						
							Reported	Reported				
							n/a	n/a				
							1.2	1.2				
							9.5	9.5				
							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 13, 2017**

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
Full Day Kindergarten	28	28	8	8	-
One	24	24	7	7	-
Two	7	7	6	6	-
Three	4	4	4	4	-
Four	7	7	2	2	-
Five	4	4	1	1	-
Six	2	2	2	2	-
Seven	4	4	1	1	-
Eight	1	1	2	2	-
Nine	9	9	9	9	-
Ten	15	15	3	3	-
Eleven	15	15	2	2	-
Twelfth	6	6	4	4	-
Subtotal	126	126	51	51	-
Special Education-Elementary	2	2	1	1	-
Special Education-Middle	-	-	-	-	-
Special Education-Highschool	-	-	-	-	-
Subtotal	2	2	1	1	-
TOTALS	128	128	52	52	-
					0.00%

**CITY OF UNION CITY SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

2017-18 Total General Fund Expenditures per the CAFR, Exhibit C-1	<u>\$ 233,964,386</u> (A)
Increased by Applicable Operating Transfers:	
Transfer from Capital Outlay to Capital Projects	<u>8,850,000</u> (A1a)
Transfer from Reserve to Capital Projects	<u>2,301,000</u> (A1a)
Transfer from G/F to SRF for Preschool - Regular	<u>-</u> (A1a)
Transfer from G/F to SRF for Preschool - Inclusion	<u>595,080</u> (A1a)
Less:	
Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	<u>(5,305,890)</u> (A1b)
2017-18 Adjusted General Fund & Other State Expenditures [(A) - (A1)-(A1b)]	<u>\$ 240,404,576</u> (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>\$ (24,670,043)</u> (A3)
Assets Acquired Under Capital Leases:	
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	<u>\$ (550,516)</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>95.66%</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>(550,516)</u> (A8)
2018-18 General Fund Expenditures [(A2) - (A3) - (A8)]	<u>\$ 215,184,017</u> (A9)
2% of Adjusted 2016-2017 General Fund Expenditures [(A9) x 2%]	<u>\$ 4,303,680</u> (A10)
Enter Greater of (A10) or \$250,000	<u>4,303,680</u> (A11)
Increased by: Allowable Adjustment*	<u>1,753,149</u> (K)
Maximum Unassigned Fund Balance [(A11) + (K)]	<u>\$ 6,056,829</u> (M)

SECTION 2

Total General Fund - Fund Balances at June 30, 2018	<u>\$ 67,806,915</u> (C)
Decreased by:	
Year-end Encumbrances	<u>(11,903,454)</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>(32,753,235)</u> (C3)
Other Restricted Fund Balances****	<u>(1,696,704)</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	<u>-</u> (C5)
Total Unassigned Fund Balance [(C) - (C1) - (C2) - (C3) - (C4) - (C5)]	<u>\$ 21,453,522</u> (U)

**CITY OF UNION CITY SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U) - (M)] IF NEGATIVE ENTER -0- \$ 15,396,693 (E)

Summary:

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures** \$ 32,753,235 (C3)
 Restricted Excess Surplus***[(E)] 15,396,693 (E)

Total [(C3) + (E)] \$ 48,149,928 (D)

* This adjustment line (line (K) as detailed below) is to be 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 2017-18 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	-
Extraordinary Aid	1,753,149 (J1)
Additional Nonpublic School Transportation Aid	-
Current Year School Bus Advertising Revenue Recognized	-
Family Crisis Transportation Aid	-
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	\$ 1,753,149 (K)

** This amount represents the June 30, 2017 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, 2018 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, 2018
- (N-2) Maintenance reserve minimum required under EFCFA
- (N-3) Tuition reserve at June 30, 2018
- (N-4) Emergency reserve at June 30, 2018
- (N-5) School bus fuel offset reserve – current year - June 30, 2018
- (N-6) School bus fuel offset reserve – prior year - June 30, 2018
- (N-7) Impact Aid general fund reserve at June 30, 2018
- (N-8) Impact Aid capital fund reserve at June 30, 2018

Detail of Other Restricted/Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	-
Sale/lease-back reserve	-
Capital reserve (N-1)	1,696,704
Maintenance reserve (N-2)	-
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 2019-2020 district budget	-
Maintenance reserve - reserved for local share of 2019-2020 district budget	-

Total Other Restricted/Reserved Fund Balance \$ 1,696,704 (C4)

**CITY OF UNION CITY SCHOOL DISTRICT
AUDIT RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

- Financial reporting for ESEA schoolwide expenditures be adjusted to reflect adjustments at year end for the allocation of schoolwide program surplus/carryover to respective funding sources.
- Adult Education and Literacy Act – Title II financial reporting used for reimbursement requests be derived from accounting records that support the audited financial statements and the schedule of expenditures of federal awards.
- Separate accounting for IEP for Life be setup in the District’s financial management system at program commencement.

3. School Purchasing Programs

None

4. School Food Services

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Testing for Lead and All Drinking Water in Educational Facilities

- The District must submit to the Department of Education the annual Statement of Assurance.

**CITY OF UNION CITY SCHOOL DISTRICT
AUDIT RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

10. Follow-Up on Prior Year Findings

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings.