

**CITY OF UNION CITY SCHOOL DISTRICT**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**CITY OF UNION CITY SCHOOL DISTRICT  
 AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -  
 FINANCIAL, COMPLIANCE AND PERFORMANCE  
 TABLE OF CONTENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>Page(s)</b>
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 and Position Control Roster	2
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)	3
Other Special Federal and/or State Projects	3
T.P.A.F. Reimbursement	4
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures	4
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	4
School Food Service	4 - 5
Student Body Activities	5
Application for State School Aid	5
Pupil Transportation	5
Facilities and Capital Assets	6
Testing for Lead of All Drinking Water in Educational Facilities	6
Other Suggestions to Management	6
Follow-up on Prior Year Findings	6
Acknowledgment	7
Schedule of Audited Enrollments	8 - 10
Excess Surplus Calculation	11 - 12
Audit Recommendations	13

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

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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](mailto: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

Honorable President and  
Members of the Board of Education  
City of Union City School District  
County of Hudson  
Union City, 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, 2020, and have issued our report thereon dated March 5, 2021.

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 School District'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  
March 5, 2021

**CITY OF UNION CITY SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Amount</u></b>
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. We noted the following matter:

**Finding 2020-001**

The District did not transfer appropriations to general fund contribution to school based budgeting to offset reduction in anticipated contribution from the special revenue fund, resulting in an over expenditure of \$1,015,066. The District had incorrectly classified a receipt of capital lease projects funds to general fund appropriation for construction services. The correction of the receipt classification resulted in an over expenditure of \$1,508,192 in the appropriation for construction services.

**Recommendation:**

The District monitor funding of budget appropriations for general fund contribution to school based budgeting and construction services to timely execute transfers to prevent over expenditures.

**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 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 premium withholding due to the general fund.

**CITY OF UNION CITY SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)**

**Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30, 2020 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.

**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.

**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 2020-002 (CAFR Finding 2020-001):**

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. This finding is repeated from 2019.

**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.

**CITY OF UNION CITY SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)**

**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.

**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 2019-20.

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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or goods or service, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

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**

**COVID – 19 Emergency**

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, the District was required to institute alternate procedures to provide meals to free and reduced price eligible students during the period of school closures.

The District was authorized to solicit and award emergency noncompetitive procurements and contracts with its food service management company (FSMC) in accordance with 2 CFR 200.320 and *N.J.S.A.18A:18A-7*. The District was also authorized to submit contract modifications to their existing cost reimbursable or fixed price contracts as necessary to ensure the feeding of free and reduced price meal eligible students.

The District was 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 free and reduced price meal eligible students during the emergency.

**CITY OF UNION CITY SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SCHOOL FOOD SERVICES (Continued)**

The City of Union City School District utilizes the Community Eligibility Option for the district. The criteria to determine if a school qualified for this program is if equal to or greater than forty percent (40%) of the students in a particular school within the district are eligible for free or reduced price meals, then the entire student population of the school receives free meals. The State Aid reimbursement for the District is calculated by utilizing the actual number of meals served multiplied by the percentage of students in each category to determine the number of eligible meals served by category.

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 District 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 District'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.

We also inquired of management about the emergency COVID-19 procedures/practices that the District instituted to provide meals to eligible 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.

**STUDENT BODY ACTIVITIES**

Overall, cash receipts and disbursements records for the schools were maintained in satisfactory condition.

**APPLICATION FOR STATE SCHOOL AID**

Our audit procedures included a test of information reported in the October 15, 2019, 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 2019-20 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.

**CITY OF UNION CITY SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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 2020-003**

The District is not performing periodic inventory of fixed assets to subsidiary ledger to ensure safeguarding of assets and accuracy of ledger.

**Recommendation:**

The District perform periodic inventory of fixed assets to subsidiary ledger to ensure safeguarding of assets and accuracy of ledger.

**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.

**OTHER SUGGESTIONS TO MANAGEMENT**

**Governmental Accounting Standards Board (GASB) Statements**

The next GASB Statement which will have an impact on the District's financial statements is GASB Statement No. 84, Fiduciary Activities, which was effective for the fiscal year ended June 30, 2020, but has been postponed to the succeeding fiscal year. This Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The Statement will likely have an impact on the financial statement presentation of the Payroll Agency Fund and may have an impact on the presentation of the Student Activities Agency Fund and Trust Funds such as the Unemployment Compensation Trust and Flexible Spending Trust.

**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 with the exception of the following, which is repeated in this year's recommendations noted as current year finding 2020-002.

- 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. (2020-002)



**CITY OF UNION CITY SCHOOL DISTRICT  
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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  
*Certified Public Accountants*



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

Bayonne, New Jersey  
March 5, 2021

CITY OF UNION CITY SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2019

SCHEDULE OF AUDITED ENROLLMENTS

	2020-2021 Application for State School Aid						Sample of Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. Private Schools	Sample for Verification	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	-	-	-	-	
Full Day Preschool (3yr)	136	-	136	-	-	-	136	-	136	-	-	-	-	-	-	-	
Full Day Preschool (4yr)	217	-	217	-	-	-	217	-	217	-	-	-	-	-	-	-	
Full Day Kindergarten	881	-	881	-	-	-	881	-	881	-	-	-	-	-	-	-	
One	905	-	905	-	-	-	905	-	905	-	-	-	-	-	-	-	
Two	878	-	878	-	-	-	878	-	878	-	-	-	-	-	-	-	
Three	868	-	868	-	-	-	868	-	868	-	-	-	-	-	-	-	
Four	841	-	841	-	-	-	841	-	841	-	-	-	-	-	-	-	
Five	793	-	793	-	-	-	793	-	793	-	-	-	-	-	-	-	
Six	804	-	804	-	-	-	804	-	804	-	-	-	-	-	-	-	
Seven	865	-	865	-	-	-	865	-	865	-	-	-	-	-	-	-	
Eight	771	-	771	-	-	-	771	-	771	-	-	-	-	-	-	-	
Nine	827	-	827	-	-	-	827	-	827	-	-	-	-	-	-	-	
Ten	819	-	819	-	-	-	819	-	819	-	-	-	-	-	-	-	
Eleven	767	-	767	-	-	-	767	-	767	-	-	-	-	-	-	-	
Twelve	763	-	763	-	-	-	763	-	763	-	-	-	-	-	-	-	
Adult HS (15+ Credits)	105	4	105	4	-	-	105	4	105	9	-	-	-	-	-	-	
Subtotal	11,240	4	11,240	4	-	-	11,240	4	11,240	9	-	-	-	-	-	-	
Special Education-Elementary	420	-	420	-	-	-	420	-	420	-	-	32	24	24	-	-	
Special Education-Middle	283	-	283	-	-	-	283	-	283	-	-	19	12	12	-	-	
Special Education-Highschool	414	-	414	-	-	-	414	-	414	-	-	42	35	35	-	-	
Subtotal	1,117	-	1,117	-	-	-	1,117	-	1,117	-	-	93	71	71	-	-	
TOTALS	12,357	4	12,357	4	-	-	12,357	4	12,357	9	-	93	71	71	-	-	
Percentage Error					0.00%						0.00%						0.00%

**CITY OF UNION CITY SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2019**

**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 Preschool	239	239	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	728	728	-	11	11	-	398	398	-	11	11	-
One	783	783	-	10	10	-	423	423	-	24	24	-
Two	762	762	-	25	25	-	384	384	-	31	31	-
Three	734	734	-	36	36	-	371	371	-	24	24	-
Four	744	744	-	23	23	-	309	309	-	12	12	-
Five	674	674	-	24	24	-	146	146	-	17	17	-
Six	716	716	-	14	14	-	153	153	-	6	6	-
Seven	768	768	-	33	33	-	135	135	-	5	5	-
Eight	668	668	-	27	27	-	96	96	-	6	6	-
Nine	711	711	-	15	15	-	119	119	-	8	8	-
Ten	696	696	-	26	26	-	128	128	-	46	46	-
Eleven	626	626	-	32	32	-	126	126	-	57	57	-
Twelve	638	638	-	15	15	-	138	138	-	43	43	-
Subtotal	9,487	9,487	-	291	291	-	2,926	2,926	-	290	290	-
Special Education-Elementary	368	368	-	11	11	-	45	45	-	5	5	-
Special Education-Middle	258	258	-	10	10	-	3	3	-	-	-	-
Special Education-Highschool	357	357	-	6	6	-	9	9	-	2	2	-
Subtotal	983	983	-	27	27	-	57	57	-	7	7	-
TOTALS	10,470	10,470	-	318	318	-	2,983	2,983	-	297	297	-
Percentage Error			0.00%						0.00%			0.00%

**Transportation**

	Reported on DRTRS by DOE/County			Reported on DRTRS by District			Transportation		
	Reported on DOE/County	Reported on District	Errors	Tested	Verified	Errors	Reported	Recalculated	Errors
Reg.-Public Schools	5	5	-	5	5	-	1.2	1.2	-
Reg. - Special Education	126	126	-	86	86	-	1.2	1.2	-
Special Ed. Spec Trans.	234	234	-	134	134	-	5.7	5.7	-
TOTALS	365	365	-	225	225	-			
Percentage Error			0.00%						0.00%

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, 2019

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	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	41	41	-	14	14	-
One	37	37	-	17	17	-
Two	33	33	-	16	16	-
Three	31	31	-	16	16	-
Four	13	13	-	7	7	-
Five	17	17	-	8	8	-
Six	12	12	-	9	9	-
Seven	9	9	-	4	4	-
Eight	7	7	-	3	3	-
Nine	32	32	-	13	13	-
Ten	38	38	-	19	19	-
Eleven	32	32	-	19	19	-
Twelfth	26	26	-	9	9	-
Subtotal	328	328	-	154	154	-
Special Education-Elementary	4	4	-	4	4	-
Special Education-Middle	-	-	-	-	-	-
Special Education-Highschool	2	2	-	2	2	-
Subtotal	6	6	-	6	6	-
TOTALS	334	334	-	160	160	-
Percentage Error			0.00%			0.00%

**CITY OF UNION CITY SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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.

2019-20 Total General Fund Expenditures per the CAFR, Exhibit C-1	<u>\$ 265,985,426</u> (A)
Increased by Applicable Operating Transfers:	
Transfer from Capital Outlay to Capital Projects	<u>-</u> (A1a)
Transfer from Reserve to Capital Projects	<u>-</u> (A1a)
Transfer from G/F to SRF for Preschool - Regular	<u>-</u> (A1a)
Transfer from G/F to SRF for Preschool - Inclusion	<u>778,592</u> (A1a)
Less:	
Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	<u>(5,885,787)</u> (A1b)
2019-20 Adjusted General Fund & Other State Expenditures [(A) - (A1)-(A1b)]	<u>\$ 260,878,231</u> (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>\$ (30,806,077)</u> (A3)
Assets Acquired Under Capital Leases:	
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	<u>\$ (2,086,226)</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>95.48%</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>(2,086,226)</u> (A8)
2019-20 General Fund Expenditures [(A2) - (A3) - (A8)]	<u>\$ 227,985,928</u> (A9)
2% of Adjusted 2019-2020 General Fund Expenditures [(A9) x 2%]	<u>\$ 4,559,719</u> (A10)
Enter Greater of (A10) or \$250,000	<u>4,559,719</u> (A11)
Increased by: Allowable Adjustment*	<u>1,929,459</u> (K)
Maximum Unassigned Fund Balance [(A11) + (K)]	<u>\$ 6,489,178</u> (M)

**SECTION 2**

Total General Fund - Fund Balances at June 30, 2020	<u>\$ 50,384,069</u> (C)
Decreased by:	
Year-end Encumbrances	<u>(10,948,934)</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>(25,474,403)</u> (C3)
Other Restricted Fund Balances****	<u>(1,696,704)</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	<u>(105,413)</u> (C5)
Total Unassigned Fund Balance [(C) - (C1) - (C2) - (C3) - (C4) - (C5)]	<u>\$ 12,158,615</u> (U)

**CITY OF UNION CITY SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SECTION 3**

Restricted Fund Balance - Excess Surplus***[(U) - (M)] IF NEGATIVE ENTER -0-	<u>\$ 5,669,437 (E)</u>
Summary:	
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>\$ 25,474,403 (C3)</u>
Restricted Excess Surplus***[(E)]	<u>5,669,437 (E)</u>
Total [(C3) + (E)]	<u>\$ 31,143,840 (D)</u>

\* 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 2019-20 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	<u>\$ - (H)</u>
Sale & Lease-back	<u>- (I)</u>
Extraordinary Aid	<u>1,929,459 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>- (J2)</u>
Current Year School Bus Advertising Revenue Recognized	<u>- (J3)</u>
Family Crisis Transportation Aid	<u>- (J4)</u>
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	<u>\$ 1,929,459 (K)</u>

\*\* This amount represents the June 30, 2019 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, 2020 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, 2020
- (N-2) Maintenance reserve minimum required under EFCFA
- (N-3) Tuition reserve at June 30, 2020
- (N-4) Emergency reserve at June 30, 2020
- (N-5) School bus fuel offset reserve – current year - June 30, 2020
- (N-6) School bus fuel offset reserve – prior year - June 30, 2020
- (N-7) Impact Aid general fund reserve at June 30, 2020
- (N-8) Impact Aid capital fund reserve at June 30, 2020

**Detail of Other Restricted/Reserved Fund Balance**

**Statutory restrictions:**

Approved unspent separate proposal	<u>-</u>
Sale/lease-back reserve	<u>-</u>
Capital reserve (N-1)	<u>1,696,704</u>
Maintenance reserve (N-2)	<u>-</u>
Tuition reserve (N-3)	<u>-</u>
Emergency reserve (N-4)	<u>-</u>
School Bus Advertising 50% Fuel Offset Reserve - current year (N-5)	<u>-</u>
School Bus Advertising 50% Fuel Offset Reserve - prior year (N-6)	<u>-</u>
Impact Aid General Fund Reserve (Section 8002 and 8003) (N-7)	<u>-</u>
Impact Aid Capital Fund Reserve (Section 8007 and 8008) (N-8)	<u>-</u>

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

Capital reserve - reserved for local share of 2020-2021 district budget	<u>-</u>
Maintenance reserve - reserved for local share of 2020-2021 district budget	<u>-</u>

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, 2020**

1. Administrative Practices and Procedures

- The District monitor funding of budget appropriations for general fund contribution to school based budgeting and construction services to timely execute transfers to prevent over expenditures.

2. Financial Planning, Accounting and Reporting

- 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.

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

- The District perform periodic inventory of fixed assets to subsidiary ledger to ensure safeguarding of assets and accuracy of ledger.

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

None

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 with the exception of the following:

- 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.