

CITY OF UNION CITY SCHOOL DISTRICT

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**CITY OF UNION CITY SCHOOL DISTRICT
 AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -
 FINANCIAL, COMPLIANCE AND PERFORMANCE
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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

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, 2021, and have issued our report thereon dated March 11, 2022.

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 11, 2022

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 ACFR.

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. We noted the following matter:

Finding 2021-001

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 \$729,745. The District had incorrectly classified a receipt of capital lease proceeds to a general fund appropriation for construction services. The misstatement was found and corrected during the audit, reducing the appropriation available for construction services. This finding is repeated from 2020.

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, 2021**

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, 2010 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 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.

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 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.

The financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR 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 2021-002 (ACFR Finding 2021-001):

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 2020.

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, 2021**

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 \$44,000 with a Qualified Purchasing Agent (QPA) and \$32,000 without a QPA, respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A. 18A:39-3* is currently \$19,600 for 2020-21.

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

Public Health 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.

During 2020-21 the public health emergency was still applicable. As a result, the District was required to provide meals in accordance with regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SCHOOL FOOD SERVICES (Continued)

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 all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

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.

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.

Non-program foods were not purchased, prepared, sold, or offered for sale.

We inquired of management about the public health emergency procedures/practices that the District 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. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the District.

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, 2020, 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 2020-21 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, 2021**

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.


FOLLOW-UP ON PRIOR YEAR FINDINGS

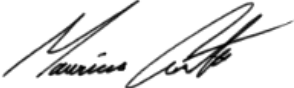
In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations including findings. Corrective action has been taken on all prior year findings except for the following, which are repeated in this year's recommendations noted as current year findings 2021-001 and 2021-002.

- 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. (2021-001)
- 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. (2021-002)

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 11, 2022

CITY OF UNION CITY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020

SCHEDULE OF AUDITED ENROLLMENTS

	2021-2022 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)	91	-	91	-	-	-	91	-	91	-	-	-	-	-	-	-	
Full Day Preschool (4yr)	187	-	187	-	-	-	187	-	187	-	-	-	-	-	-	-	
Full Day Kindergarten	796	-	796	-	-	-	796	-	796	-	-	-	-	-	-	-	
One	857	-	857	-	-	-	857	-	857	-	-	-	-	-	-	-	
Two	838	-	838	-	-	-	838	-	838	-	-	-	-	-	-	-	
Three	831	-	831	-	-	-	831	-	831	-	-	-	-	-	-	-	
Four	835	-	835	-	-	-	835	-	835	-	-	-	-	-	-	-	
Five	815	-	815	-	-	-	815	-	815	-	-	-	-	-	-	-	
Six	768	-	768	-	-	-	768	-	768	-	-	-	-	-	-	-	
Seven	785	-	785	-	-	-	785	-	785	-	-	-	-	-	-	-	
Eight	837	-	837	-	-	-	837	-	837	-	-	-	-	-	-	-	
Nine	784	-	784	-	-	-	784	-	784	-	-	-	-	-	-	-	
Ten	825	-	825	-	-	-	825	-	825	-	-	-	-	-	-	-	
Eleven	810	-	810	-	-	-	810	-	810	-	-	-	-	-	-	-	
Twelve	734	-	734	-	-	-	734	-	734	-	-	-	-	-	-	-	
Adult HS(15+ Credits)	129	-	129	-	-	-	129	-	129	-	-	-	-	-	-	-	
Adult HS (1-14 Credits)	-	1	-	1	-	-	-	1	-	1	-	-	-	-	-	-	
Subtotal	10,922	1	10,922	1	-	-	10,922	1	10,922	1	-	-	-	-	-	-	
Special Education-Elementary	386	-	386	-	-	-	386	-	386	-	-	-	31	22	22	-	
Special Education-Middle	264	-	264	-	-	-	264	-	264	-	-	16	12	12	-	-	
Special Education-Highschool	421	-	421	-	-	-	421	-	421	-	-	44	36	36	-	-	
Subtotal	1,071	-	1,071	-	-	-	1,071	-	1,071	-	-	91	70	70	-	-	
TOTALS	11,993	1	11,993	1	-	-	11,993	1	11,993	1	-	91	70	70	-	-	
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, 2020**

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 (3yr)	50	50	-	-	-	-	-	-	-	-	-	-
Full Day Preschool (4yr)	119	119	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	672	672	-	14	14	-	404	404	-	17	17	-
One	740	740	-	13	13	-	366	366	-	8	8	-
Two	749	749	-	10	10	-	384	384	-	22	22	-
Three	738	738	-	18	18	-	352	352	-	5	5	-
Four	738	738	-	9	9	-	310	310	-	13	13	-
Five	731	731	-	26	26	-	169	169	-	8	8	-
Six	686	686	-	16	16	-	106	106	-	1	1	-
Seven	708	708	-	10	10	-	122	122	-	4	4	-
Eight	747	747	-	9	9	-	109	109	-	4	4	-
Nine	692	692	-	17	17	-	97	97	-	4	4	-
Ten	715	715	-	20	20	-	120	120	-	9	9	-
Eleven	711	711	-	18	18	-	125	125	-	6	6	-
Twelve	628	628	-	14	14	-	124	124	-	2	2	-
Subtotal	9,424	9,424	-	194	194	-	2,788	2,788	-	103	103	-
Special Education-Elementary	353	353	-	8	8	-	40	40	-	2	2	-
Special Education-Middle	235	235	-	-	-	-	-	-	-	-	-	-
Special Education-Highschool	368	368	-	11	11	-	9	9	-	-	-	-
Subtotal	956	956	-	19	19	-	49	49	-	2	2	-
TOTALS	10,380	10,380	0.00%	213	213	0.00%	2,837	2,837	0.00%	105	105	0.00%
Percentage Error												

Transportation

	Reported on DRTS by DOE/County			Reported on DRTS by District			Transportation		
	Reported on DRTS by DOE/County	Reported on DRTS by District	Errors	Tested	Verified	Errors	Reported	Recalculated	Errors
Reg.-Public Schools	-	-	-	-	-	-	1.1	1.1	1.1
Reg.-Special Education	62	62	-	48	48	-	1.1	1.1	1.1
Special Ed. Spec Trans.	219	219	-	125	125	-	5.7	5.7	5.7
TOTALS	281	281	0.00%	173	173	0.00%			
Percentage Error									

Reg Avg (Mileage) = Regular including Grade PK Students (Part A)	1.1	1.1
Reg Avg (Mileage) = Regular excluding Grade PK Students (Part B)	1.1	1.1
Special Avg = Special Ed w/ Special Needs	5.7	5.7

CITY OF UNION CITY SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2020

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	36	36	-	19	19	-
One	27	27	-	16	16	-
Two	23	23	-	12	12	-
Three	17	17	-	12	12	-
Four	18	18	-	10	10	-
Five	8	8	-	7	7	-
Six	9	9	-	8	8	-
Seven	11	11	-	6	6	-
Eight	10	10	-	6	6	-
Nine	12	12	-	7	7	-
Ten	29	29	-	12	12	-
Eleven	23	23	-	12	12	-
Twelfth	17	17	-	12	12	-
Subtotal	240	240	-	139	139	-
Special Education-Elementary	2	2	-	-	-	-
Special Education-Middle	-	-	-	-	-	-
Special Education-Highschool	2	2	-	1	1	-
Subtotal	4	4	-	1	1	-
TOTALS	244	244	-	140	140	-
Percentage Error			0.00%			0.00%

**CITY OF UNION CITY SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION 1

Calculation A: 4 Percent Excess Surplus

All districts required to use school-based budgeting are required to complete this calculation using 4 percent on line A10.

2020-21 Total General Fund Expenditures per the ACFR, Exhibit C-1	<u>\$ 258,854,158</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>764,904</u>	(A1a)
Less:		
Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	<u>(5,723,344)</u>	(A1b)
2020-21 Adjusted General Fund & Other State Expenditures [(A) - (A1)-(A1b)]	<u>\$ 253,895,718</u>	(A2)
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>\$ (37,060,622)</u>	(A3)
Assets Acquired Under Capital Leases:		
General Fund 10 Assets Acquired Under Capital Leases reported on Exhibit C-1a	<u>\$ -</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>95.59%</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>-</u>	(A8)
2020-21 General Fund Expenditures [(A2) - (A3) - (A8)]	<u>\$ 216,835,096</u>	(A9)
4% of Adjusted 2020-2120 General Fund Expenditures [(A9) x 4%]	<u>\$ 8,673,404</u>	(A10)
Enter Greater of (A10) or \$250,000	<u>8,673,404</u>	(A11)
Increased by: Allowable Adjustment*	<u>-</u>	(K)
Maximum Unassigned Fund Balance [(A11) + (K)]	<u>\$ 8,673,404</u>	(M)

SECTION 2

Total General Fund - Fund Balances at June 30, 2021	<u>\$ 50,735,209</u>	(C)
Decreased by:		
Year-end Encumbrances	<u>(25,155,555)</u>	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>-</u>	(C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>(5,669,437)</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>\$ 18,213,513</u>	(U)

**CITY OF UNION CITY SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U) - (M)] IF NEGATIVE ENTER -0-	<u>\$ 9,540,109 (E)</u>
Summary:	
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>\$ 5,669,437 (C3)</u>
Restricted Excess Surplus***[(E)]	<u>9,540,109 (E)</u>
Total [(C3) + (E)]	<u>\$ 15,209,546 (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 2020-21 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>- (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>\$ - (K)</u>

** This amount represents the June 30, 2020 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, 2021 ACFR 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, 2021
- (N-2) Maintenance reserve minimum required under EFCFA
- (N-3) Tuition reserve at June 30, 2021
- (N-4) Emergency reserve at June 30, 2021
- (N-5) School bus fuel offset reserve – current year - June 30, 2021
- (N-6) School bus fuel offset reserve – prior year - June 30, 2021
- (N-7) Impact Aid general fund reserve at June 30, 2021
- (N-8) Impact Aid capital fund reserve at June 30, 2021

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, 2021**

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

None

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:

- 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.
- 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.