

CITY OF UNION CITY SCHOOL DISTRICT

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**CITY OF UNION CITY SCHOOL DISTRICT
 AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -
 FINANCIAL, COMPLIANCE AND PERFORMANCE
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 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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REPORT OF INDEPENDENT AUDITOR


Honorable President and
Members of the Board of Education
City of Union City School District
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, 2022, and have issued our report thereon dated March 17, 2023.

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

Secaucus, New Jersey
March 17, 2023

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Name	Position	Amount
Justin Mercado	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.

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A.18A:16-13.3 (Chapter 44) submitted for the year on audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness. The data submitted did include all health benefit plans offered by District.

The District data certification was completed by the school business administrator. The District Chapter 44 data was submitted timely.

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.

Finding 2022-001

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.

Recommendation

The District monitor funding of budget appropriations for general fund contribution to school based budgeting.

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.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Payroll Account and Position Control Roster

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

Finding 2022-002

There were several instances where individuals were found to be on the District’s employee health benefits insurance plan when no longer employed by the District.

Recommendation

The District should establish controls to monitor and ensure individuals are timely removed from the District’s employee health benefits insurance plan when no longer eligible.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2022 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.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

**Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)
(Continued)**

Finding 2022-003

The District Elementary and Secondary Education Act (E.S.E.A.) final expenditure reports are not accurately reflecting adjustments to expenditures at year end for appropriate allocations of schoolwide blended resources. The State of New Jersey Department of Education, as the pass-through grantor, requires districts operating eligible E.S.E.A. schoolwide programs to allocate expenditures and surplus proportionately to respective schoolwide blended resources to assure federal funds are not supplanting state and local funds. The appropriate calculations are prepared after the year end and any adjustments are required to be reflected in current or succeeding year final expenditure reports. As a result, \$381,855 of E.S.E.A. funds from fiscal year 2020 are being reported as unearned revenue at June 30, 2022.

Recommendation

The District accurately reflect adjustments to expenditures at year end for appropriate allocations of schoolwide blended resources in current or succeeding year final expenditure reports for Elementary and Secondary Education Act (E.S.E.A.) programs.

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 2022-004

The District IDEA Basic program has a balance reimbursed of \$171,976 for fiscal year 2020 nonpublic funding that has not been expended or formally transferred into succeeding years and used for allowable IDEA costs as of June 30, 2022. As a result, \$171,976 of IDEA Basic funds from fiscal year 2020 are being reported as unearned revenue at June 30, 2022.

Recommendation

The District IDEA Basic program formally transfer balance reimbursed of \$171,976 for fiscal year 2020 nonpublic funding that has not been expended to succeeding years and used for allowable IDEA costs.

Finding 2022-005

The District accounted for School Development Authority (SDA) Emergent Needs and Capital Projects Grant (the "Grant") in the general fund and recognized total funding as revenue when awarded, although the Grant was restricted to allowable program costs and required to be accounted for in the special revenue fund. As a result of the independent audit of financial statements, the grant activity was transferred to the special revenue fund and revenues only recognized as expended for allowable program costs.

Recommendation

The District account for School Development Authority (SDA) Emergent Needs and Capital Projects Grant in the special revenue fund and monitor expenditures for allowable program costs.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 \$20,200 effective 2021-22.

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 public health emergency 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 eligible students during the period of school closures. Governor Murphy's emergency declaration ended June 4, 2021; however, the United States Department of Agriculture's federal waiver continued through June 30, 2022. SFAs operated under this federal waiver.

As a result, the District was required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO). The District could also choose to participate in the National School Lunch Program utilizing standard counting and claiming practices.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 District utilizes the Community Eligibility Option at individual schools that meet eligibility requirements. 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 participating schools 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 financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records were reviewed on a test-check basis. Cash receipts and bank records were reviewed for timely deposit.

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 Cost Reimbursable Fixed Price 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. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed, and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

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.

The District recorded and maintained separate supporting documentation for additional costs (food, supplies, transportation, etc.) applicable to the implementation of the COVID-19 meal service under SSO program requirements.

The FSMC did not apply for and receive a loan in accordance with the Payroll Protection Plan.

Finding 2022-006

The District appears to be maintaining a nonprofit food service program, however net cash resources did exceed three months average expenditures as a result of operating an expanded food service program for the community during the COVID-19 pandemic. Due to the extraordinary circumstances and uncertainty of the funding source for costs, the District did not monitor all costs for applicability to the food service program and had substantial net income over the course of the expanded program. Furthermore, the average expenditures of the expanded program are no longer being factored in the calculation.

Recommendation

When the District expands the food service program under any circumstances, the District should adapt internal controls to monitor all costs for applicability to the food service program and manage net cash resources to prevent exceeding three months average expenditures. The District should also provide alternate methods to the food program grantors to evidence nonprofit status.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SCHOOL FOOD SERVICES (Continued)

Time sheets were reviewed, and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education/board of trustees. The following was noted:

Finding 2022-007 (ACFR Finding 2022-002)

During the COVID-19 pandemic state of emergency the District operated an expanded food service program for the community. Due to the extraordinary circumstances and uncertainty of the funding source for costs, the District did not adapt internal controls to monitor costs for their allowability or level of effort in the food service program as being incurred. There may have been instances of noncompliance with allowability and level of effort of costs incurred that were not prevented or detected by management or employees of the District in their normal course of performing their assigned functions. Instances of noncompliance could have been either including or excluding applicable costs incurred. The District food service program refunded the general fund \$1,601,930 for prior year costs incurred.

Recommendation

When the District expands the food service program under any circumstances, the District should adapt internal controls to monitor costs for their allowability and level of effort in the food service program as being incurred.

The number of meals claimed for reimbursement was compared to sales and meal count records. The District also utilized the Community Eligibility Option for schools that met the eligibility criteria. Under this option all students were eligible for free breakfast and lunch. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications /or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (ACFR Schedule B-5) does separate program and nonprogram revenue and program and non-program cost of goods sold.

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, 2021, 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.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

PUPIL TRANSPORTATION

Our audit procedures included a test of on roll status reported in the 2021-22 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. The following exceptions were noted.

Finding 2022-008 (ACFR Finding 2022-001)

The District is not maintaining fixed assets subsidiary ledger on a live basis nor performing periodic inventory to ensure safeguarding of assets and accuracy of ledger for financial reporting and insurance purposes.

Recommendation

The District maintain fixed assets subsidiary ledger on a live basis and perform periodic inventory to ensure safeguarding of assets and accuracy of ledger for financial reporting and insurance purposes.

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 MATTERS

Self Insurance

The District is estimating liability for claims incurred but not reported (run-off) for self-insurance of employee health benefit plan. Although the District accounts for the health insurance benefit plan in the general fund on a pay-as-you-go basis, the liability is required to be reported in the government-wide financial statements in accordance with generally accepted accounting principles. The estimate of claims incurred but not reported for self-insured employee health insurance benefit plan have not been calculated by an actuary and could vary substantially from actual results. If the District were to account for self-insured employee health insurance benefit plan in an internal service fund, the balance of claims incurred but not reported would be reserved and would reduce fund balance by such amount.

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.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

Secaucus, New Jersey
March 17, 2023

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 THE FISCAL YEAR ENDED JUNE 30, 2022

Program/ Meal Category	Period	Meals Claimed	Meals Tested	Meals Verified	Difference	Rate	(Over)/Under Claim
School Lunch							
Seamless Summer Option	09/01/21 12/31/21	614,744	156,450	156,450	-	4.3175	\$ -
Seamless Summer Option	01/01/22 06/30/22	861,317	236,952	236,952	-	4.5625	-
Total School Lunch		1,476,061	393,402	393,402	-		-
School Breakfast							
Seamless Summer Option	09/01/21 12/31/21	518,020	122,240	122,240	-	2.4625	-
Seamless Summer Option	01/01/22 06/30/22	695,518	187,907	187,907	-	2.605	-
Total School Breakfast		1,213,538	310,147	310,147	-		-
Child and Adult Care Food Program Supper	07/01/21 08/31/21	18,719	18,719	18,719	-	3.92	-
Summer Food Service Program Lunch							
Vended Rate	07/01/21 08/31/21	176,489	176,489	176,489	-	4.25	-
Breakfast Vended Rate	07/01/21 08/31/21	175,847	175,847	175,847	-	2.415	-
Total Summer Food Service Program		352,336	352,336	352,336	-		-
Total Net (Over)/Under Claim							\$ -

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 THE FISCAL YEAR ENDED JUNE 30, 2022

Program/ Meal Category	Period	Meals Claimed	Meals Tested	Meals Verified	Difference	Rate	(Over)/Under Claim
School Lunch Seamless Summer Option	09/01/21 06/30/22	1,476,061	393,402	393,402	-	0.10500	\$ -

**CITY OF UNION CITY SCHOOL DISTRICT
NET CASH RESOURCE SCHEDULE
NET CASH RESOURCES DID EXCEED THREE MONTHS OF EXPENDITURES
PROPRIETARY FUND - FOOD SERVICE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

		<u>Food Service Exhibits B-4/5</u>
NET CASH RESOURCES:		
CAFR	Current assets*	
B-4	Cash and cash equivalents	\$ 4,163,827
B-4	Accounts receivable	941,975
CAFR	Current liabilities	
B-4	Interfund payable	(546,606)
B-4	Accounts payable	(872,159)
B-4	Financed Purchase payable - current portion	<u>(207,308)</u>
NET CASH RESOURCES		<u>\$ 3,479,729 (A)</u>
NET ADJUSTED TOTAL OPERATING EXPENSE:		
CAFR		
B-5	Total operating expenses	10,017,199
B-5	Less depreciation	<u>(360,878)</u>
NET ADJUSTED TOTAL OPERATING EXPENSE		<u>\$ 9,656,321 (B)</u>
AVERAGE MONTHLY OPERATING EXPENSE:		
	Monthly Average	
	B ÷ 10	<u>\$ 965,632 (C)</u>
AVERAGE MONTHLY OPERATING EXPENSE		<u>\$ 2,896,896 (D)</u>

TOTAL IN BOX A	\$ 3,479,729
LESS TOTAL IN BOX D	<u>(2,896,896)</u>
NET	<u>\$ 582,833</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, 2021

SCHEDULE OF AUDITED ENROLLMENTS

	2022-2023 Application for State School Aid						Sample of Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Workpapers		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. Private Schools	Sample Verification	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	-	-	-	-	
Full Day Preschool (3yr)	146	-	146	-	-	-	146	-	146	-	-	-	-	-	-	-	
Full Day Preschool (4yr)	173	-	173	-	-	-	173	-	173	-	-	-	-	-	-	-	
Full Day Kindergarten	754	-	754	-	-	-	754	-	754	-	-	-	-	-	-	-	
One	783	-	783	-	-	-	783	-	783	-	-	-	-	-	-	-	
Two	806	-	806	-	-	-	806	-	806	-	-	-	-	-	-	-	
Three	781	-	781	-	-	-	781	-	781	-	-	-	-	-	-	-	
Four	781	-	781	-	-	-	781	-	781	-	-	-	-	-	-	-	
Five	805	-	805	-	-	-	805	-	805	-	-	-	-	-	-	-	
Six	777	-	777	-	-	-	777	-	777	-	-	-	-	-	-	-	
Seven	730	-	730	-	-	-	730	-	730	-	-	-	-	-	-	-	
Eight	756	-	756	-	-	-	756	-	756	-	-	-	-	-	-	-	
Nine	869	-	869	-	-	-	869	-	869	-	-	-	-	-	-	-	
Ten	793	-	793	-	-	-	793	-	793	-	-	-	-	-	-	-	
Eleven	782	-	782	-	-	-	782	-	782	-	-	-	-	-	-	-	
Twelve	786	-	786	-	-	-	786	-	786	-	-	-	-	-	-	-	
Adult HS(15+ Credits)	49	-	49	-	-	-	49	-	49	-	-	-	-	-	-	-	
Adult HS (1-14 Credits)	16	-	16	-	-	-	16	-	16	-	-	-	-	-	-	-	
Subtotal	10,571	16	10,425	16	-	-	10,571	16	10,571	16	-	-	-	-	-	-	
Special Education-Elementary	366	-	366	-	-	-	366	-	366	-	-	-	34	21	21	-	
Special Education-Middle	249	-	249	-	-	-	249	-	249	-	-	-	13	12	12	-	
Special Education-Highschool	414	-	414	-	-	-	414	-	414	-	-	-	44	38	38	-	
Subtotal	1,029	-	1,029	-	-	-	1,029	-	1,029	-	-	-	91	71	71	-	
TOTALS	11,600	16	11,454	16	-	-	11,600	16	11,600	16	-	-	91	71	71	-	
Percentage Error					0.00%												0.00%

CITY OF UNION CITY SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2021

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	Sample Selected from Workpapers	Verified to Application and Register	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Sample Selected from Workpapers	Verified to Test Score and Register
Full Day Preschool (3yr)	-	-	-	-	-	-	-	-
Full Day Preschool (4yr)	-	-	-	-	-	-	-	-
Full Day Kindergarten	658	658	17	17	345	345	-	-
One	655	655	25	25	375	375	4	4
Two	703	703	11	11	360	360	8	8
Three	666	666	14	14	334	334	11	11
Four	676	676	9	9	311	311	-	-
Five	687	687	19	19	185	185	3	3
Six	695	695	24	24	145	145	7	7
Seven	633	633	26	26	118	118	8	8
Eight	648	648	15	15	125	125	2	2
Nine	743	743	31	31	111	111	4	4
Ten	676	676	24	24	99	99	-	-
Eleven	661	661	13	13	98	98	7	7
Twelve	616	616	14	14	61	61	2	2
Subtotal	8,717	8,717	242	242	2,667	2,667	56	56
Special Education-Elementary	393	393	11	11	68	68	2	2
Special Education-Middle	235	235	4	4	4	4	-	-
Special Education-Highschool	371	371	9	9	7	7	-	-
Subtotal	999	999	24	24	79	79	2	2
TOTALS	9,716	9,716	266	266	2,746	2,746	58	58
Percentage Error								0.00%

	Transportation		Sample for Verification	
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Tested	Verified
Reg.-Public Schools	4	4	-	-
Reg. - Special Education	29	29	18	18
Special Ed. Spec Trans.	200	200	126	126
TOTALS	233	233	144	144
Percentage Error				0.00%

Reg. Avg (Milenge) = Regular including Grade PK Students (Part A)	1.4	Recalculated	1.4
Reg Avg (Milenge) = Regular excluding Grade PK Students (Part B)	1.4	Reported	1.4
Special Avg = Special Ed w/ Special Needs	7.1	Reported	7.1

CITY OF UNION CITY SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2021

SCHEDULE OF AUDITED ENROLLMENTS

	Reported on A.S.A. as NOT Low Income		Resident LEP NOT Low Income		Reported on A.S.A. as NOT Low Income		Sample for Verification		
	Income	Workpapers	Income	Workpapers	Income	Workpapers	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Full Day Kindergarten	37	37	-	-	21	21	-	-	-
One	46	46	-	-	18	18	-	-	-
Two	28	28	-	-	13	13	-	-	-
Three	36	36	-	-	17	17	-	-	-
Four	21	21	-	-	18	18	-	-	-
Five	18	18	-	-	11	11	-	-	-
Six	10	10	-	-	8	8	-	-	-
Seven	11	11	-	-	14	14	-	-	-
Eight	25	25	-	-	14	14	-	-	-
Nine	28	28	-	-	7	7	-	-	-
Ten	13	13	-	-	4	4	-	-	-
Eleven	27	27	-	-	8	8	-	-	-
Twelfth	25	25	-	-	9	9	-	-	-
Subtotal	325	325	-	-	162	162	-	-	-
Special Education-Elementary	7	7	-	-	1	1	-	-	-
Special Education-Middle	-	-	-	-	-	-	-	-	-
Special Education-Highschool	2	2	-	-	1	1	-	-	-
Subtotal	9	9	-	-	2	2	-	-	-
TOTALS	334	334	-	-	164	164	-	-	-
Percentage Error			0.00%	0.00%					0.00%

**CITY OF UNION CITY SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.

2021-22 Total General Fund Expenditures per the ACFR, Exhibit C-1	<u>\$ 278,034,710</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>450,090</u> (A1a)
Less:	
Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	<u>(4,394,299)</u> (A1b)
2021-22 Adjusted General Fund & Other State Expenditures [(A) - (A1)-(A1b)]	<u>\$ 274,090,501</u> (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>\$ (50,057,846)</u> (A3)
Assets Acquired Under Finance Purchases:	
General Fund 10 Assets Acquired Under Finance Purchases reported on Exhibit C-1a	<u>\$ -</u> (A4)
Add:	
General Fund & State Resources Portion of Fund 15	
Assets Acquired Under Finance Purchases:	
Assets Acquired Under Finance Purchases 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>96.48%</u> (A6)
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Finance Purchases [(A5) x (A6)]	<u>-</u> (A7)
Total Assets Acquired Under Finance Purchases [(A4) + (A7)]	<u>-</u> (A8)
2021-22 General Fund Expenditures [(A2) - (A3) - (A8)]	<u>\$ 224,032,655</u> (A9)
4% of Adjusted 2021-2022 General Fund Expenditures [(A9) x 4%]	<u>\$ 8,961,306</u> (A10)
Enter Greater of (A10) or \$250,000	<u>8,961,306</u> (A11)
Increased by: Allowable Adjustment*	<u>1,592,638</u> (K)
Maximum Unassigned Fund Balance [(A11) + (K)]	<u>\$ 10,553,944</u> (M)

SECTION 2

Total General Fund - Fund Balances at JUNE 30, 2022	<u>\$ 58,657,981</u> (C)
Decreased by:	
Year-end Encumbrances	<u>(28,870,893)</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>(9,540,109)</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>\$ 18,550,275</u> (U)

**CITY OF UNION CITY SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U) - (M)] IF NEGATIVE ENTER -0- \$ 7,996,331 (E)

Summary:

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures** \$ 9,540,109 (C3)
 Restricted Excess Surplus***[(E)] 7,996,331 (E)

Total [(C3) + (E)] \$ 17,536,440 (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 2021-22 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>1,592,638 (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>
Maintenance of Equity Aid and Military Impact Aid	<u>- (J5)</u>
 Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	 <u>\$ 1,592,638 (K)</u>

** This amount represents the June 30, 2021 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, 2022 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, 2022
- (N-2) Maintenance reserve minimum required under EFCFA
- (N-3) Tuition reserve at June 30, 2022
- (N-4) Emergency reserve at June 30, 2022
- (N-5) School bus fuel offset reserve – current year - June 30, 2022
- (N-6) School bus fuel offset reserve – prior year - June 30, 2022
- (N-7) Impact Aid general fund reserve at June 30, 2022
- (N-8) Impact Aid capital fund reserve at June 30, 2022
- (N-9) Unemployment fund reserve at June 30, 2022

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>
Reserve for Unemployment Fund (N-9)	<u>-</u>
 [Other Restricted/Reserved Fund Balance not noted above]****	
Capital reserve - reserved for local share of 2021-2022 district budget	<u>-</u>
Maintenance reserve - reserved for local share of 2021-2022 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, 2022**

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

- The District monitor funding of budget appropriations for general fund contribution to school based budgeting.
- The District should establish controls to monitor and ensure individuals are timely removed from the District's employee health benefits insurance plan when no longer eligible.
- The District accurately reflect adjustments to expenditures at year end for appropriate allocations of schoolwide blended resources in current or succeeding year final expenditure reports for Elementary and Secondary Education Act (E.S.E.A.) programs.
- The District IDEA Basic program formally transfer balance reimbursed of \$171,976 for fiscal year 2020 nonpublic funding that has not been expended to succeeding years and used for allowable IDEA costs.
- The District account for School Development Authority (SDA) Emergent Needs and Capital Projects Grant in the special revenue fund and monitor expenditures for allowable program costs.

3. School Purchasing Programs

None

4. School Food Services

- When the District expands the food service program under any circumstances, the District should adapt internal controls to monitor all costs for applicability to the food service program and manage net cash resources to prevent exceeding three months average expenditures. The District should also provide alternate methods to the food program grantors to evidence nonprofit status.
- When the District expands the food service program under any circumstances, the District should adapt internal controls to monitor costs for their allowability and level of effort in the food service program as being incurred.

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

- The District maintain fixed assets subsidiary ledger on a live basis and perform periodic inventory to ensure safeguarding of assets and accuracy of ledger for financial reporting and insurance purposes.

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

None

**CITY OF UNION CITY SCHOOL DISTRICT
AUDIT RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.