

CITY OF UNION CITY SCHOOL DISTRICT

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

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, 2024, and have issued our report thereon dated February 13, 2025.

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
February 13, 2025

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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.

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.

Finding 2024-001

There was one instance where an individual was found to be on the District's employee health benefits insurance plan when on extended leave of absence.

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.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Payroll Account and Position Control Roster (Continued)

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

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2024 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 and Business Administrator's Records

Our review of the financial and accounting records maintained by the board secretary and business administrator disclosed an over-expenditure of a budget appropriation for adult education salaries as a result of and as noted in finding 2024-003 for Other Special Federal and/or State Projects. Our review also disclosed the following:

Finding 2024-002

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. The contribution from the special revenue fund was appropriately budgeted and allowed by the ARP ESSER III grant program. However, the District was unable to report such contribution in the State electronic financial reporting system and reverted to expending funds directly in the special revenue fund.

Recommendation

The District modify budget when funding for expenditures are transferred or reverted to special revenue fund.

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.

The study of compliance for E.S.E.A. did not indicate any areas of noncompliance and/or questionable costs.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

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:

Adult Education and Literacy Act, Title II

Finding 2024-003

The District Adult Education and Literacy Act, Title II program financial reporting used for reimbursement requests did not agree with the accounting records in the District's financial management system. As a result of the independent audit, \$242,843 of encumbrances were transferred to the general fund for District matching funds that supplement the program, in order to agree to final financial report. The adjustments were in total and without adequate audit trail. The adjustment for expenditures in the general fund resulted in an over-expenditure of a budget appropriation for adult education salaries for same amount.

Recommendation

Management timely and regularly perform closing procedures of Adult Education and Literacy Act, Title II program accounting to ensure accuracy and completeness of accounting in the in the District's financial management system and agrees to financial reporting used for reimbursement requests. Management either perform such closing procedures timely to allow for budget transfers to fund any deficits in budget appropriations or provide budget additional appropriations in anticipation of additional expenditures.

IDEA Basic

Finding 2024-004

The District IDEA Basic program did not fully expend funds for initial purpose reimbursed and \$134,900 was reprogrammed through a journal entry adjustment for tuition costs previously incurred in the general fund, whereby overriding components of the purchase order process that's an integral part of internal controls over financial reporting and compliance.

Recommendation

The District IDEA Basic program only submit reimbursement requests for expenditures or encumbrances reasonably committed to prevent significant reprogramming of expenditures through journal entry adjustments that override the purchase order process that's an integral part of internal controls over financial reporting and compliance.

School Development Authority Emergent Needs and Capital Projects Grant

Finding 2024-005

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, 2024**

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 2023-24.

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

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.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

SCHOOL FOOD SERVICES (Continued)

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 Assets (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

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.

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

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 13, 2023, 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 2023-24 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, 2024**

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 2024-006 (ACFR Finding 2024-001)

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.

The District did submit the annual Statement of Assurance of the Department of Education pursuant to N.J.A.C. 26-12.4(g).

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.

**CITY OF UNION CITY SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 a prior year finding and the following are repeated in this year's recommendations noted as current year findings 2024-001, 2024-003, 2024-004, 2024-005 and 2024-006:

- 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. (2024-001)
- Management timely and regularly perform closing procedures of Adult Education and Literacy Act, Title II program accounting to ensure accuracy and completeness of accounting in the in the District's financial management system and agrees to financial reporting used for reimbursement requests. Management either perform such closing procedures timely to allow for budget transfers to fund any deficits in budget appropriations or provide budget additional appropriations in anticipation of additional expenditures. (2024-003)
- The District IDEA Basic program only submit reimbursement requests for expenditures or encumbrances reasonably committed to prevent significant reprogramming of expenditures through journal entry adjustments that override the purchase order process that's an integral part of internal controls over financial reporting and compliance. (2024-004)
- 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. (2024-005)
- 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. (2024-006)

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

Secaucus, New Jersey
February 13, 2025

CITY OF UNION CITY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 16, 2023

SCHEDULE OF AUDITED ENROLLMENTS

	2024-2025 Application for State School Aid						Sample of Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared				
Full Day Preschool (3yr)	142	-	142	-	-	-	142	-	142	-	-	-	-	-	-	-
Full Day Preschool (4yr)	206	-	206	-	-	-	206	-	206	-	-	-	-	-	-	-
Full Day Kindergarten	729	-	729	-	-	-	729	-	729	-	-	-	-	-	-	-
One	698	-	698	-	-	-	698	-	698	-	-	-	-	-	-	-
Two	770	-	770	-	-	-	770	-	770	-	-	-	-	-	-	-
Three	743	-	743	-	-	-	743	-	743	-	-	-	-	-	-	-
Four	741	-	741	-	-	-	741	-	741	-	-	-	-	-	-	-
Five	775	-	775	-	-	-	775	-	775	-	-	-	-	-	-	-
Six	760	-	760	-	-	-	760	-	760	-	-	-	-	-	-	-
Seven	802	-	802	-	-	-	802	-	802	-	-	-	-	-	-	-
Eight	807	-	807	-	-	-	807	-	807	-	-	-	-	-	-	-
Nine	784	-	784	-	-	-	784	-	784	-	-	-	-	-	-	-
Ten	831	-	831	-	-	-	831	-	831	-	-	-	-	-	-	-
Eleven	892	-	892	-	-	-	892	-	892	-	-	-	-	-	-	-
Twelve	777	-	777	-	-	-	777	-	777	-	-	-	-	-	-	-
Adult HS(15+ Credits)	46	-	46	-	-	-	46	-	46	-	-	-	-	-	-	-
Adult HS (1-14 Credits)	-	7	-	7	-	-	-	7	-	7	-	-	-	-	-	-
Subtotal	10,503	7	10,361	7	-	-	10,503	7	10,503	7	-	-	-	-	-	-
Special Education-Elementary	473	-	473	-	-	-	473	-	473	-	-	-	34	34	34	-
Special Education-Middle	264	-	264	-	-	-	264	-	264	-	-	-	15	15	15	-
Special Education-Highschool	392	-	392	-	-	-	392	-	392	-	-	-	43	43	43	-
Subtotal	1,129	-	1,129	-	-	-	1,129	-	1,129	-	-	-	92	92	92	-
TOTALS	11,632	7	11,490	7	-	-	11,632	7	11,632	7	-	-	92	92	92	-
Percentage Error					0.00%						0.00%					0.00%

CITY OF UNION CITY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 16, 2023

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)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Preschool (4yr)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	613	613	-	11	11	-	409	409	-	7	7	-
One	607	607	-	14	14	-	327	327	-	12	12	-
Two	676	676	-	28	28	-	370	370	-	16	16	-
Three	643	643	-	31	31	-	383	383	-	16	16	-
Four	627	627	-	9	9	-	275	275	-	9	9	-
Five	660	660	-	28	28	-	218	218	-	23	23	-
Six	655	655	-	24	24	-	154	154	-	24	24	-
Seven	676	676	-	33	33	-	129	129	-	18	18	-
Eight	700	700	-	26	26	-	146	146	-	19	19	-
Nine	645	645	-	37	37	-	135	135	-	29	29	-
Ten	655	655	-	17	17	-	136	136	-	47	47	-
Eleven	706	706	-	25	25	-	126	126	-	39	39	-
Twelve	552	552	-	14	14	-	80	80	-	26	26	-
Subtotal	8,415	8,415	-	297	297	-	2,888	2,888	-	285	285	-
Special Education-Elementary	482	482	-	9	9	-	120	120	-	6	6	-
Special Education-Middle	241	241	-	6	6	-	8	8	-	-	-	-
Special Education-Highschool	353	353	-	9	9	-	6	6	-	-	-	-
Subtotal	1,076	1,076	-	24	24	-	134	134	-	6	6	-
TOTALS	9,491	9,491	-	321	321	-	3,022	3,022	-	291	291	-
Percentage Error			0.00%			0.00%			0.00%			0.00%
Transportation												
	Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors						
Reg.-Public Schools	9	9	-	9	9	-						
Reg. - Special Education	48	48	-	45	45	-						
Special Ed. Spec Trans.	179	179	-	122	122	-						
TOTALS	236	236	-	176	176	-						
Percentage Error			0.00%			0.00%						

	Reported	Recalculated
Reg Avg (Mileage) = Regular including Grade PK Students (Part A)	2.1	2.1
Reg Avg (Mileage) = Regular excluding Grade PK Students (Part B)	2.1	2.1
Special Avg = Special Ed w/ Special Needs	8.0	8.0

CITY OF UNION CITY SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 16, 2023

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	54	54	-	4	4	-
One	27	27	-	9	9	-
Two	30	30	-	18	18	-
Three	30	30	-	17	17	-
Four	27	27	-	17	17	-
Five	19	19	-	13	13	-
Six	11	11	-	6	6	-
Seven	20	20	-	14	14	-
Eight	25	25	-	13	13	-
Nine	30	30	-	20	20	-
Ten	33	33	-	16	16	-
Eleven	34	34	-	15	15	-
Twelfth	26	26	-	12	12	-
Subtotal	366	366	-	174	174	-
Special Education-Elementary	9	9	-	2	2	-
Special Education-Middle	-	-	-	-	-	-
Special Education-Highschool	2	2	-	1	1	-
Subtotal	11	11	-	3	3	-
TOTALS	377	377	-	177	177	-

**CITY OF UNION CITY SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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.

2023-24 Total General Fund Expenditures per the ACFR, Exhibit C-1	<u>\$ 318,986,847</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>795,794</u> (A1a)
Less:	
Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2	<u>(6,965,644)</u> (A1b)
Adjusted 2023-24 General Fund & Other State Expenditures [(A) + (A1a) - (A1b)]	<u>\$ 312,816,997</u> (A2)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>\$ (54,458,675)</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>95.26%</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)
2023-24 General Fund Expenditures [(A2) - (A3) - (A8)]	<u>\$ 258,358,322</u> (A9)
2% of Adjusted 2023-2024 General Fund Expenditures [(A9) x 2%]	<u>\$ 5,167,166</u> (A10)
Enter Greater of (A10) or \$250,000	<u>5,167,166</u> (A11)
Increased by: Allowable Adjustment*	<u>2,513,826</u> (K)
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(A11) + (K)]	<u>\$ 7,680,992</u> (M)

SECTION 2

Total General Fund - Fund Balances at June 30, 2024	<u>\$ 53,980,249</u> (C)
Decreased by:	
Year-end Encumbrances	<u>(16,152,454)</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>-</u> (C2)
Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>(16,054,803)</u> (C3)
Other Restricted Fund Balances****	<u>(1,764,572)</u> (C4)
Assigned - Designated for Subsequent Year's Expenditures	<u>(1,173,547)</u> (C5)
Total Unassigned Fund Balance [(C) - (C1) - (C2) - (C3) - (C4) - (C5)]	<u>\$ 18,834,873</u> (U)

**CITY OF UNION CITY SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U) - (M)] IF NEGATIVE ENTER -0- \$ 11,153,881 (E)

Summary:

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures** \$ 16,054,803 (C3)
Restricted Excess Surplus***[(E)] 11,153,881 (E)

Total [(C3) + (E)] \$ 27,208,684 (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 2023-24 received after June 30 is limited to the amount of revenue recognized in the audit year that was not appropriated.

Detail of Allowable Adjustments

Impact Aid	\$ - (H)
Sale & Lease-back	- (I)
Extraordinary Aid	<u>2,513,826 (J1)</u>
Additional Nonpublic School Transportation Aid	- (J2)
Current Year School Bus Advertising Revenue Recognized	- (J3)
Family Crisis Transportation Aid	- (J4)
Maintenance of Equity Aid and Military Impact Aid	- (J5)
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	<u>\$ 2,513,826 (K)</u>

- ** This amount represents the June 30, 2023 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, 2023 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, 2024
(N-2) Maintenance reserve minimum required under EFCFA
(N-3) Tuition reserve at June 30, 2024
(N-4) Emergency reserve at June 30, 2024
(N-5) School bus fuel offset reserve – current year - June 30, 2024
(N-6) School bus fuel offset reserve – prior year - June 30, 2024
(N-7) Impact Aid general fund reserve at June 30, 2024
(N-8) Impact Aid capital fund reserve at June 30, 2024
(N-9) Unemployment fund reserve at June 30, 2024

Detail of Other Restricted/Reserved Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	-
Sale/lease-back reserve	-
Capital reserve (N-1)	<u>1,764,572</u>
Maintenance reserve (N-2)	-
Tuition reserve (N-3)	-
Emergency reserve (N-4)	-
School Bus Advertising 50% Fuel Offset Reserve - current year (N-5)	-
School Bus Advertising 50% Fuel Offset Reserve - prior year (N-6)	-
Impact Aid General Fund Reserve (Section 8002 and 8003) (N-7)	-
Impact Aid Capital Fund Reserve (Section 8007 and 8008) (N-8)	-
Reserve for Unemployment Fund (N-9)	-

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

Capital reserve - reserved for local share of 2023-2024 district budget	-
Maintenance reserve - reserved for local share of 2023-2024 district budget	-

Total Other Restricted/Reserved Fund Balance \$ 1,764,572 (C4)

**CITY OF UNION CITY SCHOOL DISTRICT
AUDIT RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

- 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 modify budget when funding for expenditures are transferred or reverted to special revenue fund.
- Management timely and regularly perform closing procedures of Adult Education and Literacy Act, Title II program accounting to ensure accuracy and completeness of accounting in the in the District's financial management system and agrees to financial reporting used for reimbursement requests. Management either perform such closing procedures timely to allow for budget transfers to fund any deficits in budget appropriations or provide budget additional appropriations in anticipation of additional expenditures.
- The District IDEA Basic program only submit reimbursement requests for expenditures or encumbrances reasonably committed to prevent significant reprogramming of expenditures through journal entry adjustments that override the purchase order process that's an integral part of internal controls over financial reporting and compliance.
- 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

None

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, 2024**

10. Follow-Up on Prior Year Findings

Corrective action has been taken on a prior year finding and the following are repeated in this year's recommendations:

- 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.
- Management timely and regularly perform closing procedures of Adult Education and Literacy Act, Title II program accounting to ensure accuracy and completeness of accounting in the in the District's financial management system and agrees to financial reporting used for reimbursement requests. Management either perform such closing procedures timely to allow for budget transfers to fund any deficits in budget appropriations or provide budget additional appropriations in anticipation of additional expenditures.
- The District IDEA Basic program only submit reimbursement requests for expenditures or encumbrances reasonably committed to prevent significant reprogramming of expenditures through journal entry adjustments that override the purchase order process that's an integral part of internal controls over financial reporting and compliance.
- 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.
- 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.