

*Auditor's Management Report*

*for the*

*Borough of Hawthorne  
School District*

*in the*

*County of Passaic  
New Jersey*

*for the*

*Fiscal Year Ended  
June 30, 2017*

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

**TABLE OF CONTENTS**

	<b>Page</b>
Independent Auditor's Report	1
Scope of Audit	2
 Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
 Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Accounts	2
Position Control Roster	3
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	3
Board Secretary's Records	3
Treasurer's Records	3
Elementary and Secondary Education Act/Improving America's Schools Act as Reauthorized by the No Child Left Behind Act	3
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	4
 School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	4-6
School Food Service	6-7
Student Body Activities	7
Application for State School Aid	7
Pupil Transportation	8
Capital Assets and Facilities	8
Testing for Lead of All Drinking Water in Educational Facilities	8
Follow-Up on Prior Year's Findings	8
 Recommendations	9
Schedule of Audited Enrollments	10-12
Excess Surplus Calculation	13
Schedule of Meal Count Activity	14-15
Net Cash Resource Schedule – Food Service	16

Tax ID Number 22-6001974



**SUPLEE, CLOONEY & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300 Fax 908-789-8535

E-mail info@scnco.com

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Trustees  
Hawthorne Board of Education  
Hawthorne, New Jersey 07506

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Borough of Hawthorne School District in the County of Passaic for the year ended June 30, 2017, and have issued our report dated November 13, 2017

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information of the Borough of Hawthorne School District, County of Passaic, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
PUBLIC SCHOOL ACCOUNTANT NO. 948

November 13, 2017

**Independent Auditor's Management Report of Administrative  
Findings – Financial and Compliance**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the activities of the Borough of Hawthorne - Board of Education, the records of the various funds under the auspices of the Board of Education.

**Administrative Practices and Procedures**

**Insurance**

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule (Exhibit J-20) contained in the District's Comprehensive Annual Financial Report (CAFR).

**Official Bonds (N.J.S.A. 18A:17-26, 17-32)**

<u>Name</u>	<u>Position</u>	<u>Amount of Bonds</u>
Gertrude Engle	Business Administrator/Board Secretary	\$250,000.00

There is a Public Employees' Blanket Position Bond with Selective Insurance Company covering all other employees with multiple coverage of \$100,000.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

Our audit of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

**Payroll Accounts**

The net salaries of all employees of the Board were deposited in the Net Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls tested were approved by the Superintendent and were certified by the President of the Board, the Board Secretary/Business Administrator and the Chief School Administrator.

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

Payrolls were delivered to the secretary of the board with a warrant made to her order for the full amount of each payroll.

**Independent Auditor's Management Report of Administrative  
Findings – Financial and Compliance**

**Financial Planning, Accounting and Reporting (Continued)**

**Position Control Roster**

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

**Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserve for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

**Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(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 classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to the test the propriety of expenditure classification.

**Board Secretary's Records**

The records maintained by the Board Secretary were in agreement with the records maintained by the Treasurer.

**Treasurer's Records**

The records maintained by the Treasurer were in satisfactory condition and were in agreement with the records maintained by the Board Secretary/Business Administrator.

**Elementary and Secondary Education Act (E.S.E.A./Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind Act of 2001**

The E.S.E.A./N.C.L.B. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I, Title II and Title III of the Elementary and Secondary Education Act as amended and reauthorized.

**Independent Auditor's Management Report of Administrative  
Findings – Financial and Compliance**

**Other Special Federal and/or State Projects**

The District's Special Projects were approved as listed on Exhibits K-3 and K-4 located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

**T.P.A.F. Reimbursement**

Our audit procedures included a test of the semi-monthly reimbursement filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund.

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement.

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

N.J.S.A.18A:18A-3 states "a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$29,000.00, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefor, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L. 1971 c. 198 (C.40A:11-9) the board of education may establish that the bid threshold may be up to \$40,000.00. Such authorization may be granted for each contract for by a general delegation of the power to negotiate and award such contracts pursuant to this section.

**Independent Auditor's Management Report of Administrative  
Findings – Financial and Compliance**

**School Purchasing Programs (Continued)**

**Contracts and Agreements Requiring Advertisement for Bids (Continued)**

b. Commencing in the fifth year after the year in which P.L. 1999 c. 440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2 and shall round the adjustment to the nearest \$1,000.00. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of every year in which it is made. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the board of education to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this chapter or specifically by any other law.

The Board of Education may, by resolution, approve by the majority of the board of education and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the board of education finds that it has had negative prior experience with the bidder."

Effective July 1, 2016, the bid threshold in accordance with N.J.S.A. 18A:18A-3(a) and (c) is \$29,000.00. In accordance with N.J.S.A. 40A:11-9 (b) the bid threshold for all purchases made by the District's qualified purchasing agent is \$40,000.00. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$18,800.00.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal 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 the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4.

**Independent Auditor's Management Report of Administrative  
Findings – Financial and Compliance**

**School Purchasing Programs (Continued)**

**Contracts and Agreements Requiring Advertisement for Bids (Continued)**

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

The system of records did not provide for an accumulation of purchases for which the School Board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal however, that the district made purchases through the use of state contracts.

**School Food Service Funds**

The financial transactions and statistical records of the School Food Services were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The number of meals claimed for reimbursement was verified against sales and meal count records. As part of the claims review process the edit check worksheet was completed. Reimbursement vouchers were properly computed and timely filed. Meals claimed agreed with the meal count records tested.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced priced meal policy is uniformly administered throughout the School system. The required verification procedures for free and reduced price applications were completed and available for review.

Expenditures were 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. No exceptions were noted.

The cash disbursements records reflected expenditures for program related goods and services. The Board is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

Cash Receipts and bank records were reviewed for timely deposit.



**Independent Auditor's Management Report of Administrative  
Findings – Financial and Compliance**

**School Food Service Funds (Continued)**

The District utilizes a food service management company 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 contract/addendum 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.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Service employees authorized by the Board of Education. No exceptions were noted.

The school district maintains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

Food Distribution Program Commodities were received and an inventory was maintained on a first-in, first-out basis. No exceptions were noted

Exhibits reflecting Child Nutrition Program operations are included in Section G of the CAFR.

**Student Body Activities**

The records for the Student Body Activities were maintained in satisfactory condition.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 17, 2016 Application for State School Aid (A.S.S.A.) 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 A.S.S.A. was compared to the district workpapers with minor exceptions. The information that was included on the workpapers was verified with minor exceptions. 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 had written procedures for the recording of student enrollment.

**Independent Auditor's Management Report of Administrative  
Findings – Financial and Compliance**

**Pupil Transportation**

Our audit procedures included a test of on-roll status reported in the 2016-2017 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with minor exceptions. 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. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

**Capital Assets and Facilities**

Our procedures included a review of the SDA grant agreements for consistency with recording of SDA revenue, transfer of local funds from the general or capital reserve account, and awarding of contracts for eligible facilities construction.

**Testing for Lead of All Drinking Water in Educational Facilities**

The school district adhered to 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 Prior Year's Audit Findings**

In accordance with governmental auditing standards, our procedures included a review of all prior year recommendations. Corrective action has been taken on all prior year findings.

**Independent Auditor's Management Report of Administrative Findings – Financial and Compliance**

**Recommendations**

**Administrative Practices and Procedures**

None

**Financial Planning, Accounting and Reporting**

None

**School Purchasing Program**

None

**School Food Service**

None

**Student Body Activities**

None

**Application for State School Aid**

None

**Pupil Transportation**

None

**Capital Assets and Facilities**

None

**Prior Year Audit Findings**

None

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
 SCHEDULE OF AUDITED ENROLLMENTS  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 14, 2016

	2017-18 Application for State School Aid (10/14/16 data)						Sample for Verification						Private School for Disabled							
	Reported as 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. as Private Schools		Sample Verification		Sample Errors			
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared		
Half Day Preschool - 3 Yr	5	-	5	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	
Half Day Preschool - 4 Yr	8	-	8	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	
Full Day Kindergarten	155	-	155	-	-	-	19	-	19	-	-	-	-	-	-	-	-	-	-	
One	146	-	146	-	-	-	18	-	18	-	-	-	-	-	-	-	-	-	-	
Two	160	-	160	-	-	-	20	-	20	-	-	-	-	-	-	-	-	-	-	
Three	164	-	164	-	-	-	20	-	20	-	-	-	-	-	-	-	-	-	-	
Four	130	-	130	-	-	-	16	-	16	-	-	-	-	-	-	-	-	-	-	
Five	161	-	161	-	-	-	16	-	16	-	-	-	-	-	-	-	-	-	-	
Six	129	-	129	-	-	-	16	-	16	-	-	-	-	-	-	-	-	-	-	
Seven	175	-	175	-	-	-	21	-	21	-	-	-	-	-	-	-	-	-	-	
Eight	148	-	148	-	-	-	18	-	18	-	-	-	-	-	-	-	-	-	-	
Nine	171	-	171	-	-	-	21	-	21	-	-	-	-	-	-	-	-	-	-	
Ten	146	-	146	-	-	-	18	-	18	-	-	-	-	-	-	-	-	-	-	
Eleven	149	-	149	-	-	-	18	-	18	-	-	-	-	-	-	-	-	-	-	
Twelve	139	-	139	-	-	-	17	-	17	-	-	-	-	-	-	-	-	-	-	
<b>Subtotal</b>	<b>1,986</b>	<b>0</b>	<b>1,986</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>244</b>	<b>0</b>	<b>244</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Sp. Ed - Elementary	179	-	179	-	-	-	22	-	22	-	-	-	-	-	-	-	-	-	-	
Sp. Ed - Middle School	108	-	108	-	-	-	13	-	13	-	-	-	-	-	-	-	-	-	-	
Sp. Ed - High School	107	-	107	-	-	-	13	-	13	-	-	-	-	-	-	-	-	-	-	
<b>Subtotal</b>	<b>394</b>	<b>0</b>	<b>394</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48</b>	<b>0</b>	<b>48</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Co. Voc. - Regular	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Co. Voc. Ft. Post Sec.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>2,380</b>	<b>0</b>	<b>2,380</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>292</b>	<b>0</b>	<b>292</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Percentage Error</b>					<b>0.00%</b>					<b>0.00%</b>					<b>0.00%</b>				<b>0.00%</b>	

**BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2016**

	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
Half Day Preschool - 3 Yr	46	46	-	15	15	-	5	5	-	4	4	-
Half Day Preschool - 4 Yr	47	47	-	15	15	-	7	7	-	6	6	-
Full Day Kindergarten	43	43	-	15	15	-	6	6	-	5	5	-
One	48	48	-	15	15	-	4	4	-	3	3	-
Two	37	37	-	15	15	-	0	0	-	0	0	-
Three	39	39	-	15	15	-	0	0	-	0	0	-
Four	30	30	-	15	15	-	1	1	-	1	1	-
Five	49	49	-	15	15	-	2	2	-	2	2	-
Six	39	39	-	15	15	-	2	2	-	2	2	-
Seven	38	38	-	15	15	-	3	3	-	3	3	-
Eight	35	35	-	15	15	-	3	3	-	3	3	-
Nine	34	34	-	15	15	-	1	1	-	1	1	-
Ten	28	28	-	15	15	-	1	1	-	1	1	-
Eleven	513.0	513.0	0.0	195	195	0	35	35	0	31	31	0
Twelve												
<b>Subtotal</b>	<b>513.0</b>	<b>513.0</b>	<b>0.0</b>	<b>195</b>	<b>195</b>	<b>0</b>	<b>35</b>	<b>35</b>	<b>0</b>	<b>31</b>	<b>31</b>	<b>0</b>
Sp. Ed - Elementary	72	72	-	13	13	-	2	2	-	2	2	-
Sp. Ed - Middle School	38	38	-	9	9	-	0	0	-	0	0	-
Sp. Ed - High School	41	41.0	-	15	15	-	0	0	-	0	0	-
<b>Subtotal</b>	<b>151.0</b>	<b>151.0</b>	<b>0.0</b>	<b>37</b>	<b>37</b>	<b>0</b>	<b>2.0</b>	<b>2</b>	<b>0.0</b>	<b>2.0</b>	<b>2</b>	<b>0.0</b>
<b>Totals</b>	<b>664.0</b>	<b>664.0</b>	<b>0.0</b>	<b>232</b>	<b>232</b>	<b>0</b>	<b>37.0</b>	<b>37</b>	<b>0.0</b>	<b>33.0</b>	<b>33</b>	<b>0.0</b>
<b>Percentage Error</b>			0.00%			0.00%			0.00%			0.00%

	Transportation		
	Reported on DRTS by DOE/county	Reported on DRTS by District	232 Tested
Reg. - Public Schools, col. 1	106	106	66
Reg -SpEd, col. 4	0	0	0
Transported - Non-Public, col. 3	123	123	77
Special Ed Spec, col. 6	143	143	89
<b>Totals</b>	<b>372</b>	<b>372</b>	<b>232</b>
<b>Percentage Error</b>			0.00%

Reg Avg. (Mileage) = Regular Including Grade PK students (Part A) 4.5  
 Reg Avg. (Mileage) = Regular Excluding Grade PK students (Part B) 4.5  
 Spec Avg. = Special Ed with Special Needs 8.2

Reported 4.5  
 Recalculated 4.5  
 N/A  
 8.2

**BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2016**

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.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
Half Day Preschool - 3 Yr						
Half Day Preschool - 4 Yr						
Full Day Kindergarten						
One	2	2	-	2	2	-
Two	2	2	-	0	0	-
Three	3	3	-	3	3	-
Four	2	2	-	2	2	-
Five	2	2	-	2	2	-
Six	2	2	-	2	2	-
Seven	0	0	-	0	0	-
Eight	1	1	-	1	1	-
Nine	2	2	-	2	2	-
Ten	2	2	-	2	2	-
Eleven	0	0	-	0	0	-
Twelve	1	1	-	1	1	-
<b>Subtotal</b>	<b>21</b>	<b>21</b>	<b>0</b>	<b>17</b>	<b>17</b>	<b>0</b>
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Co. Voc. - Regular	0.0	0	-	0	0	-
Co. Voc. Ft. Post Sec.	0	0	-	0	0	-
<b>Totals</b>	<b>21.0</b>	<b>21</b>	<b>0.0</b>	<b>17.0</b>	<b>17</b>	<b>0</b>
<b>Percentage Error</b>			<b>0.00%</b>	(e)		<b>0.00%</b>

HAWTHORNE SCHOOL DISTRICT

SCHEDULE OF CALCULATION OF EXCESS SURPLUS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2016 - 2017 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ 42,696,700.42	
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ 4,296,374.74	
Assets Acquired Under Capital Leases	388,293.00	
Adjusted 2016 - 2017 General Fund Expenditures		\$ 38,012,032.68
2% of Adjusted 2016 - 2017 General Fund Expenditures		\$ 760,240.65
Greater of Line Above or \$250,000.00		\$ 760,240.65
Increased by: Allowable Adjustment		\$ 323,257.00
Maximum Unreserved/Undesignated Fund Balance		\$ 1,083,497.65

SECTION 2

Total General Fund - Fund Balances @ 6-30-2017	\$ 3,895,186.59	
Decreased by:		
Year-End Encumbrances	\$ 612,908.26	
Legally Restricted-Excess Surplus-Designated for Subsequent Year's Expenditures	\$ 155,238.00	
Other Restricted Fund Balances	\$ 1,850,000.00	
Assigned Fund Balance - Unreserved-Designated for Subsequent Year's Expenditures	\$ _____	
Total Unassigned Fund Balance		\$ 1,277,040.33

SECTION 3

Restricted Fund Balance-Excess Surplus	\$ 193,542.68
--	---------------

Recapitulation of Excess Surplus as of June 30, 2017

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 155,238.00
Reserved Excess Surplus	\$ 193,542.68
Total Excess Surplus	\$ 348,780.68

Detail of Allowable Adjustments

Extraordinary Aid	\$ 294,755.00
Additional Non-Public School Transportation Aid	\$ 28,502.00
	\$ 323,257.00

Detail of Other Restricted Fund Balance:

Capital Reserve	\$ 1,000,000.00
Maintenance Reserve	850,000.00
	\$ 1,850,000.00

BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM- FEDERAL  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER) UNDER CLAIM</u>
National School Lunch (Regular Rate)	Paid	106,891	106,891	106,891	0	0.30	0.00
	Reduced	11,232	19,751	19,751	0	2.76	0.00
	Free	76,685	97,592	97,592	0	3.16	0.00
	<b>TOTAL</b>	<b>194,808</b>	<b>224,234</b>	<b>224,234</b>			<b>0.00</b>
National School Lunch	HHFKA	194,808	224,234	224,234	0	0.06	0
School Breakfast (Regular Rate)	Paid	10	10	10	0	0.29	0.00
	Reduced		0	0	0	1.41	0.00
	Free	17	17	17	0	1.71	0.00
	<b>TOTAL</b>	<b>27</b>	<b>27</b>	<b>27</b>			<b>0.00</b>
School Breakfast (Severe Rate)	Paid	447	1,172	1,172	0	0.29	0.00
	Reduced	409	717	717	0	1.74	0.00
	Free	6,889	7,623	7,623	0	2.04	0.00
	<b>TOTAL</b>	<b>7,745</b>	<b>9,512</b>	<b>9,512</b>			<b>0.00</b>
<b>Total Net Overclaim ( Underclaim)</b>							<b>0.00</b>



BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>PROGRAM</u>	<u>MEAL</u> <u>CATEGORY</u>	<u>MEALS</u> <u>CLAIMED</u>	<u>MEALS</u> <u>TESTED</u>	<u>MEALS</u> <u>VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER)</u> <u>UNDER</u> <u>CLAIM</u>
State Reimbursement - National School Lunch (Regular Rate)	Paid	106,891	106,891	106,891	0	0.040	0.00
State Reimbursement - National School Lunch (Regular Rate)	Reduced	11,232	11,232	11,232	0	0.055	0.00
State Reimbursement - National School Lunch (Regular Rate)	Free	76,685	76,685	76,685	0	0.055	0.00
	TOTAL	<u>194,808</u>	<u>194,808</u>	<u>194,808</u>			
<b>Total Net Overclaim ( Underclaim)</b>							<u><u>0.00</u></u>

**BOROUGH OF HAWTHORNE SCHOOL DISTRICT  
NET CASH RESOURCE SCHEDULE - FOOD SERVICE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

A School Food Authority is required to maintain a nonprofit School Food Service. The nonprofit status of the School Food Service is determined by evaluating net cash resources. Net cash resources may not exceed three months average expenditures.

As Illustrated in the schedule below, the Districts Net Cash Resources (\$120,471.07) do not exceed three months average expenditures (\$265,353.26)

<u>Net Cash Resources:</u>		<b>Food Service G - 4/5</b>
<b>CAFR</b>	<b>Current Assets*</b>	
G-4	Cash & Cash Equivalents	\$108,461.86
G-4	Due from Other Gov'ts	21,987
<b>CAFR</b>	<b>Current Liabilities</b>	
G-4	Less Accounts Payable	(7,997.45)
G-4	Less Unearned Revenue	<u>(1,980.21)</u>
	<b>Net Cash Resources</b>	<b><u>\$120,471.07</u> (A)</b>
 <b><u>Net Adj. Total Operating Expense:</u></b>		
G-5	Tot. Operating Exp.	\$907,612.87
G-5	Less Depreciation	<u>(23,102.00)</u>
	Adj. Tot. Oper. Exp.	<b><u>\$884,510.87</u> (B)</b>
 <b><u>Average Monthly Operating Expense:</u></b>		
	B / 10	<b><u>\$88,451.09</u> (C)</b>
 <b><u>Three times monthly Average:</u></b>		
	3 X C	<b><u>\$265,353.26</u> (D)</b>

TOTAL IN BOX A	<u>\$120,471.07</u>	
LESS TOTAL IN BOX D	<u>(\$265,353.26)</u>	
NET	<b><u>(\$144,882.19)</u></b>	<b>&lt;&lt;--- Excess</b>

**A is greater than D, cash exceeds 3 X average monthly operating expenses.**

**D is greater than A, cash does not exceed 3 X average monthly operating expenses.**

\* Inventories are not to be included in total current assets.

