

HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT

Hi-Nella, New Jersey
County of Camden

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE
HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
HI-NELLA, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Prepared by

**Hi-Nella Borough School District
Business Office**

OUTLINE OF ACFR

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	5
Roster of Officials	7
Consultants and Advisors	9
FINANCIAL SECTION	
Independent Auditors' Report	13
REQUIRED SUPPLEMENTARY INFORMATION - PART I	
Management's Discussion & Analysis	19
BASIC FINANCIAL STATEMENTS	
A. Government-Wide Financial Statements:	
A-1 Statement of Net Position	29
A-2 Statement of Activities	30
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	35
B-2 Statement of Revenues, Expenditures & Changes in Fund Balance	36
B-3 Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balance of Governmental Funds to the Statement of Activities	37
Proprietary Funds:	
B-4 Statement of Net Position	N/A
B-5 Statement of Revenues, Expenditures & Changes in Fund Net Position	N/A
B-6 Statement of Cash Flows	N/A
Notes to Financial Statements	43
REQUIRED SUPPLEMENTARY INFORMATION - PART II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	61
C-1a Combining Schedule of Revenues, Expenditures & Changes in Fund Balance - Budget & Actual	N/A
C-1b Community Development Block Grants - Budget & Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	63
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	67
REQUIRED SUPPLEMENTARY INFORMATION - PART III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68):	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability Public Employees' Retirement System	N/A
L-2 Schedule of District Contributions - Public Employees' Retirement System	N/A
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability Teachers' Pension and Annuity Fund	N/A
L-4 Schedule of District Contributions - Teachers' Pension and Annuity Fund	N/A
M. Schedules Related to Accounting and Reporting for Other Post-Employment Benefits (GASB 75):	
M-1 Schedule of the Change in Net OPEB Liability and Related Ratios - OPEB	N/A
Notes to the Required Supplementary Information	N/A
D. School Based Budget Schedules Fund:	
D-1 Combining Balance Sheet	N/A

OUTLINE OF ACFR (Continued)

	PAGE
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget & Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues & Expenditures - Special Revenue Fund - Budgetary Basis	75
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	N/A
F-2a Schedule of Revenues, Expenditures, Project Balance & Project Status - Budgetary Basis - Various School Improvement Projects	N/A
G. Proprietary Funds:	
Enterprise Funds:	
G-1 Combining Schedule of Net Position	N/A
G-2 Combining Schedule of Revenues, Expenses & Changes in Fund Net Position	N/A
G-3 Combining Schedule of Cash Flows	N/A
Internal Service Funds:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses & Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Financed Purchases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

STATISTICAL SECTION (unaudited)

Financial Trends:	
J-1 Net Position by Component	87
J-2 Changes in Net Position	88
J-3 Fund Balances - Governmental Funds	91
J-4 Changes in Fund Balance - Governmental Funds	92
J-5 Other Local Revenue by Source - General Fund	94
Revenue Capacity:	
J-6 Assessed Value & Estimated Actual Value of Taxable Property	95
J-7 Direct & Overlapping Property Tax Rates	96
J-8 Principal Property Taxpayers	97
J-9 Property Tax Levies & Collections	98
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	99
J-11 Ratios of General Bonded Debt Outstanding	100
J-12 Direct & Overlapping Governmental Activities Debt	100
J-13 Legal Debt Margin Information	101
Demographic & Economic Information:	
J-14 Demographic & Economic Statistics	102
J-15 Principal Employers	103
Operating Information:	
J-16 Full-Time Equivalent District Employees by Function/Program	104
J-17 Operating Statistics	105
J-18 School Building Information	106
J-19 Schedule of Required Maintenance	107
J-20 Insurance Schedule	108

OUTLINE OF ACFR (Continued)
SINGLE AUDIT SECTION

	PAGE
K-1 Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	111
K-2 Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance and New Jersey OMB Circular 15-08	113
K-3 Schedule of Expenditures of Federal Awards (Not subjected to Single Audit)	117
K-4 Schedule of Expenditures of State Financial Assistance	118
K-5 Notes to Schedules of Awards and Financial Assistance	119
K-6 Schedule of Findings & Questioned Costs Section I, Section II and Section III	121
K-7 Summary Schedule of Prior Audit Findings	124

This page intentionally left blank.

INTRODUCTORY SECTION

This page intentionally left blank.



Hi-Nella Board of Education
111 Warwick Road, Stratford, NJ 08084
P-856-784-2917 F-856-784-8486

Debra R Trasatti
Business Administrator/Board Secretary

March 8, 2023

Honorable President and Members of the Board of Education
Borough of Hi-Nella School District
Hi-Nella, Camden County, New Jersey 08084

Dear Board Members:

I am pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the Hi-Nella School District for the fiscal year ended June 30, 2022. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of my knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The annual comprehensive financial report is presented in four sections:

- Introductory Section containing this Letter of Transmittal, List of Principal Officials, and Organizational Chart.
- Financial Section containing the Independent Auditors' Report, the Management's Discussion and Analysis, the Basic Financial Statements and Notes.
- Statistical Section containing Economic and Demographic Information, Fiscal Trends.
- Single Audit Section in conformity with the provisions of the Single Audit Amendments of 1996 and the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the auditor's report on compliance for each major program and report on the internal control over compliance are included in the single audit section of this report.

SCHOOL DISTRICT ORGANIZATION

The Hi-Nella School District is one of 15 non-operating school districts remaining in the State of New Jersey.

One Elected member serves on the Board of Education as the policy maker for the School District. The Board adopts an annual budget and approves all expenditures which serve as the basis for control over and authorization for all expenditures of School District money.

By law, there is no chief school administrator position for non-operating districts. The Business Administrator is the chief financial officer of the School District and is responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, and acting as custodian of all School District funds. The School District has been appointed a State Monitor since October of 2015. Effective with the 2016-17 school year, the School District entered into a shared service agreement with Stratford Board of Education which provides Business Office Services to the School District.

REPORTING ENTITY

Hi-Nella School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report.

ECONOMIC CONDITION AND OUTLOOK

The Borough of Hi-Nella is a suburban town of .231 square miles. Hi-Nella was incorporated as a borough on April 23, 1929. The Borough of Hi-Nella continues to be an active, involved community. Population census information indicates that the Borough of Hi-Nella has experienced a 6.55% increase in population based on 870 at the 2010 census and 927 at the 2020 census.

The Hi-Nella School District provides education to students in grades PreK to 12 through send/receive relationships with both Stratford School District (PreK-8) and Sterling Regional School District (Grades 9-12). The enrollment of students for the fiscal year ended June 30, 2022 was 119 students.

The School District continues to face difficult economic situations with its primary funding sources of property tax revenue (capped at 2%+any allowable increases by law) and state aid (small increase).

FINANCIAL INFORMATION

Internal Accounting

Management of the Hi-Nella District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial aid, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial aid programs, as well as to determine that the District has complied with applicable laws and regulations.

Budgetary Controls

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital project fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as appropriation of fund balance in the subsequent year. Those amounts to be appropriated are reported as reservations of fund balance at fiscal year-end.

CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute and detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds. A schedule of insurance coverage is found in Exhibit J-20.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holt McNally & Associates, Inc. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* The auditor's report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGEMENTS

I would like to express my appreciation to the members of the Hi-Nella Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

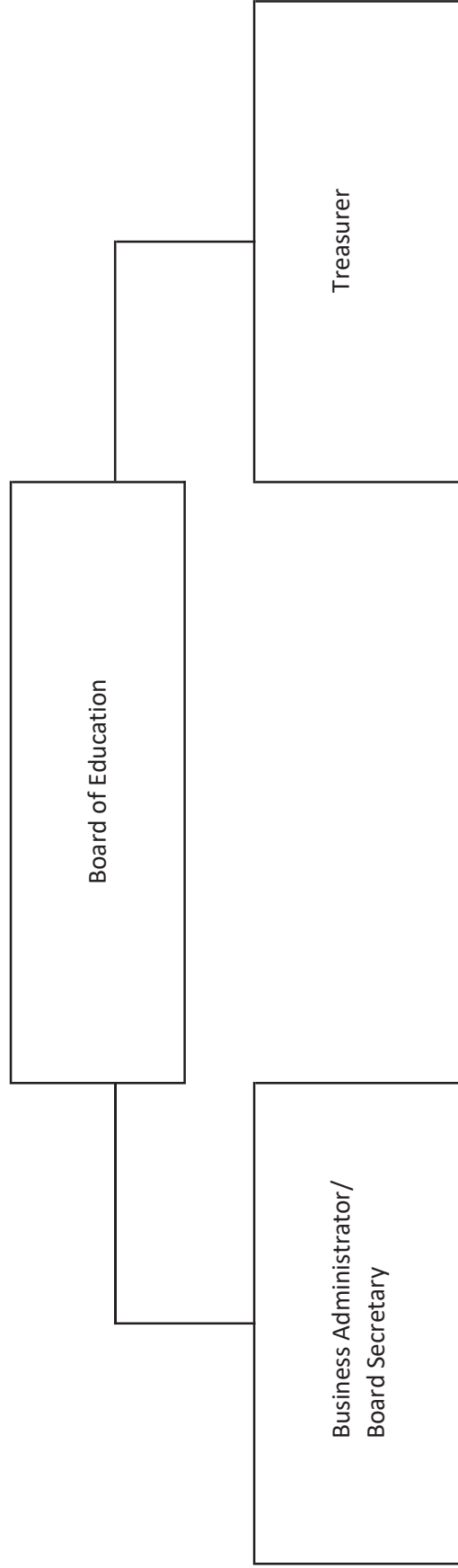
Respectfully submitted,

A handwritten signature in cursive script that reads "Debra R. Trasatti".

Debra R Trasatti
Business Administrator/Board Secretary

HI-NELLA BOARD OF EDUCATION

Organizational Chart



This page intentionally left blank.

HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
111 Warwick Road
Hi-Nella, New Jersey 08083

ROSTER OF OFFICIALS

6/30/2022

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Vacant

OTHER OFFICIALS

Debra Trasatti, School Business Administrator/Board Secretary

Michael Azzara, State Monitor

This page intentionally left blank.

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
HI-NELLA, NEW JERSEY**

CONSULTANTS AND ADVISORS

AUDIT FIRM

Michael Holt, CPA, PSA
Holt McNally & Associates, Inc.
618 Stokes Road
Medford, New Jersey 08055

ATTORNEY

Susan Hodges, Esq.
Parker McCay P.A
9000 Midlantic Drive, Suite 300
Mount Laurel, New Jersey 08054

OFFICIAL DEPOSITORY

Republic Bank
101 Laurel Oak Road
Voorhees, New Jersey 08043

FINANCIAL ADVISOR

Capital Financial Advisors, Inc.
Robbi Acampora
8000 Midlantic Drive, Suite 110S
Mt. Laurel, New Jersey 08054

This page intentionally left blank.

FINANCIAL SECTION

This page intentionally left blank.



HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Hi-Nella School District
County of Camden
Hi-Nella, New Jersey

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Borough of Hi-Nella School District, County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Borough of Hi-Nella School District, County of Camden, State of New Jersey, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Substantial Doubt about the District's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that School District will continue as a going concern. As discussed in Note 19 to the financial statements, the School District has substantial doubt about its ability to meet obligations as they become due without requesting and receiving additional advances of state aid. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 18. The financial statements do not include any

618 Stokes Road, Medford, NJ 08055

P: 609.953.0612 • **F:** 609.257.0008

www.hmacpainc.com

adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any current known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* and in accordance with accounting principles and practices prescribed by the Office of School Finance, Department of Education, State of New Jersey will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions and other post-employment benefits, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund statements are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and accompanying schedules of expenditures or federal award and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
March 8, 2023

REQUIRED SUPPLEMENTARY INFORMATION - PART I

This page intentionally left blank.

**Hi-Nella School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)**

As management of the Board of Education of the Borough of Hi-Nella, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The liabilities of the School District exceeded its assets at the close of the most recent fiscal year by \$2,526,574, which results in a deficit unrestricted net position.
- Governmental activities have a deficit unrestricted net position of \$2,526,574. The accounting treatments for the last state aid payment and increase in tuition and transportation costs are primarily responsible for this deficit balance. As a non-operating school district, all students that live in the Borough of Hi-Nella attend schools, on a tuition basis, located in the Stratford School District, and the Sterling Regional High School District, depending on the grade level of the student.
- The total net position of the School District at fiscal year-end increased by \$541,832.
- Fund balance of the School District's governmental funds decreased by \$207,320 resulting in an ending fund balance of (\$88,175).
- The School District's long-term obligations decreased by \$749,152, which is the result of the current year repayments on the state aid loan.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net position. Over time, changes in net position (deficit) may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

**Hi-Nella School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Cont'd)**

Government-wide Financial Statements (Cont'd)

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund and Special Revenue Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains two individual governmental funds. The major funds are the General Fund and the Special Revenue Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund and the Special Revenue Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

**Hi-Nella School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Cont'd)**

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

Government-wide Financial Analysis

The assets of the School District are classified as current assets. Cash and receivables are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

As a non-operating school district, the School District does not own any capital assets.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, other current liabilities, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be from currently available resources, current assets or new resources that become available during fiscal year 2023. Long-term liabilities such as long-term debt obligations will be liquidated from resources that will become available after fiscal year 2023. In total, liabilities decreased by \$792,336. The decrease was majorly attributable to the payment on the State Aid Loan of \$749,152.

The liabilities of the government activities exceeded assets by \$2,526,574 with an unrestricted deficit balance of \$2,526,574. The net position (deficit) of the government does not include internal balances.

As mentioned earlier, deficit unrestricted net position (deficit) is primarily due to the accounting treatments for the last state aid payment and increase in tuition and transportation costs.

Table 1 provides a summary of the School Districts net position for the fiscal year 2022 compared to fiscal year 2021.

**Table 1
Summary of Net Position**

	June 30, <u>2022</u>	June 30, <u>2021</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Total Assets	\$ 433,176	\$ 683,680	\$ (250,504)	-36.6%
Current and other Liabilities	521,351	564,535	(43,184)	-7.6%
Noncurrent Liabilities	2,438,399	3,187,551	(749,152)	-23.5%
Total Liabilities	2,959,750	3,752,086	(792,336)	-21.1%
Net Position:				
Restricted	-	149,449	(149,449)	-
Unrestricted (Deficit)	(2,526,574)	(3,218,538)	691,964	-21.5%
Total Net Position	\$ (2,526,574)	\$ (3,068,406)	\$ 542,515	-17.7%

**Hi-Nella School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Cont'd)**

**Hi-Nella School District
Comparative Summary of Changes in Net Position
For the Fiscal Years Ended June 30, 2021 and 2022**

During fiscal year 2022, total revenues increased by \$191,973. The increase is largely attributed to increase in state aid and property taxes. Property taxes increased \$22,532 and state aid increased \$189,044.

During fiscal year 2022, total expenses decreased \$76,494, attributable to the decrease in tuition.

Table 2 provides a summary of the School Districts changes in net position for the fiscal year 2022 compared to fiscal year 2021.

**Table 2
Summary of Changes in Net Position**

	June 30, <u>2022</u>	June 30, <u>2021</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Operating Grants & Contributions	\$ 30,827	\$ 50,128	\$ (19,301)	-38.5%
General Revenues:				
Property Taxes	1,149,110	1,126,578	22,532	2.0%
Federal & State Aid	1,476,888	1,287,844	189,044	14.7%
Other General Revenues	2,796	3,098	(302)	-9.7%
Total Revenues	<u>2,659,621</u>	<u>2,467,648</u>	<u>191,973</u>	<u>7.8%</u>
Function/Program Expenditures:				
Regular Instruction	-	13,862	(13,862)	-100.0%
Tuition	1,979,053	2,045,910	(66,857)	-3.3%
General Administrative	57,671	56,873	798	1.4%
Plant Operations & Maintenance	5,462	5,320	142	2.7%
Pupil Transportation	55,358	25,340	30,018	118.5%
Unallocated Benefits	1,518	1,488	30	2.0%
Transfer to Charter Schools	18,727	45,490	(26,763)	100.0%
Total Expenditures	<u>2,117,789</u>	<u>2,194,283</u>	<u>(76,494)</u>	<u>-3.5%</u>
Change In Net Position	541,832	273,365	268,467	98.2%
Net Position - Beginning	<u>(3,068,406)</u>	<u>(3,341,771)</u>	<u>273,365</u>	<u>-8.2%</u>
Net Position - Ending	<u>\$ (2,526,574)</u>	<u>\$ (3,068,406)</u>	<u>\$ 541,832</u>	<u>-17.7%</u>

Financial Analysis of the Governmental Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**Hi-Nella School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Cont'd)**

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of (\$88,175), a decrease of \$207,320 in comparison with the prior year.

The unassigned fund balance of (\$88,175) for the School District's governmental fund at the end of the fiscal year includes the General Fund.

The general fund is the chief operating fund of the School District. The unassigned fund balance of the general fund is due, primarily, to the accounting treatment of the last state aid payments and state statutes that prohibit the school district from maintaining more than 1.5% of its adopted budget as unrestricted fund balance.

The special revenue fund reflects a \$0 fund balance as special revenue is now paid out on an expenditure basis only. Revenue is generally recognized at the time that the outlays are identified; therefore no fund balances are normally generated in the special revenue fund.

General Fund Budgetary Highlights

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$15,638 while total fund balance (budgetary basis) was \$15,638. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$2,836,114.

Budget modifications during fiscal year 2022, consisted of budgetary line item transfers approved by the Board of Education or the appointed state monitor. The final budgetary basis revenue estimate was \$2,970,777, which was the same as the original adopted budget.

The final budgetary basis expenditure appropriation was \$2,970,777, which is the same as the original adopted budget. The actual expenditures decreased from the final budgeted expenditures appropriated by \$134,663 largely due a decrease in tuition cost.

Capital Asset and Debt Administration

The School District's does not own capital assets for its governmental activities as of June 30, 2022,

Long-term debt – As of fiscal year ended June 30, 2022, the School District had total advance on state aid loan outstanding of \$2,438,399.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 5) of this report.

Economic Factors and Next Year's Budget

In fiscal year 2022, the School District was able to sustain its budget through property taxes and state aid. The 2022-23 budget was presented to the Board of Education, as adjusted by the County Executive Superintendent. Property taxes were only raised by 2%, the maximum allowable amount, to support the 2022-23 budget.

**Hi-Nella School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited) (Cont'd)**

Requests for Financial Information

This financial report is designed to provide a general overview of the School District's finances and the District's accountability for the resources it receives for all those with an interest in the School District. Questions about this report or requests for additional financial information can be addressed to Mrs. Debra Trasatti, Business Administrator at Hi-Nella Board of Education, 111 Warwick Road, Stratford, New Jersey 08084 or by phone at 856-784-2917.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

A. Government-Wide Financial Statements

This page intentionally left blank

HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS	GOVERNMENTAL ACTIVITIES	TOTAL
Cash & Cash Equivalents	\$ 418,365	\$ 418,365
Receivables, Net (Note 4)	14,811	14,811
	<hr/>	<hr/>
Total Assets	433,176	433,176
	<hr/>	<hr/>
LIABILITIES		
Accounts Payable	520,201	520,201
Unearned Revenue	1,150	1,150
Noncurrent Liabilities (Note 5):		
Due Within One Year	358,492	358,492
Due Beyond One Year	2,079,907	2,079,907
	<hr/>	<hr/>
Total Liabilities	2,959,750	2,959,750
	<hr/>	<hr/>
NET POSITION		
Unrestricted (Deficit)	<hr/> (2,526,574)	<hr/> (2,526,574)
Total Net Position	<hr/> <u>\$ (2,526,574)</u>	<hr/> <u>\$ (2,526,574)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL ACTIVITIES	TOTAL	NET (EXPENSE) REVENUE AND CHANGES IN NET
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS			
Governmental Activities:						
Support Services & Undistributed Costs:						
Tuition	\$ 1,979,053	\$ -	\$ 30,827	\$ (1,948,226)	\$ (1,948,226)	
General & Business Administrative Services	57,671	-	-	(57,671)	(57,671)	
Plant Operations & Maintenance	5,462	-	-	(5,462)	(5,462)	
Pupil Transportation	55,358	-	-	(55,358)	(55,358)	
Unallocated Benefits	1,518	-	-	(1,518)	(1,518)	
Transfers Out	18,727	-	-	(18,727)	(18,727)	
Total Governmental Activities	2,117,789	-	30,827	(2,086,962)	(2,086,962)	
Total Primary Government	2,117,789	-	30,827	(2,086,962)	(2,086,962)	
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				1,149,110	1,149,110	
Federal & State Aid Not Restricted				1,476,892	1,476,892	
Miscellaneous Income				2,792	2,792	
Total General Revenues & Transfers				2,628,794	2,628,794	
Change In Net Position				541,832	541,832	
Net Position - Beginning				(3,068,406)	(3,068,406)	
Net Position - Ending				(2,526,574)	(2,526,574)	

The accompanying Notes to Financial Statements are an integral part of this statement.

B. Fund Financial Statements

This page intentionally left blank

Governmental Funds

This page intentionally left blank

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL
Assets:			
Cash & Cash Equivalents	\$ 418,365	\$ -	\$ 418,365
Receivables:			
State	14,811	-	14,811
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 433,176	\$ -	\$ 433,176
	<hr/>	<hr/>	<hr/>
Liabilities & Fund Balances:			
Liabilities:			
Accounts Payable	\$ 426,371	\$ -	\$ 426,371
Other Current Liabilities	93,830	-	93,830
Unearned Revenue	1,150	-	1,150
	<hr/>	<hr/>	<hr/>
Total Liabilities	521,351	-	521,351
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Unassigned Fund Balance:			
General Fund	(88,175)	-	(88,175)
	<hr/>	<hr/>	<hr/>
Total Fund Balances	(88,175)	-	(88,175)
	<hr/>	<hr/>	<hr/>
Total Liabilities & Fund Balances	\$ 433,176	\$ -	
	<hr/>	<hr/>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Long-term liabilities, including advance of State Aid Loan, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(2,438,399)</u>
Net position of Governmental Activities	<u>\$ (2,526,574)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022**

	GENERAL FUND	SPECIAL REVENUE FUND	TOTAL
Revenues:			
Local Sources:			
Local Tax Levy	\$ 1,149,110	\$ -	\$ 1,149,110
Miscellaneous	2,792	-	2,792
	<hr/>		
Total Local Sources	1,151,902	-	1,151,902
	<hr/>		
State Sources	1,476,892	-	1,476,892
Federal Sources	-	30,827	30,827
	<hr/>		
Total Revenues	2,628,794	30,827	2,659,621
	<hr/>		
Expenditures:			
Support Services & Undistributed Costs:			
Tuition	1,948,226	30,827	1,979,053
General & Business Administrative Services	806,823	-	806,823
Plant Operations & Maintenance	5,462	-	5,462
Pupil Transportation	55,358	-	55,358
Unallocated Benefits	1,518	-	1,518
	<hr/>		
Total Expenditures	2,817,387	30,827	2,848,214
	<hr/>		
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures	(188,593)	-	(188,593)
	<hr/>		
Other Financing Sources/(Uses):			
Transfer to Charter Schools	(18,727)	-	(18,727)
	<hr/>		
Total Other Financing Sources & Uses	(18,727)	-	(18,727)
	<hr/>		
Net Change in Fund Balances	(207,320)	-	(207,320)
Fund Balance - July 1	119,145	-	119,145
	<hr/>		
Fund Balance - June 30	\$ (88,175)	\$ -	\$ (88,175)
	<hr/>		

The accompanying Notes to Financial Statements are an integral part of this statement.

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Total Net Change in Fund Balances - Governmental Funds (From B-2)	<u>\$ (207,320)</u>
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	<u>749,152</u>
Change in Net Position of Governmental Activities	<u><u>\$ 541,832</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

This page intentionally left blank.

Proprietary Funds
Not Applicable

This page intentionally left blank

HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

This page intentionally left blank

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Board of Education of Hi-Nella Borough School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).The following is a summary of more significant accounting policies.

Reporting Entity

The Township of Hi-Nella School District (hereafter referred to as the “District”) is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of one member elected to three-year terms. The purpose of the District is to educate students in grades kindergarten through eighth grade at its two schools. The District has an approximate enrollment at June 30, 2022 of 119 students. Students in grades Kindergarten to Eighth are sent to Stratford School District, grades Nine through Twelve are sent to Sterling High School.

The primary criterion for including activities within the District’s reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the District holds the corporate powers of the organization;
- ◆ the District appoints a voting majority of the organization’s board
- ◆ the District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No.14. The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, GASB Statement No. 61, The Financial Reporting Entity: Omnis - an amendment of GASB Statements No. 14 and No. 34, GASB Statement No. 80, Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14 and GASB Statement No. 90 – Majority Equity Interests – an Amendment of GASB Statements No. 14 & No. 61. The School District had no component units as of for the year ended June 30, 2022.

Basis of Accounting, Measurement Focus and Financial Statement Presentation

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

Government-Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The School District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the School District, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

received by the School District. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the School District and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations.

The School District funds outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed. In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1 and Exhibit C-2 includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned revenue at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end

Cash and Cash Equivalents

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2022 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

The School District does not possess any capital assets.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2022.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the School District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the School District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 1. Summary of Significant Accounting Policies (continued):

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2022:

Statement No. 87, *Leases*. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after June 15, 2021. The adoption of this pronouncement had no material effect on the financial statements.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 96, *Subscription-Based Information Technology Arrangements*. Statement No. 96 establishes a single approach to accounting and financial reporting for subscription-based information technology arrangements for government end users. Statement No. 96 is effective for reporting periods beginning after June 15, 2022. Management has not yet determined the potential impact on the District's financial statements.

Statement No. 101, *Compensated Absences*. Statement No. 101 aligns the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Management has not yet determined the potential impact on the District's financial statements.

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2022, the District’s bank balance of \$746,663 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	746,663
Uninsured and Uncollateralized		-
		-
	\$	746,663

Investments

The School District had no investments at June 30, 2022.

Note 3. Reserve Accounts

Repayment Reserved from Advance Payment of State Aid

New Jersey Statutes Title 18a, Education 18A: 7A-56 states the following:

- a. The Commissioner of Education shall recommend to the State Treasurer whether an advance State aid payment should be made to a school district for which a State monitor has been appointed. The commissioner's recommendation shall be based on whether the payment is necessary to ensure the provision of a thorough and efficient education. An advance State aid payment shall be recorded by the school district as revenue for budget purposes in the school year in which the advance State aid payment is provided.
- b. The advance State aid payment shall be repaid by the school district through automatic reductions in the State aid provided to the school district in subsequent years. The term of the repayment shall not exceed 10 years, but may be for a shorter term as determined by the State Treasurer. At any time during the term of the repayment the State Treasurer, in consultation with the Commissioner of Education, may determine to impose interest on the unpaid balance ; except that interest shall not be imposed in the case of a school district for which a State monitor is appointed within 90 days of the effective date of this act. The commissioner shall transfer the amount of the reduction in State aid to the account established pursuant to section 5 of this act.
- c. In any year in which the school district's undesignated general fund balance is greater than 1.5% of general fund expenditures, the amount which exceeds 1.5% shall be an additional amount applied to the following year's repayment of the advance State aid payment and the school district's State aid shall be reduced by this additional amount in that following year.

The excess over the 1.5% was equal to \$0 as of June 30, 2022.

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 4. Accounts Receivable

Accounts receivable at June 30, 2022 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

Description	Governmental Funds		Total Governmental Activities
	General Fund	Special Revenue Fund	
State Awards	\$ 14,811	\$ -	\$ 14,811
Total	\$ 14,811	\$ -	\$ 14,811

Note 5. Long-Term Obligations

During the fiscal year-ended June 30, 2022 the following changes occurred in long-term obligations:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Balance Due Within One Year
Governmental Activities:					
Advancement of State Aid Loan	\$ 3,187,551	\$ -	\$ 749,152	\$ 2,438,399	\$ 358,492
	\$ 3,187,551	\$ -	\$ 749,152	\$ 2,438,399	\$ 358,492

Advance of State Aid Loan – This advance was approved by the State of NJ in accordance with the provisions of NJSA 18A:7a-55. (See Note 3)

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 6. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

Joint Insurance Fund – The District is a member of the New Jersey School Boards Association Insurance Group. The Fund provides members with the following Coverage:

Workers Compensation including Employers Liability
Comprehensive General Liability Property
Automobile Liability
Blanket Crime including Public Employee Dishonesty
Property Including Boiler and Machinery
Public Officials and Employment Practices Liability
Volunteer Directors AAND Officers Liability
Cyber Liability

Contributions to the Funds, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Funds actuary. The School District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums.

For information regarding claims, coverages and deductibles, the Fund publishes its own financial report for the year ended June 30, 2022 which can be obtained from

New Jersey School Boards Association Insurance Group
450 Veterans Drive
Burlington, New Jersey 08016

Note 7. Related Party Transactions

On March 20, 2017, the School District entered into a memorandum of agreement with the Borough of Stratford School District ("Stratford BOE") for Business Office Services as well as all the duties and responsibilities required of a Business Administrator in accordance with the NJ Statutes and all applicable laws and regulations for the fiscal year ended June 30, 2022 at a cost not to exceed \$24,376. As part of these services, the Stratford BOE prepared the Application for State School Aid Summary, which accumulates student counts as of October 15, 2021. The Stratford BOE also prepared tuition, transportation and related services billings to the School District for students sent to Stratford BOE based on actual student counts and certified tuition rates. These total billings to the School District have been reflected in the financial statements of the School District for the fiscal year ended June 30, 2022 as an expenditure in the total amount of \$1,459,599.

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 8. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2022 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Pending Litigation – The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the District.

Note 9. Concentrations

The School District depends on financial resources flowing from, or associated with, both the federal government and State of New Jersey. As a result of dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and State appropriations.

Note 10. Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District’s programs and activities.

Note 11. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district’s local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 12. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve the General Fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. At June 30, 2022 there was no excess fund balance.

Note 13. Fund Balance

General Fund – Of the \$(88,175) General Fund balance at June 30, 2022 \$(88,175) has been unassigned.

Note 14. Deficit in Fund Balances

The School District has a deficit fund balance of \$88,175 in the general fund as of June 30, 2022 as reported in the financial statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. A general fund balance deficit that exists due to the timing difference of recording the June state aid payments does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following year, is not considered a violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP fund statements of \$88,175 is less than the June state aid payments.

Note 15. Deficit in Net Position

Unrestricted Net Position – The School District's governmental activities had a deficit in unrestricted net position in the amount of \$2,526,574. The primary causes of the deficit are the School District not recognizing the receivable for the last two state aid payments and the advanced loan of State Aid as of June 30, 2022.

Note 16. Dissolution of Non-Operating School Districts

In 2009, the Governor of the State of New Jersey signed legislation establishing procedures for merging the school districts with larger, neighboring districts where children from the non-operating districts already attended classes. The legislation was to ensure compliance with a 2007 law that included numerous requirements to enhance efficiency and accountability in the operation of school districts. The Hi-Nella School District was among several non-operating school districts in the State of New Jersey identified for possible dissolution. Although no formal plan of dissolution has been currently established for the Hi-Nella School District, there is potential, however, that the School District could be dissolved in the future pending report from the Executive County Superintendent.

Note 17. Economic Dependency

The District Relies on State Aid loans to fulfill its financial obligations. Refer to Note 5 and Note 18 for details.

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022 (continued)**

Note 18. School District Fiscal Accountability Act

The School District ended the June 30, 2022 fiscal year with a general fund balance (budgetary basis) of \$15,634. It had become clear to the School District Officials that the sufficient resources and limited tax revenue would not be sufficient to fund a thorough and efficient education. The New Jersey State Legislature passed the “School District Fiscal Accountability Act” pursuant to N.J.S.A. 18A:7A-56, which has provided for five loans to the School District in the amounts of \$750,000, \$1,250,000, \$810,000, \$568,161 and \$988,078 in advanced State Aid to cover a portion of the deficit. The Legislation specifically required the advanced state aid payment to be recorded as revenue for budget purposes in the school year in which the advanced state aid payment is provided. The Advanced State Aid shall be repaid by the School District through automatic reductions in state aid provided to the School District in subsequent years. The term of the repayment shall not exceed ten years, but may be for a shorter term as determined by the State Treasurer. The School District repaid \$436,624 during the fiscal year ended June 30, 2022 on the first four state aid loans. In any year in which School District’s unassigned general fund balance is greater than 1.5% of general fund expenditures, the amount, which exceeds 1.5% shall be an additional amount applied to the following year’s repayment. The amount applied to the repayment in the current year was \$312,528 bringing the total repayment for the current year to \$749,152.

Note 19. Going Concern

The School District has substantial doubt about its ability to meet obligations as they become due without requesting and receiving additional advances of state aid. The School District is currently under the oversight of the State Department of Education who, along with management, is developing plans which may include additional advances of state aid to fund operations. In the event the School District is not awarded the advance of state aid or the recurring losses from operations continue, there is the potential the School District would be dissolved as more fully described in Note 16.

Note 20. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2022 and March 8, 2023, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

This page intentionally left blank

C. Budgetary Comparison Schedules

This page intentionally left blank

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	ACCOUNT NUMBERS	JUNE 30, 2022				VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:						
Local Sources:						
Local Tax Levy	10-1210-000-000	\$ 1,149,110	\$ -	\$ 1,149,110	\$ 1,149,110	\$ -
Miscellaneous	10-1000-000-000	-	-	-	2,792	2,792
Total Local Sources		1,149,110	-	1,149,110	1,151,902	2,792
State Sources:						
Extraordinary Aid	10-300-000-000	-	-	-	14,521	14,521
Nonpublic Transportation Aid	10-3200-000-000	-	-	-	290	290
Categorical Special Education Aid	10-3132-000-000	118,572	-	118,572	118,572	-
Equalization Aid	10-3176-000-000	1,276,381	-	1,276,381	1,276,381	-
Categorical Security Aid	10-3177-000-000	42,488	-	42,488	42,488	-
Categorical Transportation Aid	10-3121-000-000	37,318	-	37,318	37,318	-
DOE Loan Against State Aid	10-3300-000-000	346,908	-	346,908	-	(346,908)
Total State Sources		1,821,667	-	1,821,667	1,489,570	(332,097)
Total Revenues		2,970,777	-	2,970,777	2,641,472	(329,305)
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Home Instruction:						
Purchased Professional - Educational Services	11-150-100-320	12,000	(12,000)	-	-	-
Total Regular Programs - Instruction		12,000	(12,000)	-	-	-
Total Instruction		12,000	(12,000)	-	-	-
Undistributed Expenditures:						
Instruction:						
Tuition to Other LEA's -State Regular	11-000-100-561	1,467,896	84,205	1,552,101	1,507,982	44,119
Tuition to Other LEA's - State Special	11-000-100-562	352,549	-	352,549	350,922	1,627
Tuition to County Vocational Regular	11-000-100-563	7,866	6,675	14,541	7,679	6,862
Tuition to Private Schools for the Handicapped - State	11-000-100-566	168,728	(76,675)	92,053	81,643	10,410
Total Undistributed Expenditures - Instruction		1,997,039	14,205	2,011,244	1,948,226	63,018
Other Support Services - Students - Related Services:						
Purchased Professional - Educational Services	11-000-216-320	5,000	-	5,000	-	5,000
Total Other Support Services - Students - Related Services		5,000	-	5,000	-	5,000
Other Support Services - Students - Special Services:						
Purchased Professional - Educational Services	11-000-219-320	2,000	-	2,000	-	2,000
Total Other Support Services - Students Special Services		2,000	-	2,000	-	2,000
Support Services General Administration:						
Salaries of State Monitors	11-000-230-180	10,000	-	10,000	6,768	3,232
Loan Repayment - DOE	11-000-230-181	653,130	96,022	749,152	749,152	-
Legal Services	11-000-230-331	2,000	(1,912)	88	88	-
Audit Fees	11-000-230-332	14,500	(1,000)	13,500	13,500	-
Other Purchased Professional Services	11-000-230-339	29,376	-	29,376	29,376	-
Other Purchased Services	11-000-230-590	8,528	(1,722)	6,806	6,556	250
General Supplies	11-000-230-610	500	-	500	-	500
Miscellaneous Expenditures	11-000-230-890	150	165	315	314	1
BOE Membership Dues & Fees	11-000-230-895	1,100	-	1,100	1,069	31
Total Support Services General Administration		719,284	91,553	810,837	806,823	4,014
Operation & Maintenance of Plant Services & School Facilities:						
Insurance	11-000-262-520	7,000	(842)	6,158	5,462	696
Total Operation & Maintenance of Plant Services & School Facilities		7,000	(842)	6,158	5,462	696

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	ACCOUNT NUMBERS	JUNE 30, 2022			ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Student Transportation Services:						
Management Fee- ESC & CTSA Trans, Program Home & School) - Joint Agreements	11-000-270-350	5,050	-	5,050	986	4,064
Contracted Service - Reg. Students)-ESC&CTSAs	11-000-270-513	30,000	12,084	42,084	36,981	5,103
Contracted Service - Spec. Ed. Students)-ESC&CTSAs	11-000-270-517	10,000	-	10,000	1,290	8,710
Contracted Service - Aid in Lieu of Payments	11-000-270-518	125,000	(105,000)	20,000	13,101	6,899
	11-000-270-503	5,000	-	5,000	3,000	2,000
Total Student Transportation Services		175,050	(92,916)	82,134	55,358	26,776
Unallocated Benefits - Employee Benefits:						
Social Security Contributions	11-000-291-220	765	-	765	518	247
Workmen's Compensation	11-000-291-260	1,000	-	1,000	1,000	-
Total Unallocated Benefits - Employee Benefits		1,765	-	1,765	1,518	247
Total Undistributed Expenditures		2,907,138	12,000	2,919,138	2,817,387	101,751
Total Expenditures - Current Expense		2,919,138	-	2,919,138	2,817,387	101,751
Total Expenditures		2,919,138	-	2,919,138	2,817,387	101,751
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses)		51,639	-	51,639	(175,915)	(227,554)
Other Financing Sources/(Uses):						
Transfer to Charter Schools	10-000-100-56X	(51,639)	-	(51,639)	(18,727)	32,912
Total Other Financing Sources/(Uses)		(51,639)	-	(51,639)	(18,727)	32,912
Excess/(Deficiency) of Revenues Over/(Under) Expenditures After Other Financing Sources/(Uses)		-	-	-	(194,642)	(194,642)
Fund Balances, July 1		210,276	-	210,276	210,276	-
Fund Balances, June 30		\$ 210,276	\$ -	\$ 210,276	\$ 15,634	\$ (194,642)

RECAPITULATION OF BUDGET TRANSFERS:

Prior Year Encumbrances	\$ -
Total	\$ -

RECAPITULATION OF FUND BALANCE

Unassigned Fund Balance	\$ 15,634
Subtotal	15,634
Reconciliation to Governmental Fund Statements (GAAP): Last State Aid Payment Not Recognized on GAAP Basis	(103,809)
Fund Balance per Governmental Funds (GAAP)	\$ (88,175)

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2022**

	JUNE 30, 2022				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES:					
Federal Sources	\$ 30,827	\$ -	\$ 30,827	\$ 30,827	\$ -
Total Revenues	30,827	-	30,827	30,827	-
EXPENDITURES:					
Instruction:					
Tuition	30,827	-	30,827	30,827	-
Total Instruction	30,827	-	30,827	30,827	-
Total Expenditures	30,827	-	30,827	30,827	-
Total Outflows	30,827	-	30,827	30,827	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/ (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

This page intentionally left blank.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

This page intentionally left blank

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 2,641,472	\$ 30,827
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	91,131	-
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year	(103,809)	-
	<hr/>	<hr/>
Total Revenue as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	\$ 2,628,794	\$ 30,827
	<hr/> <hr/>	<hr/> <hr/>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 2,817,387	\$ 30,827
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	-	-
	<hr/>	<hr/>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 2,817,387	\$ 30,827
	<hr/> <hr/>	<hr/> <hr/>

This page intentionally left blank.

OTHER SUPPLEMENTARY INFORMATION

This page intentionally left blank

D. School Based Budget Schedules

Not Applicable

This page intentionally left blank

E. Special Revenue Fund

This page intentionally left blank

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	IDEA		TOTAL
	REGULAR	PRESCHOOL	
Revenues:			
Federal Sources	\$ 29,892	\$ 935	\$ 30,827
Total Revenues	<u>\$ 29,892</u>	<u>\$ 935</u>	<u>\$ 30,827</u>
Expenditures:			
Instruction:			
Tuition	\$ 29,892	\$ 935	\$ 30,827
Total Instruction	<u>29,892</u>	<u>935</u>	<u>30,827</u>
Total Expenditures	<u>\$ 29,892</u>	<u>\$ 935</u>	<u>\$ 30,827</u>

This page intentionally left blank.

F. Capital Projects Fund
Not Applicable

This page intentionally left blank

G. Proprietary Funds
Not Applicable

This page intentionally left blank

H. Fiduciary Fund
Not Applicable

This page intentionally left blank

I. Long-Term Debt
Not Applicable

This page intentionally left blank

STATISTICAL SECTION (Unaudited)

This page intentionally left blank

HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	FISCAL YEAR ENDING JUNE 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities:										
Restricted	-	149,449	-	273,851	-	-	-	-	-	-
Unrestricted (Deficit)	(2,526,574)	(3,217,855)	(3,341,771)	(3,157,166)	(2,476,914)	(1,731,556)	(1,186,643)	(886,703)	(528,164)	14,622
Total Governmental Activities	\$ (2,526,574)	\$ (3,068,406)	\$ (3,341,771)	\$ (2,883,315)	\$ (2,476,914)	\$ (1,731,556)	\$ (1,186,643)	\$ (886,703)	\$ (528,164)	\$ 14,622
Business-Type Activities:										
Unrestricted (Deficit)	-	-	-	-	-	15,380	(17,477)	24,422	-	-
Total Business-Type Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,380	\$ (17,477)	\$ 24,422	\$ -	\$ -
District-Wide:										
Restricted	-	149,449	-	273,851	-	-	-	-	-	-
Unrestricted (Deficit)	(2,526,574)	(3,217,855)	(3,341,771)	(3,157,166)	(2,476,914)	(1,716,176)	(1,204,120)	(862,281)	(528,164)	14,622
Total District Net Position	\$ (2,526,574)	\$ (3,068,406)	\$ (3,341,771)	\$ (2,883,315)	\$ (2,476,914)	\$ (1,716,176)	\$ (1,204,120)	\$ (862,281)	\$ (528,164)	\$ 14,622

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ -	\$ 13,862	\$ 2,592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Support Services:										
Tuition	1,979,053	2,045,910	2,652,469	2,276,334	2,366,704	2,258,365	1,729,685	1,871,064	2,179,361	1,260,005
Student & Instruction Related Services	-	-	1,400	9,158	19,238	6,512	-	3,030	4,393	-
School Administrative Services	-	-	-	-	-	-	-	-	28,840	24,720
General & Business Administrative Services	57,671	56,873	50,883	46,607	64,115	98,665	169,674	1,679	15,446	16,998
Plant Operations & Maintenance	5,462	5,320	5,174	-	5,697	5,176	-	-	-	-
Pupil Transportation	55,358	25,340	102,191	5,161	231,357	102,382	85,762	138,140	97,107	81,070
Central Services	-	-	-	141,370	-	-	-	-	-	-
Unallocated Benefits	1,518	1,488	1,199	-	1,442	5,252	-	-	-	-
Transfers Out	18,727	45,490	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	2,117,789	2,194,283	2,815,908	2,478,631	2,688,554	2,476,352	1,985,121	2,013,913	2,325,147	1,382,793
Business-Type Activities:										
Shared Service	-	-	-	-	-	461	3,312,110	4,433,338	1,011,514	-
Total Business-Type Activities Expense	-	-	-	-	-	461	3,312,110	4,433,338	1,011,514	-
Total District Expenses	\$ 2,117,789	\$ 2,194,283	\$ 2,815,908	\$ 2,478,631	\$ 2,688,554	\$ 2,476,813	\$ 5,297,231	\$ 6,447,251	\$ 3,336,661	\$ 1,382,793

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Program Revenues:										
Operating Grants & Contributions	\$ 30,827	\$ 50,128	\$ 42,097	\$ 2,252	\$ 2,161	\$ 2,064	\$ 2,040	\$ 3,030	\$ 35,283	\$ -
Total Governmental Activities Program Revenues	30,827	50,128	42,097	2,252	2,161	2,064	2,040	3,030	35,283	-
Business-Type Activities:										
Charges for Services:										
Shared Service	-	-	-	-	-	-	3,265,186	4,457,076	1,136,467	-
Total Business Type Activities Program Revenues	-	-	-	-	-	-	3,265,186	4,457,076	1,136,467	-
Total District Program Revenues	\$ 30,827	\$ 50,128	\$ 42,097	\$ 2,252	\$ 2,161	\$ 2,064	\$ 3,267,226	\$ 4,460,106	\$ 1,171,750	\$ -
Net (Expense)/Revenue:										
Governmental Activities	\$ (2,086,962)	\$ (2,144,155)	\$ (2,152,186)	\$ (2,813,656)	\$ (2,476,469)	\$ (2,686,490)	\$ (2,474,312)	\$ (1,982,091)	\$ (1,978,630)	\$ (2,325,147)
Business-Type Activities	-	-	-	-	-	(461)	(46,924)	23,738	124,953	-
Total District-Wide Net Expense	\$ (2,086,962)	\$ (2,144,155)	\$ (2,152,186)	\$ (2,813,656)	\$ (2,476,469)	\$ (2,686,951)	\$ (2,521,236)	\$ (1,958,353)	\$ (1,853,677)	\$ (2,325,147)

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 1,149,110	\$ 1,126,578	\$ 1,104,488	\$ 1,001,615	\$ 975,295	\$ 956,172	\$ 809,884	\$ 780,000	\$ 772,421	\$ 571,678
Unrestricted Grants & Transfers	1,476,892	1,287,844	1,205,103	1,065,833	949,398	900,852	872,706	865,294	846,346	792,386
Investment Earnings	-	-	-	-	15,380	-	-	-	128,018	-
Miscellaneous Income	2,792	3,098	5,764	2,530	961	6,911	551	339	293	65,573
Total Governmental Activities	2,628,794	2,417,520	2,315,355	2,069,978	1,941,035	1,863,935	1,683,141	1,652,344	1,747,078	1,429,637
Business-Type Activities:										
Miscellaneous Income	-	-	-	-	-	518	5,025	684	-	-
Transfers	-	-	-	-	(15,380)	-	-	-	(124,953)	-
Total Business-Type Activities	-	-	-	-	(15,380)	518	5,025	684	(124,953)	-
Total District-Wide	\$ 2,628,794	\$ 2,417,520	\$ 2,315,355	\$ 2,069,978	\$ 1,925,654	\$ 1,864,453	\$ 1,688,166	\$ 1,653,028	\$ 1,622,125	\$ 1,429,637
Change in Net Position:										
Governmental Activities	\$ 541,832	\$ 273,365	\$ (458,456)	\$ (406,401)	\$ (745,358)	\$ (610,354)	\$ (299,940)	\$ (358,539)	\$ (542,786)	\$ 46,844
Business-Type Activities	-	-	-	-	(15,380)	58	(41,899)	24,422	-	-
Total District	\$ 541,832	\$ 273,365	\$ (458,456)	\$ (406,401)	\$ (760,738)	\$ (610,296)	\$ (341,839)	\$ (334,117)	\$ (542,786)	\$ 46,844

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund:										
Restricted:										
Repayment Reserved from Advancement of State Aid	\$ -	\$ 149,449	\$ -	\$ 273,851	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	312,493	-	-	-	-	-	20,000	20,000
Unassigned	(88,175)	(30,304)	(105,089)	3,633	(329,491)	(434,395)	(1,186,643)	(886,703)	(548,164)	(5,378)
Total General Fund	\$ (88,175)	\$ 119,145	\$ 207,404	\$ 277,484	\$ (329,491)	\$ (434,395)	\$ (1,186,643)	\$ (886,703)	\$ (528,164)	\$ 14,622
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Tax Levy	\$ 1,149,110	\$ 1,126,578	\$ 1,104,488	\$ 1,001,615	\$ 975,295	\$ 956,172	\$ 809,884	\$ 780,000	\$ 772,421	\$ 571,678
Tuition Charges	-	-	-	-	-	-	-	-	35,283	-
Interest Earnings	-	-	-	-	-	-	551	339	-	-
Miscellaneous	2,792	3,098	5,764	4,782	3,123	6,911	-	6,711	293	65,573
State Sources	1,476,892	1,287,844	1,205,103	1,065,833	949,398	902,916	872,706	868,324	846,346	792,386
Federal Sources	30,827	50,128	42,097	-	-	-	-	-	-	-
Total Revenue	2,659,621	2,467,648	2,357,452	2,072,230	1,927,816	1,865,999	1,683,141	1,655,374	1,654,343	1,429,637
Expenditures:										
Instruction:										
Regular Instruction	-	13,862	2,592	480	2,366,704	2,258,365	1,729,685	1,871,064	2,179,361	1,260,004
Tuition	1,979,053	2,045,910	2,652,469	2,274,552	19,238	6,512	-	3,030	4,393	-
Student & Instruction Related Services	-	-	-	-	-	-	-	-	28,840	24,720
School Administrative Services	-	-	-	-	-	-	-	-	-	-
General & Business Administration	-	-	-	-	-	-	-	-	-	-
Services	806,823	418,497	412,507	46,581	201,931	179,665	169,674	1,679	15,446	16,998
Plant Operations & Maintenance	5,462	5,320	5,174	5,158	5,697	5,176	-	-	-	-
Pupil Transportation	55,358	25,340	102,191	141,289	231,357	102,382	83,722	138,140	97,107	81,070
Unallocated Benefits	1,518	1,488	1,199	1,553	-	-	-	-	-	-
Debt Service:										
Interest & Other Charges	-	-	-	-	1,442	5,252	-	-	-	-
Total Expenditures	2,848,214	2,510,417	3,177,532	2,715,255	2,826,370	2,557,352	1,983,081	2,013,913	2,325,147	1,382,792

HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(188,593)	(42,769)	(820,080)	(643,025)	(898,554)	(691,354)	(299,940)	(358,539)	(670,804)	46,845
Other Financing Sources/(Uses):										
Advance in State Aid Loan	-	-	750,000	1,250,000	988,078	1,378,161	-	-	-	-
Transfers In	-	-	-	-	15,380	-	-	-	128,018	-
Transfers Out	(18,727)	(45,490)	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	(18,727)	(45,490)	750,000	1,250,000	1,003,458	1,378,161	-	-	128,018	-
Net Change in Fund Balances	\$ (207,320)	\$ (88,259)	\$ (70,080)	\$ 606,975	\$ 104,904	\$ 686,807	\$ (299,940)	\$ (358,539)	\$ (542,786)	\$ 46,845
Debt Service as a Percentage of Noncapital Expenditures					0.05%	0.21%				

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay

HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
GOVERNMENTAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDING JUNE 30,	INTEREST ON		PRIOR YEAR ORDERS CANCELLED	PRIOR YEARS'		ANNUAL TOTAL
	INVESTMENTS	SAFETY GRANT		REFUNDS	MISCELLANEOUS	
2022	\$ 2,226	\$ -	\$ -	\$ -	\$ 566	\$ 2,792
2021	1,471	-	-	-	1,627	3,098
2020	2,691	-	-	-	3,073	5,764
2019	-	-	-	-	2,530	2,530
2018	763	-	-	-	198	961
2017	805	-	-	-	4,042	4,847
2016	551	-	-	-	-	551
2015	339	-	-	-	3,681	4,020
2014	125	-	-	168	-	293
2013	223	-	65,000	-	350	65,573
TOTAL	\$ 9,194	\$ -	\$ 65,000	\$ 168	\$ 16,067	\$ 90,429

Source: District records

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	COMMUNICATION EQUIPMENT	NET VALUATION TAXABLE	LESS: TAX EXEMPT PROPERTY	TOTAL ASSESSED VALUE	TOTAL DIRECT SCHOOL TAX RATE
2022	\$ 135,800	\$ 18,794,900	\$ 154,100	\$ 5,900	\$ 3,202,100	\$ 355,800	\$ 15,498,000	\$ -	\$ 38,146,600	\$ 5,408,200	\$ 43,554,800	3.050
2021	135,800	18,704,400	154,100	5,600	3,202,100	355,800	15,498,000	-	38,055,800	5,408,200	43,464,000	2.990
2020	135,800	18,695,900	154,100	15,300	3,202,100	355,800	15,498,000	-	38,057,000	5,408,200	43,465,200	2.931
2019	135,800	18,721,500	154,100	15,300	3,202,100	355,800	15,498,000	-	38,082,600	5,247,900	43,330,500	2.585
2018	135,800	18,914,900	154,100	15,300	3,202,100	355,800	15,498,000	-	38,276,000	5,247,900	43,523,900	2.548
2017	135,800	18,952,400	154,100	15,300	3,324,200	355,800	15,498,000	-	38,435,600	5,247,900	43,683,500	2.512
2016	135,800	18,952,400	154,100	15,300	3,324,200	355,800	15,498,000	-	38,435,600	5,247,900	43,683,500	2.249
2015	135,800	18,942,700	154,100	15,300	3,324,200	355,800	16,798,000	-	39,725,900	5,247,900	44,973,800	2.227
2014	135,800	18,942,700	154,100	15,300	3,324,200	355,800	16,798,000	-	39,725,900	5,247,900	44,973,800	1.964
2013	135,800	18,932,700	144,100	15,300	3,368,800	355,800	16,798,000	-	39,750,500	5,247,900	44,998,400	1.940

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

- a. Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
- b. Tax rates are per \$100

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES			TOTAL DIRECT & OVERLAPPING TAX RATE
	BASIC RATE	DEBT SERVICE	TOTAL DIRECT	BOUROUGH OF HI-NELLA	CAMDEN COUNTY		
2022	3.050	-	3.050	1.557	0.870		5.477
2021	2.990	-	2.990	1.481	0.834		5.305
2020	2.931	-	2.931	1.456	0.841		5.228
2019	2.585	-	2.585	1.386	0.896		4.867
2018	2.548	-	2.548	1.386	0.896		4.830
2017	2.512	-	2.512	1.346	0.806		4.664
2016	2.249	-	2.249	1.250	0.862		4.361
2015	2.227	-	2.227	1.238	0.853		4.318
2014	1.964	-	1.964	1.205	0.808		3.977
2013	1.940	-	1.940	1.180	0.823		3.943

Source: District Records and Municipal Tax Collector

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAX PAYERS,
 CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2022		% OF TOTAL DISTRICT NET ASSESSED VALUE
	TAXABLE ASSESSED VALUE	RANK	

No Information Available

	2013		% OF TOTAL DISTRICT NET ASSESSED VALUE
	TAXABLE ASSESSED VALUE	RANK	

No Information Available

Source: Municipal Tax Assessor

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
SCHOOL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2022	\$ 1,149,110	\$ 1,149,110	100.00%	
2021	1,126,578	844,933	75.00%	281,645
2020	1,104,488	1,027,332	93.01%	77,156
2019	1,001,615	1,001,615	100.00%	-
2018	975,295	975,295	100.00%	-
2017	956,172	956,172	100.00%	-
2016	809,884	809,884	100.00%	-
2015	780,000	780,000	100.00%	-
2014	772,050	772,050	100.00%	-
2013	571,678	571,678	100.00%	-
2012	502,485	502,485	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	CERTIFICATES OF PARTICIPATION	CAPITAL LEASES			
2022	\$ -	\$ -	\$ -	\$ -	N/A	N/A
2021	-	-	-	-	N/A	N/A
2020	-	-	-	-	N/A	N/A
2019	-	-	-	-	N/A	N/A
2018	-	-	-	-	N/A	N/A
2017	-	-	-	-	N/A	N/A
2016	-	-	-	-	N/A	N/A
2015	-	-	-	-	N/A	N/A
2014	-	-	-	-	N/A	N/A
2013	-	-	-	-	N/A	N/A

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS				
2022	\$ -	N/A		\$ -	N/A	N/A
2021	-	N/A		-	N/A	N/A
2020	-	N/A		-	N/A	N/A
2019	-	N/A		-	N/A	N/A
2018	-	N/A		-	N/A	N/A
2017	-	N/A		-	N/A	N/A
2016	-	N/A		-	N/A	N/A
2015	-	N/A		-	N/A	N/A
2014	-	N/A		-	N/A	N/A
2013	-	N/A		-	N/A	N/A

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2021**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Hi-Nella	\$ -		\$ -
County of Camden General Obligation Debt	492,918,930	0.099%	<u>487,411</u>
Subtotal, Overlapping Debt			487,411
Hi-Nella Borough School District Direct Debt			<u>-</u>
Total Direct & Overlapping Debt			<u><u>\$ 487,411</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Hi-Nella Borough or Camden County Board of Taxation.

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt Limit	\$ 1,172,460	\$ 1,132,187	\$ 1,121,557	\$ 1,118,402	\$ 1,090,768	\$ 1,104,738	\$ 1,117,010	\$ 1,159,453	\$ 1,209,737	\$ 1,214,138
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 1,172,460	\$ 1,132,187	\$ 1,121,557	\$ 1,118,402	\$ 1,090,768	\$ 1,104,738	\$ 1,117,010	\$ 1,159,453	\$ 1,209,737	\$ 1,214,138
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2022

	Equalized Valuation Basis
	2021 \$ 42,083,158
	2020 37,490,888
	2019 37,671,975
	<u>\$ 117,246,021</u>
Average Equalized Valuation of Taxable Property	<u>\$ 39,082,007</u>
Debt Limit (3 % of Average Equalization Value) Net Bonded School Debt	<u>1,172,460</u>
Legal Debt Margin	<u>\$ 1,172,460</u>

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey Department of Treasury, Division of Taxation

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other district:

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION	PERSONAL INCOME	PER CAPITA	
			PERSONAL INCOME	UNEMPLOYMENT RATE
2022	923	\$ 50,726,234	54,958	7.5%
2021	N/A	N/A	N/A	N/A
2020	856	N/A	N/A	N/A
2019	858	N/A	N/A	4.3%
2018	860	46,528,580	54,103	5.2%
2017	860	44,592,720	51,852	5.2%
2016	861	43,191,204	50,164	4.9%
2015	855	41,801,805	48,891	11.1%
2014	856	40,150,680	46,905	11.0%
2013	860	38,902,960	45,236	4.6%

Source: State of New Jersey, Department of Labor and Workforce Development, Labor Planning and Analysis.

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

		2022	
(1)			PERCENTAGE OF TOTAL EMPLOYMENT
EMPLOYEES	RANK		
No information available			
-			N/A
		2013	
N/A			

This exhibit reflects principal employers for Camden County.

Source: (1) Camden County Office of Economic Development for company and employee data.
(2) New Jersey Department of Labor and Workforce Development for the total employment data.

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEAR**

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Instruction:	Not applicable, as the Hi-Nella School District did not employ any individuals for the last ten years										
Regular											
Special Education											
Other Special Education											
Support Services:											
Student & Instruction Related Services											
General & Business Administrative Services											
School Administrative Services											
Central Services											
Administrative Information Technology											
Plant Operations & Maintenance											
Pupil Transportation											
Food Service	-										
Total											

Source: School District Records.

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2022	119	\$ 2,848,214	23,935	15.36%	-	N/A	N/A	N/A	N/A	N/A
2021	121	2,510,417	20,747	-28.83%	-	N/A	N/A	N/A	N/A	N/A
2020	109	3,177,532	29,152	57.95%	-	N/A	N/A	N/A	N/A	N/A
2019	147	2,713,003	18,456	-11.85%	-	N/A	N/A	N/A	N/A	N/A
2018	135	2,826,370	20,936	11.34%	-	N/A	N/A	N/A	N/A	N/A
2017	136	2,557,352	18,804	33.56%	-	N/A	N/A	N/A	N/A	N/A
2016	141	1,985,121	14,079	-18.91%	-	N/A	N/A	N/A	N/A	N/A
2015	116	2,013,913	17,361	-17.87%	-	N/A	N/A	N/A	N/A	N/A
2014	110	2,325,147	21,138	98.72%	-	N/A	N/A	N/A	N/A	N/A
2013	130	1,382,792	10,637	-13.75%	-	N/A	N/A	N/A	N/A	N/A

Sources: District records

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR**

DISTRICT BUILDINGS	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
--------------------	------	------	------	------	------	------	------	------	------	------

Elementary Schools:

Not applicable, as Hi-Nella School District does not own any buildings or maintain any school facilities.

Square Feet

Capacity (Students)

Enrollment

Number of Buildings at June 30, 2022:

Elementary = 0

Middle = 0

High School = 0

Other = 0

Source: District Facilities Office, Long Range Facility Plan - FES and District Capacity report.

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx

Not applicable, as Hi-Nella School District does not own any buildings or maintain any school facilities.

	Elementary	High School	TOTAL
2022	N/A	N/A	\$ -
2021	N/A	N/A	\$ -
2020	N/A	N/A	\$ -
2019	N/A	N/A	\$ -
2018	N/A	N/A	\$ -
2017	N/A	N/A	\$ -
2016	N/A	N/A	\$ -
2015	N/A	N/A	\$ -
2014	N/A	N/A	\$ -
2013	N/A	N/A	\$ -

Total School Facilities

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

**HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2022**

	LIMITS	DEDUCTIBLE
NJSBAIG		
School Package Policy		
Comprehensive General Liability	\$ 6,000,000	\$ 1,000
Automobile Liability	6,000,000	
School Leaders Error & Omissions Liability	1,000,000	5,000
Secretary and Treasurer Bond	200,000	
Employers Liability	-	
 NJSBAIG		
Worker's Comp	Statutory	

Source: District Records

Source: District records - SAIF Risk Mgmt Plan

SINGLE AUDIT SECTION

This page intentionally left blank



HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

EXHIBIT K-1

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable President and Members
of the Board of Education
Hi-Nella Township School District
County of Camden
Hi-Nella, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Hi-Nella Township School District (the “School District”) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements, and have issued our report thereon dated March 8, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying

618 Stokes Road, Medford, NJ 08055

P: 609.953.0612 • **F:** 609.257.0008

www.hmacpainc.com

Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance as Finding No. 2022-001 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and are described in the accompanying schedule of findings and questioned costs as Finding No. 2022-001.

School District's Response to Findings

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
March 8, 2023



HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Hi-Nella School District
County of Camden
Hi-Nella, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Hi-Nella Borough School District’s (the “School District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District’s major state programs for the fiscal year ended June 30, 2022. The School District’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey OMB’s Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the School District’s compliance with the compliance requirements referred to above.

618 Stokes Road, Medford, NJ 08055

P: 609.953.0612 • **F:** 609.257.0008

www.hmacpainc.com

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individual or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted accounting standards, *Government Auditing Standards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, but not for the purpose of expressing an opinion on the effectiveness of School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLT MCNALLY & ASSOCIATES, INC
Certified Public Accountants & Advisors

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
March 8, 2023

This page intentionally left blank.

HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR PASS-THROUGH GRANTOR GRANTOR/PROGRAM TITLE	FEDERAL GRANTOR ASSISTANCE LISTING NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	PASST THROUGH ENTITY IDENTIFYING NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2021	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	SUBRECEIPT EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2022	UNEARNED REVENUE AT JUNE 30, 2022	DUE TO GRANTOR JUNE 30, 2022
U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH													
STATE DEPARTMENT OF EDUCATION:													
Special Revenue Fund:													
Special Education Cluster:													
I.D.E.A. - B -Basic	84.027	H027A210100	100-034-5065-016	38,375	7/1/21-9/30/22	\$ -	\$ 29,892	\$ (29,892)	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal						\$ -	\$ 29,892	\$ (29,892)	\$ -	\$ -	\$ -	\$ -	\$ -
I.D.E.A. - Preschool	84.173	H173A210114	100-034-5065-020	1,170	7/1/21-9/30/22	-	935	(935)	-	-	-	-	-
Subtotal						-	935	(935)	-	-	-	-	-
Total Special Education Cluster						-	30,827	(30,827)	-	-	-	-	-
Total Special Revenue Fund						-	30,827	(30,827)	-	-	-	-	-
Total Federal Financial Assistance						\$ -	\$ 30,827	\$ (30,827)	\$ -	\$ -	\$ -	\$ -	\$ -

HI-NELLA BOROUGH PUBLIC SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2021	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBRECEIPT EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2022	UNEARNED REVENUE AT JUNE 30, 2022	DUE TO GRANTOR JUNE 30, 2022	MEMO	
											BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education												
General Fund:												
State Aid Public:												
Equalization Aid	495-034-5120-078	\$ 1,276,381	7/1/21-6/30/22	\$ -	\$ 1,276,381	\$ (1,276,381)	\$ -	\$ -	\$ -	\$ -	\$ 89,845	\$ 1,276,381
Special Education Categorical Aid	495-034-5120-089	118,572	7/1/21-6/30/22	-	118,572	(118,572)	-	-	-	-	8,346	118,572
Security Aid	495-034-5120-084	42,488	7/1/21-6/30/22	-	42,488	(42,488)	-	-	-	-	2,991	42,488
Total State Aid Public				-	1,437,441	(1,437,441)	-	-	-	-	101,182	1,437,441
Transportation Aid	495-034-5120-014	37,318	7/1/21-6/30/22	-	37,318	(37,318)	-	-	-	-	2,627	37,318
Extraordinary Aid	495-034-5120-044	14,521	7/1/21-6/30/22	-	-	(14,521)	-	(14,521)	-	-	-	14,521
Extraordinary Aid	495-034-5120-044	22,950	7/1/20-6/30/21	(22,950)	22,950	-	-	-	-	-	-	-
Additional Non Public Transportation Aid	495-034-5120-014	290	7/1/21-6/30/22	-	-	(290)	-	(290)	-	-	-	290
Additional Non Public Transportation Aid	495-034-5120-014	290	7/1/20-6/30/21	(290)	290	-	-	-	-	-	-	-
Total General Fund				(23,240)	1,497,999	(1,489,570)	-	(14,811)	-	-	103,809	1,489,570
Total State Financial Assistance				\$ (23,240)	\$ 1,497,999	\$ (1,489,570)	\$ -	\$ (14,811)	\$ -	\$ -	\$ 103,809	\$ 1,489,570

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Hi-Nella Borough School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Note 3. Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Note 3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.* 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(12,678) for the general fund and \$0 for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ 1,476,892	\$ 1,476,892
Special Revenue Fund	30,827	-	30,827
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 30,827</u>	<u>\$ 1,476,892</u>	<u>\$ 1,507,719</u>

Note 4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5. Federal and State Loans Outstanding

The Hi-Nella Borough School District's state loans outstanding at June 30, 2022, which are not required to be reported on the Schedule of State Financial Assistance, are as follows:

<u>Loan Program</u>	<u>Amount</u>
State Aid Advance 15/16	\$ 11,472
State Aid Advance 16/17	284,081
State Aid Advance 17/18	592,846
State Aid Advance 18/19	875,000
State Aid Advance 19/20	675,000
	<hr/>
	<u>\$ 2,438,399</u>

**HI-NELLA BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? X yes no

2) Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? X yes no

Federal Awards

SECTION IS N/A - NOT REQUIRED

Internal control over major programs:

1) Material weakness(es) identified? yes no

2) Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs _____

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? yes no

Identification of major programs:

<u>ASSISTANCE LISTING Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-------------------------------------	-----------------------	---

Not Applicable

Dollar threshold used to determine Type A programs _____

Auditee qualified as low-risk auditee? yes no

**HI-NELLA BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditor's Results (continued)

State Financial Assistance

Dollar threshold used to determine Type A programs _____ \$ 750,000 _____

Auditee qualified as low-risk auditee? _____ yes no

Internal control over major programs:

 1) Material weakness(es) identified? _____ yes no

 2) Significant deficiency(ies) identified? _____ yes no

Type of auditor's report issued on compliance for major programs _____ Unmodified _____

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? _____ yes no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
_____ 495-034-5120-078 _____	State Aid Public: _____ Equalization Aid _____
_____ 495-034-5120-084 _____	_____ Security Aid _____
_____ 495-034-5120-089 _____	_____ Special Education Categorical Aid _____

**HI-NELLA BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding 2022-001:

Criteria or Specific Requirement:

The School District needs to accurately maintain an accounts payable ledger.

Condition:

The School District does not have accounts payables recorded but has liabilities owed.

Context:

The School District shows no liabilities on reports but has \$426,371 in liabilities per financial statements.

Cause:

The problem occurred because of lack of oversight.

Effect or Potential Effect:

The records of the School District do not match the financial statements.

Recommendation:

The District should accurately maintain an accounts payable ledger.

Views of responsible officials and planned corrective action:

Management agrees with the above finding and will take necessary corrective action.

Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs – N/A

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS – N/A

STATE FINANCIAL ASSISTANCE – N/A

**HI-NELLA BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

Finding No. 2021-001:

Condition:

It was noted during our audit that the District incurred obligations in excess of the amount appropriated by the Board in the General Fund.

Current Status

The condition was corrected.

Finding No. 2021-002:

Condition:

It was noted during our audit that the District used COVID Relief funds for tuition expenditures.

Current Status

The condition was corrected.

State Financial Assistance

Condition:

It was noted during our audit that the District incurred obligations in excess of the amount appropriated by the Board in the General Fund.

Current Status

The condition was corrected.

**HI-NELLA BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (Continued)**

Condition:

It was noted during our audit that the District used COVID Relief funds for tuition expenditures.

Current Status

The condition was corrected.

Federal Awards – N/A