

SCHOOL DISTRICT
OF
HI-NELLA BOROUGH

Hi-Nella Borough School District
Hi-Nella, New Jersey

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

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Introductory Section

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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

December 2, 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 Comprehensive Annual Financial Report (CAFR) of the Hi-Nella School District for the fiscal year ended June 30, 2023. 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 comprehensive annual 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, 2023 was 111 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 Ford, Scott & Associates, LLC 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.

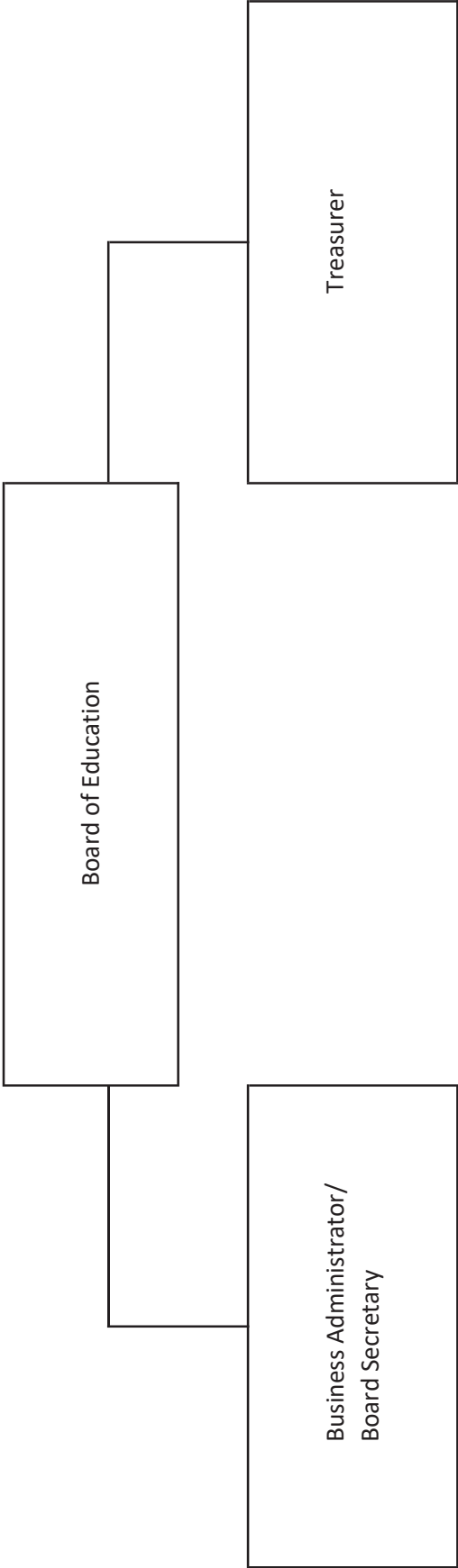
Respectfully submitted,

Debra R. Trasatti

Debra R Trasatti
Business Administrator/Board Secretary

HI-NELLA BOARD OF EDUCATION

Organizational Chart



HI-NELLA BOROUGH SCHOOL DISTRICT

HI-NELLA, NEW JERSEY

ROSTER OF OFFICIALS

June 30, 2023

**Term
Expires**

Members of the Board of Education

Vacant

Other Officials

Debra Trasatti, Business Administrator/Board Secretary

Michael Azzara, State Monitor

**HI-NELLA BOROUGH SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Ford, Scott & Associates, L.L.C.
1535 Haven Avenue
Ocean City, NJ 08226

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

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Financial Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hi-Nella Borough School District, in the County of Camden, New Jersey, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Hi-Nella Borough School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal 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 (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States 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 Financial Statements section of our report. We are required to be independent of the Hi-Nella Borough School District and to meet our other 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.

Responsibility 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 misstatements, 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 Hi-Nella Borough School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently 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 opinions. 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 GAAS, *Government Auditing Standards* and audit requirements 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 for one resulting from an 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement 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 the 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 entity'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 entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charge 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information identified 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 Hi-Nella Borough School District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are 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 non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance as required by NJ OMB 15-08 is 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 Comprehensive Financial Report. The other information comprises of the introductory and statistical sections and have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2023 on our consideration of the Hi-Nella Borough 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 solely 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 entity'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 Hi-Nella Borough School District's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Nancy Sbrolla

Nancy Sbrolla
Certified Public Accountant
Licensed Public School Accountant
No. 2426

December 2, 2023

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Required Supplemental Information
Part I

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MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Hi-Nella Borough Sending School District (“Non-operating School District”) annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal years that ended on June 30, 2023 and 2022. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statement.

FINANCIAL HIGHLIGHTS

- The net position of the District increased \$447,520.31 due mainly to an increase in federal and state aid.
- As indicated by New Jersey State Statutes, the unreserved fund balance of the general fund is limited to 1.5% of the total general fund expenditures. Any excess is required to be designated as Restricted Fund Balance – Excess surplus and included in the next year’s budget as budgeted fund balance. As of June 30, 2023 and 2022, the District had \$0 and \$0 excess surplus respectively.
- During the fiscal year ended June 30, 2023, the District’s expenses incurred were \$447,520.31 less than total revenues realized. During the prior fiscal year, the District’s expenses were \$188,593 more than total revenues.
- This district has no business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management’s discussion and analysis* (this section), the basic *financial statements, required supplementary information*, and an optional section that presents *combining statements for special revenue, capital projects, proprietary, and fiduciary funds*. The basic financial statements include two kinds of statements that present different views of the district.

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the district’s government, reporting on the district’s operations in *more detail* than the government-wide statements.
 - > The *governmental funds* statements tell how *general government* services like instruction were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The following table shows how the required parts of this annual report are arranged and relate to one another.

The table below summarizes the major features of the District’s financial statements, including the portion of the District’s government they cover and the types of information they contain. The remainder of this over view section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Major Features of Hi-Nella Borough Sending School District’s
Government-wide and Fund Financial Statements**

		Fund Statements	
		Government Wide Statements	Governmental Funds
Scope	Entire District	The activities of the District	
Required Financial Statements	Statement of net position Statement of changes in net position	Balance sheet Statement of revenues, expenditures, and changes in fund balances	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year of soon thereafter.	

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position include *all* of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of changes in net position regardless of when cash is received or paid.

The two government-wide statements report the District’s *net position* and how they have changed. Net position – the difference between the District’s assets and liabilities – is one way to measure the District’s financial health, or *position*.

- Over time, increases or decreases in the District’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the District you need to consider additional nonfinancial factors such as changes in the District’s property tax base and the condition of the district’s facilities.

The government-wide financial statements of the District have one category:

- Governmental activities – most of the District’s basic services are included here, such as administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s most significant *funds* – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District has one kind of fund:

- *Governmental funds* – All of the District’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explains the relationship (or differences) between them.

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FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District’s governmental activities net position increased between fiscal years 2023 and 2022 due mainly to an increase in federal and state grants.

Governmental Activities		
	2023	2022
Current Assets	\$ 522,204	433,176
Total Assets	<u>522,204</u>	<u>433,176</u>
Current Liabilities	521,351	521,351
Non-Current Liabilities	2,079,907	2,438,399
Total Liabilities	<u>2,601,258</u>	<u>2,959,750</u>
Net Position:		
Restricted	15,638	15,638
Unrestricted	(2,094,692)	(2,526,574)
	<u>\$ (2,079,054)</u>	<u>(2,510,936)</u>

As required by New Jersey Statutes, the unrestricted net position of the District are not permitted to exceed 2% of total general fund expenditures or \$250,000, whichever is greater. Any excess must be appropriated as budgeted fund balance in the subsequent years’ budget. As of June 30, 2023 and 2022, the District had \$0 and \$0 excess fund balance respectively.

Changes in net position. The total revenue of the District increased \$176,569 due to an increase in state aid.

Approximately 58% of the District’s revenue comes from the State of New Jersey in the form of nonrestricted state aid.

The District expenses are primarily related to tuition, transportation and insurance. The following table summarizes the district’s revenues for 2023 and 2022:

	2023	2022	Change	% Change
Property Taxes	\$ 1,172,092	1,149,110	22,982	2%
Unrestricted State Aid	1,632,789	1,476,892	155,897	11%
Operating Grants	25,408	30,827	(5,419)	-18%
Other	5,901	2,792	3,109	111%
Total	<u>\$ 2,836,190</u>	<u>2,659,621</u>	<u>176,569</u>	<u>7%</u>

Governmental Activities

The following schedule summarizes the governmental activities of the District during the 2023 and 2022 fiscal year:

	Governmental Activities	
	<u>2023</u>	<u>2022</u>
Revenues		
Program revenue		
Federal and state grants	25,408	30,827
General revenues		
Property taxes	1,172,092	1,149,110
State aid entitlements	1,632,789	1,476,892
Miscellaneous	5,901	2,792
Total revenues	2,836,190	2,659,621
Expenses		
Support services:		
Tuition	2,211,247	1,997,780
General admin services	61,430	57,671
Plant operations/maint	4,640	5,462
Pupil transportation	111,352	55,358
Unallocated Benefits	-	1,518
Total expenses	2,388,670	2,117,789
Excess (Deficiency) before Extraordinary and Special Transfers	447,520	541,832
None		
Increase (decrease) in net position	447,520	541,832

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of the year-end, the governmental funds reported a fund balance of \$853.31 which is \$89,028.31 higher than the beginning of the year. The majority of the increase is the result of an increase in taxes and state aid.

General Fund Budgetary Highlights

As further explained in the Notes to the Financial Statements, 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 and, as a Type II School District, are approved by the voters annually if the District exceeds the statutory CAP limitations. Effective with the 2013-2014 school year, if the District stays within the statutory limitations, there is no vote on the budget by the District voters and Board Members are elected at the time of the general election in November. Transfers of appropriations may be made by Board resolution at any time during the fiscal year. The District is permitted to encumber funds throughout the year for purchases ordered but not yet received. Any open encumbrances as of June 30th carry over to the next fiscal year and are added to the appropriation reflected in the certified budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to present users (residents, receiving districts, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, contact the District's business administrator at 111 Warwick Road, Stratford, New Jersey 08084 or by phone at 856-784-2917.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of all funds as of June 30, 2023

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DISTRICT-WIDE FINANCIAL STATEMENTS

The district-wide financial statements provide a financial overview of the district's operation. These financial statements present the financial position and operating results of the governmental and business-type funds as of June 30, 2023

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FUND FINANCIAL STATEMENTS

The combining and individual fund statements and schedules present more detailed information for the individual funds in a format that segregates information by fund type. The statements are segregated as follows:

Governmental Funds - This section consists of the general, special revenue, capital projects funds.

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**Hi-Nella School District
Statement of Net Position
June 30, 2023**

	Governmental Activities	Total
ASSETS		
Cash and cash equivalents	\$ 190,975.31	\$ 190,975.31
Tax Levy Receivable	293,023.00	293,023.00
Receivables from Federal Government	38,206.00	38,206.00
Receivables from State Government	-	-
Total Assets	522,204.31	522,204.31
LIABILITIES		
Accounts Payable	426,371.00	426,371.00
Other Current Liabilities	93,830.00	93,830.00
Unearned Revenue	1,150.00	1,150.00
Noncurrent Liabilities		
Due Within One Year	358,492.00	358,492.00
Due Beyond One Year	1,721,415.00	1,721,415.00
Total liabilities	2,601,258.00	2,601,258.00
NET POSITION		
Restricted for:		
Other purposes	15,638.00	15,638.00
Unrestricted	(2,094,691.69)	(2,094,691.69)
Total net position	\$ (2,079,053.69)	\$ (2,079,053.69)

Hi-Nella School District
Statement of Change in Net Position
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues				Total
		Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:						
Support services:						
Tuition	\$ 2,211,247.48		\$ 25,408.00		\$ (2,185,839.48)	\$ (2,185,839.48)
Student and Instruction Related Services	-				-	-
General Administration	59,980.08	1,450.14			(61,430.22)	(61,430.22)
Plant Operations and Maintenance	4,639.96				(4,639.96)	(4,639.96)
Pupil Transportation	111,352.22				(111,352.22)	(111,352.22)
Unallocated benefits	1,450.14	(1,450.14)			-	-
Total governmental activities	2,388,669.88	-	-	25,408.00	(2,363,261.88)	(2,363,261.88)
Total primary government	\$ 2,388,669.88	\$ -	\$ -	\$ 25,408.00	\$ (2,363,261.88)	\$ (2,363,261.88)
General revenues:						
Property taxes, levied for general purposes, net					\$ 1,172,092.00	\$ 1,172,092.00
Federal and State aid not restricted					1,632,789.00	1,632,789.00
Miscellaneous Income					5,901.19	5,901.19
Total general revenues, special items, extraordinary items and transfers					2,810,782.19	2,810,782.19
Change in Net Position					447,520.31	447,520.31
Net Position—beginning					(2,526,574.00)	(2,526,574.00)
Net Position—ending					\$ (2,079,053.69)	\$ (2,079,053.69)

**Hi-Nella School District
Balance Sheet
Governmental Funds
June 30, 2023**

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 190,975.31	\$ -	\$ 190,975.31
Tax Levy Receivable	293,023.00		293,023.00
Due from Other Funds	25,408.00		25,408.00
Receivables from Federal Government	12,798.00	25,408.00	38,206.00
Receivables from State Government			-
Total assets	522,204.31	25,408.00	547,612.31
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	426,371.00		426,371.00
Other Current Liabilities	93,830.00		93,830.00
Due to Other Funds		25,408.00	25,408.00
Unearned Revenue	1,150.00		1,150.00
Total liabilities	521,351.00	25,408.00	546,759.00
Fund Balances:			
Assigned to:			
Legally assigned - designated for Subsequent year's expenditures	15,638.00		15,638.00
Encumbrances	2.25		2.25
Unassigned:			
General fund	(14,786.94)		(14,786.94)
Total Fund balances	853.31	-	853.31
Total Liabilities and Fund balances	\$ 522,204.31	\$ 25,408.00	
Amounts reported for governmental activities in the state 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			(2,079,907.00)
Total net position of governmental activities			\$ (2,079,053.69)

Hi-Nella School District
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local tax levy	\$ 1,172,092.00		1,172,092.00
Miscellaneous	5,901.19		5,901.19
State sources	1,632,789.00		1,632,789.00
Federal sources		25,408.00	25,408.00
	<hr/>	<hr/>	<hr/>
Total revenues	2,810,782.19	25,408.00	2,836,190.19
EXPENDITURES			
Current:			
Support services and undistributed costs:			
Tuition	2,185,839.48	25,408.00	2,211,247.48
Student and Instruction Related Services	-		-
General Administration	418,472.08		418,472.08
Plant Operations and Maintenance	4,639.96		4,639.96
Pupil transportation	111,352.22		111,352.22
Employee Benefits	1,450.14		1,450.14
Total expenditures	<hr/> 2,721,753.88	<hr/> 25,408.00	<hr/> 2,747,161.88
(Deficit) of revenues over expenditures	<hr/> 89,028.31	<hr/> -	<hr/> 89,028.31
Net change in fund balances	89,028.31	-	89,028.31
Fund balance—July 1	(88,175.00)	-	(88,175.00)
Fund balance—June 30	<hr/> <u>\$ 853.31</u>	<hr/> <u>-</u>	<hr/> <u>853.31</u>

**Hi-Nella 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, 2023**

Total net change in fund balances - governmental funds (from B-2) \$ 89,028.31

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

NJ DOE Loan Repayment 358,492.00

Change in net assets of governmental activities \$ 447,520.31

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Hi-Nella Borough School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A business administrator is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of the Hi-Nella Borough School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

A.REPORTING ENTITY:

The Hi-Nella Borough School 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 purpose of the district is to educate students in grades K – 12.

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

Based on the aforementioned criteria, the District has no component units.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general activities are classified as governmental activities.

In the governmental-wide Statement of Net Position, both the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts-invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Changes in Net Position reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, interest income, etc.).

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in the governmental categories. Nonmajor funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund.

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special Revenue fund** is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

E. FINANCIAL STATEMENT AMOUNTS

1. 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 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. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 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 a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 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.

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

3. Fund Balances – Governmental Funds

Hi-Nella Borough School District elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted – includes amounts restricted by external sources (creditors, laws of other governments, ect.) or by constitutional provision or enabling legislation.
- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)

- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

4. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met are reported as advances by the provider and deferred revenue by the recipient.

5. Expenditures:

Expenses are recognized when the related fund liability is incurred.

6. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. No material transfers were made during the fiscal year.

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 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.

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

7. 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 reservations of 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.

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.

8. Tuition Payable

Tuition charges for the fiscal year 2022-23 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

10. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". This statement, which is effective for fiscal years beginning after December 31, 2023, and all reporting periods thereafter, will not have any effect on the District's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription Based Information Technology Arrangements". This statement, which is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the District's financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement, which is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the District's financial reporting.

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, "Omnibus 2022". This statement, which is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter, may have an effect on the District's financial reporting.

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". This statement, which is effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter, may have an effect on the District's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement, which is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter, may have an effect on the District's financial reporting.

NOTE 2 - INVESTMENTS

As of June 30, 2023, the district had no investments.

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 18A:20-37 limits district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the district or the local units in which the district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The district places no limit on the amount the district may invest in any one issuer.

NOTE 3 – CASH

Custodial Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2023, \$0 of the government's bank balance of \$217,658.07 was exposed to custodial credit risk.

NOTE 4 – LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022	Issued	Retired	Balance June 30, 2023	Amounts Due Within One Year
Advancement of State Aid Loan	\$ 2,438,399	\$ -	\$ 358,492	\$ 2,079,907	\$ 358,492
	<u>\$ 2,438,399</u>	<u>-</u>	<u>358,492</u>	<u>2,079,907</u>	<u>358,492</u>

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

HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)

NOTE 5 - PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teacher's Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 7.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF. The School District's contributions to TPAF for the years ending June 30, 2023, 2022 and 2021 were \$0, \$0 and \$0 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2023, 2022 and 2021 were \$0, \$0, and \$0 respectively, equal to the required contributions for each year.

**HI-NELLA BOROUGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023
(CONTINUED)**

During the fiscal years ended June 30, 2023, 2022 and 2021, the State of New Jersey contributed \$0, \$0, and \$0, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$0, \$0, and \$0 during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

NOTE 6 – FUND BALANCE APPROPRIATED

General Fund – Of the \$119,778.31 General Fund balance at June 30, 2023, \$2.25 is reserved for encumbrances; \$0 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$0 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2024); \$50,513.75 has been legally reserved; \$15,638.00 has been appropriated and also included as anticipated revenue for the year ending June 30, 2024; and \$53,624.31 is unassigned.

NOTE 7 – CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund 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. The excess fund balance at June 30, 2023 is \$0 of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2024.

NOTE 8 – 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. During the fiscal year ended June 30, 2023, the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

Property and Liability Insurance – The district maintains commercial insurance coverage for property and liability insurance. As a non-operating district, the only assets for coverage purposes are those in the office of the Board Secretary.

NOTE 9 – LITIGATION

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any legal proceedings will not have any adverse effect on the accompanying financial statements.

NOTE 11 – SUBSEQUENT EVENTS

The District has evaluated events through December 2, 2023, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

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Required Supplemental Information
Part II

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BUDGETARY COMPARISON SCHEDULES

The budgetary comparison schedules consist of the comparison of anticipated revenues and budgeted expenditures to actual results for the general and special revenue funds.

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HE-Nella School District
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Under/(Over) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,172,092.00	-	1,172,092.00	1,172,092.00	-
Miscellaneous	-	-	-	5,901.19	5,901.19
Total - Local Sources	1,172,092.00	-	1,172,092.00	1,177,993.19	5,901.19
State Sources:					
Transportation Aid	37,318.00	-	37,318.00	37,318.00	-
Special Education Aid	118,572.00	-	118,572.00	118,572.00	-
Equalization Aid	1,349,361.00	-	1,349,361.00	1,349,361.00	-
Security Aid	42,488.00	-	42,488.00	42,488.00	-
Supplemental Stabilization Aid	-	87,368.00	87,368.00	87,368.00	-
Extraordinary Aid	-	-	-	12,798.00	12,798.00
Non-Public Transportation Aid	-	-	-	-	-
Total - State Sources	1,547,739.00	87,368.00	1,635,107.00	1,647,905.00	12,798.00
Total Revenues	2,719,831.00	87,368.00	2,807,199.00	2,825,898.19	18,699.19
EXPENDITURES:					
Current Expense:					
Regular Programs - Undistributed Instruction	7,500.00	-	7,500.00	-	7,500.00
Purchased Prof. - Ed. Services	-	-	-	-	-
Total Regular Programs - Undistributed Instruction	7,500.00	-	7,500.00	-	7,500.00
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	1,553,828.00	1,356.50	1,555,184.50	1,550,837.50	4,347.00
Tuition to Other LEAs Within the State - Special	559,925.00	-	559,925.00	559,925.00	-
Tuition to County Voc. School Dist. - Regular	7,866.00	(3,196.84)	4,669.16	-	4,669.16
Tuition to Priv. Sch for Dbl w/ State	51,915.00	1,839.98	53,754.98	53,754.98	-
Total Undistributed Expenditures - Instruction	2,173,534.00	(0.36)	2,173,533.64	2,164,517.48	9,016.16
Speech, OT, PT & Related Services	3,000.00	-	3,000.00	-	3,000.00
Purchased Prof. Ed Services	-	-	-	-	-
Total Speech, OT, PT & Related Services	3,000.00	-	3,000.00	-	3,000.00
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries of State Monitors	10,000.00	-	10,000.00	6,048.00	3,952.00
Repayment of Principal - NJDOE Loan	436,624.00	-	436,624.00	358,492.00	78,132.00
Legal Services	2,000.00	(500.00)	1,500.00	111.57	1,388.43
Audit Fees	14,500.00	500.00	15,000.00	15,000.00	-
Other Purchased Professional Services	30,107.00	-	30,107.00	30,104.75	2.25
Misc. Purchased Services	7,750.00	(200.00)	7,550.00	7,447.01	102.99
Miscellaneous Expenditure:	-	200.00	200.00	200.00	-
BOE Membership Dues and Fees	1,100.00	-	1,100.00	1,068.75	31.25
Total Undistributed Expenditures - Support Services - Gen. Admin.	502,081.00	-	502,081.00	418,472.08	83,608.92

Hi-Nella School District
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2023

Undistributed Expenditures - Custodial Services Insurance	6,000.00	-	6,000.00	4,639.96	1,360.04
Total Undistributed Expenditures - Custodial Services	6,000.00	-	6,000.00	4,639.96	1,360.04
Total Undistributed Expenditures - Maintenance of School Facilities	6,000.00	-	6,000.00	4,639.96	1,360.04
Undistributed Expenditures - Student Transportation Services:					
Management Fee - ESC & CTSA Trans. Program	5,050.00	-	5,050.00	1,187.87	3,862.13
Contracted Services - (Between Home and School) - Joint Agreements	35,000.00	87,368.36	122,368.36	70,615.50	51,752.86
Contracted Services - (Reg. Students) - ESCs	62,000.00	-	62,000.00	20,989.80	41,010.20
Contracted Services - (Special Ed) - ESCs	30,000.00	-	30,000.00	13,559.05	16,440.95
Contracted Services - Aid in Lieu of Payments - Non-Public	5,000.00	-	5,000.00	5,000.00	-
Total Undistributed Expenditures - Student Transportation Serv.	137,050.00	87,368.36	224,418.36	111,352.22	113,066.14
Personal Services - Employee Benefits:					
Social Security Contributions	765.00	-	765.00	450.14	314.86
Workman's Compensation	1,100.00	-	1,100.00	1,000.00	100.00
Total Personal Services - Employee Benefits:	1,865.00	-	1,865.00	1,450.14	414.86
Total Undistributed Expenditures	2,823,530.00	87,368.00	2,910,898.00	2,700,431.88	210,466.12
Total Expenditures - Current Expense	2,831,030.00	87,368.00	2,918,398.00	2,700,431.88	217,966.12

Hi-Nella School District Budgetary Comparison Schedule For the Fiscal Year Ended June 30, 2023		Exhibit C-1
Transfer to Charter Schools	22,000.00	21,322.00
Total Expenditures	2,853,030.00	2,721,753.88
Excess (Deficiency) of Revenues Over (Under) Expenditure:	-	237,343.31
Fund Balances, July 1	-	-
Fund Balances, June 30	<u>15,634.00</u>	<u>15,634.00</u>
	<u>\$ (117,565.00)</u>	<u>237,343.31</u>
Reconciliation:		
Assigned Fund Balance:		
Legally Reserved	50,513.75	
Legally Assigned - Designated for subsequent year's expenditure	15,638.00	
Reserve for Encumbrances	2.25	
Unassigned Fund Balance	<u>53,624.31</u>	
	<u>119,778.31</u>	
Reconciliation to Governmental Funds Statements (GAAP):		
Last State Aid payment not recognized on GAAP basis	(118,925.00)	
Fund Balance per Governmental Funds (GAAP)	<u>853.31</u>	

**Hi-Nella School District
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
Federal Sources	\$ 26,203.00		26,203.00	25,408.00	(795.00)
Total Revenues	26,203.00	-	26,203.00	25,408.00	(795.00)
EXPENDITURES:					
Instruction:					
Tuition	26,203.00	-	26,203.00	25,408.00	795.00
Total Instruction	26,203.00	-	26,203.00	25,408.00	795.00
Total Outflows	26,203.00	-	26,203.00	25,408.00	795.00
Excess (Deficiency) of Revenues Over (Under Expenditures and Other Financing Sources (Uses)	\$ -	-	-	-	-

**Hi-Nella School District
Required Supplementary Information
Budgetary Comparison Schedule
Notes to Required Supplementary Information**

For the Fiscal Year Ended June 30, 2023

Note A - Explanation of Difference 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	\$ 2,825,898.19	\$ 25,408.00
Difference - budget to GAAP:		
Receipt of prior year final state aid payment	103,809.00	
Deferral of final state aid payment	(118,925.00)	
	2,810,782.19	25,408.00
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	2,721,753.88	25,408.00
No differences - budget to GAAP:		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 2,721,753.88	\$ 25,408.00

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Required Supplemental Information
Part III

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Hi-Nella School District
 Schedule of District Contributions
 Public Employee Retirement System
 Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)										
District's proportionate of the net pension liability (asset)										
District's covered payroll										
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Plan fiduciary net position as a percentage of the total pension liability	70.33%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; District records

HE-Nella School District
Schedule of District Contributions
Public Employee Retirement System
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ -	-	-	-	-	-	-	-	-	-
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ -	-	-	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Source: GASB 68 report on Public Employees' Retirement System; District records

**Hi-Nella School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Ten Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	-	-	-	-	-	-	-	-	-
State's proportionate share of the net pension liability (asset) associated with the District	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
District's covered payroll	-	-	-	-	-	-	-	-	-	-
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	35.52%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

Source: GASB 68 report on Public Employees' Retirement System; District records

Hi-Nella School District
Schedule of the District's Proportionate Share of the Net OPEB Liability
Public Employee Retirement System and Teachers' Pension and Annuity Fund
Last Seven Fiscal Years

	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net OPEB liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate of the net OPEB liability (asset)	\$ -	-	-	-	-	-	-
State's proportionate share of the net OPEB liability (asset) associated with the District	-	-	-	-	-	-	-
Total	\$ -	-	-	-	-	-	-
District's covered payroll	-	-	-	-	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's proportionate share of OPEB associated with the District:							
Service Cost							
Interest Cost							
Change in Benefit Terms							
Differences between Expected & Actual							
Changes in Assumptions							
Member Contributions							
Benefit Payments							
Change in Total Opeb Liability	-	-	-	-	-	-	-
State's proportionate share of the net OPEB liability (asset) associated with the District - Beginning Balance	-	-	-	-	-	-	-
Ending Balance	\$ -	\$ -	-	-	-	-	-
State's proportionate share of the net OPEB liability associated with the District - as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: GASB 75 report on State of New Jersey State Health Benefits Program; District records

Note: This schedule is required by GASB 75 to be show information for a 10 year period. However, information is only currently available for seven years. Additional years will be presented as they become available.

Other Supplementary Information

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SPECIAL REVENUE FUND

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

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**Hi-Nella School District
Special Revenue Fund
Combining Schedule of Revenue and Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2023**

	<u>IDEA Basic</u>	<u>Total Federal</u>	<u>Total</u>
REVENUES:			
Federal Sources	25,408.00	25,408.00	25,408.00
Total revenues	<u>25,408.00</u>	<u>25,408.00</u>	<u>25,408.00</u>
EXPENDITURES			
Instruction:			
Tuition	25,408.00	25,408.00	25,408.00
Total instruction	<u>25,408.00</u>	<u>25,408.00</u>	<u>25,408.00</u>
Total expenditures	<u>25,408.00</u>	<u>25,408.00</u>	<u>25,408.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>

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Statistical Section

Governmental Accounting Standards Board (GASB) requires 10 years of statistical information to be included in the ACFR.

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Hi-Nella School District
 Net Position by Component,
 Last Ten Fiscal Years
 Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net Investment in Capital Assets										
Restricted	(528,164.00)	(886,703.00)	(1,186,643.00)	(1,731,556.00)	(2,476,914.00)	273,851.00	(3,341,771.00)	149,449.00	(2,526,574.00)	15,638.00
Unrestricted	(528,164.00)	(886,703.00)	(1,186,643.00)	(1,731,556.00)	(2,476,914.00)	(3,157,166.00)	(3,341,771.00)	(3,217,855.00)	(2,526,574.00)	(2,094,691.69)
Total governmental activities net position						(2,883,315.00)	(3,341,771.00)	(3,068,406.00)	(2,526,574.00)	(2,079,053.69)
Business-Type Activities										
Net Investment in Capital Assets										
Unrestricted	-	24,422.00	(17,477.00)	15,380.00	-	-	-	-	-	-
Total governmental activities net position										
District-wide										
Net Investment in Capital Assets										
Restricted	(528,164.00)	(862,281.00)	(1,204,120.00)	(1,716,176.00)	(2,476,914.00)	273,851.00	(3,341,771.00)	149,449.00	(2,526,574.00)	15,638.00
Unrestricted	(528,164.00)	(862,281.00)	(1,204,120.00)	(1,716,176.00)	(2,476,914.00)	(3,157,166.00)	(3,341,771.00)	(3,217,855.00)	(2,526,574.00)	(2,094,691.69)
Total district net position										

Source: ACFR Schedule A-1

**Hi-Nella School District
Changes in Net Position, Last Ten Fiscal Years
Unaudited**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction:										
Regular							2,592.00	13,862.00		
Support Services:										
Tuition	2,179,361.00	1,871,064.00	1,729,695.00	2,258,365.00	2,366,704.00	2,276,335.00	2,652,469.00	2,045,910.00	1,979,053.00	2,211,247.48
Student & instruction related services	4,393.00	3,030.00		6,512.00	19,238.00	9,158.00	1,400.00			-
General & Business Administrative Services	15,446.00	1,679.00	169,674.00	98,665.00	64,115.00	46,607.00	50,883.00	56,873.00	57,671.00	61,430.22
School Administrative Services	28,840.00					141,370.00				
Central Services										
Administrative Information Technology				5,176.00	5,697.00		5,174.00	5,320.00	5,462.00	4,639.96
Plant Operations and Maintenance	97,107.00	138,140.00	85,762.00	102,382.00	231,357.00	5,161.00	102,191.00	25,340.00	55,358.00	111,352.22
Pupil transportation				5,252.00	1,442.00		1,199.00	1,488.00	1,518.00	1,450.14
Unallocated Benefits								45,490.00	18,727.00	
Transfer to Charter Schools								2,194,283.00	2,117,789.00	
Total governmental activities expenses	2,325,147.00	2,013,913.00	1,985,121.00	2,476,352.00	2,688,563.00	2,478,631.00	2,815,908.00	2,194,283.00	2,117,789.00	2,390,120.02
Business-Type Activities										
Shared Service	1,011,514.00	4,433,338.00	3,312,110.00	461.00						
Total Business-Type Activities	1,011,514.00	4,433,338.00	3,312,110.00	461.00						
Total district expenses	3,336,661.00	6,447,251.00	5,297,231.00	2,476,813.00	2,688,563.00	2,478,631.00	2,815,908.00	2,194,283.00	2,117,789.00	2,390,120.02
Program Revenues										
Governmental activities										
Operating grants and contributions	35,283.00	3,030.00	2,040.00	2,064.00	2,161.00	2,252.00	42,097.00	50,128.00	30,827.00	25,408.00
Total governmental activities program revenues	35,283.00	3,030.00	2,040.00	2,064.00	2,161.00	2,252.00	42,097.00	50,128.00	30,827.00	25,408.00
Business-Type Activities										
Charged for Services:										
Shared Service	1,136,467.00	4,457,076.00	3,265,186.00							
Operating grants and Contributions										
Total Business-Type Activities Program Revenues	1,136,467.00	4,457,076.00	3,265,186.00	-	-	-	-	-	-	-
Total District Program Revenues	1,171,750.00	4,460,106.00	3,267,226.00	2,064.00	2,161.00	2,252.00	42,097.00	50,128.00	30,827.00	25,408.00

**Hi-Nella School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted						273,851.00	312,493.00	149,449.00		-
Assigned	20,000.00									15,640.25
Unassigned	(548,164.00)	(886,703.00)	(1,186,643.00)	(434,395.00)	(329,491.00)	3,633.00	(105,089.00)	(30,304.00)	(88,175.00)	(14,786.94)
Reserved										
Unreserved										
Total general fund	<u>(528,164.00)</u>	<u>(886,703.00)</u>	<u>(1,186,643.00)</u>	<u>(434,395.00)</u>	<u>(329,491.00)</u>	<u>277,484.00</u>	<u>207,404.00</u>	<u>119,145.00</u>	<u>(88,175.00)</u>	<u>853.31</u>
All Other Governmental Funds:										
Reserved										
Unreserved, Reported In:										
Capital Projects Fund										
Restricted for:										
Capital Projects Fund										
Total All Other Governmental Funds	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source: ACFR Schedule B-1

**Hi-Nella School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
Unaudited**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax/levy	\$ 772,421.00	780,000.00	809,884.00	956,172.00	975,295.00	1,001,615.00	1,104,488.00	1,126,578.00	1,149,110.00	1,172,092.00
Miscellaneous	293.00	7,050.00	551.00	6,911.00	3,123.00	4,782.00	5,764.00	3,098.00	2,792.00	5,901.19
Local sources	35,283.00			902,916.00						
State sources	846,346.00	868,324.00	872,706.00		949,398.00	1,065,833.00	1,205,103.00	1,287,844.00	1,476,892.00	1,632,789.00
Federal sources							42,097.00	50,128.00	30,827.00	25,408.00
Total revenue	1,654,343.00	1,655,374.00	1,683,141.00	1,865,999.00	1,927,816.00	2,072,230.00	2,357,452.00	2,487,648.00	2,659,621.00	2,836,190.19
Expenditures										
Instruction:										
Regular	2,179,361.00	1,871,064.00	1,729,685.00	2,258,366.00	2,366,705.00	480.00	2,592.00	13,862.00	-	-
Support Services:										
Tuition						2,274,552.00	2,652,469.00	2,045,910.00	1,979,053.00	2,211,247.48
Student & instruction related services	4,393.00	3,030.00		6,512.00	19,238.00	245,642.00	1,400.00			
General & Business Administration Services:	15,446.00	1,679.00	169,674.00	179,665.00	201,931.00	46,581.00	412,507.00	418,497.00	806,823.00	418,472.08
School Administrative Services	28,840.00									
Plant Operations and Maintenance				5,176.00	5,697.00	5,158.00	5,174.00	5,320.00	5,462.00	4,639.96
Pupil transportation	97,107.00	138,140.00	83,722.00	102,382.00	231,357.00	141,289.00	102,191.00	25,340.00	55,358.00	111,352.22
Unallocated Benefits						1,553.00	1,199.00	1,488.00	1,518.00	1,450.14
Debt Service:										
Interest & Other Charges				5,252.00	1,442.00					-
Total expenditures	2,325,147.00	2,013,913.00	1,983,081.00	2,557,353.00	2,826,370.00	2,715,255.00	3,177,532.00	2,510,417.00	2,848,214.00	2,747,161.88
Excess (Deficiency) of revenues over (under) expenditures	(670,804.00)	(358,539.00)	(299,940.00)	(691,354.00)	(898,554.00)	(643,025.00)	(820,080.00)	(42,769.00)	(188,593.00)	89,028.31
Other Financing sources (uses)										
Transfers In/(Out)	128,018.00	-	-	-	15,380.00	-	-	(45,490.00)	(18,727.00)	-
Advance in State Aid Loan	128,018.00	-	-	1,378,161.00	988,078.00	1,250,000.00	750,000.00	(45,490.00)	(18,727.00)	-
Total other financing sources (uses)				1,378,161.00	1,003,458.00	1,250,000.00	750,000.00	(45,490.00)	(18,727.00)	-
Net change in fund balances	\$ (542,786.00)	(358,539.00)	(299,940.00)	686,807.00	104,904.00	606,975.00	(70,080.00)	(88,259.00)	(207,320.00)	89,028.31

Source: ACFR Schedule B-2

Hi-Nella School District
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Interest on Investments	PY Refunds	Misc.	Total
2014	125.00	168.00	-	293.00
2015	339.00		3,681.00	4,020.00
2016	551.00		-	551.00
2017	805.00		4,042.00	4,847.00
2018	763.00		198.00	961.00
2019	-		2,530.00	2,530.00
2020	2,691.00		3,073.00	5,764.00
2021	1,471.00		1,627.00	3,098.00
2022	2,226.00		566.00	2,792.00
2023	1,715.78	4,181.00	4.41	5,901.19

Source: District Records

**Hi-Nella School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2014	135,800	18,942,700	154,100	15,300	3,324,200	355,800	16,798,000	39,725,900	5,247,900			1,964	
2015	135,800	18,942,700	154,100	15,300	3,324,200	355,800	16,798,000	39,725,900	5,247,900			2,227	
2016	135,800	18,952,400	154,100	15,300	3,324,200	355,800	15,498,000	38,435,600	5,247,900			2,249	
2017	135,800	18,952,400	154,100	15,300	3,324,200	355,800	15,498,000	38,435,600	5,247,900			2,512	
2018	135,800	18,914,900	154,100	15,300	3,202,100	355,800	15,498,000	38,278,000	5,247,900			2,548	
2019	135,800	18,721,500	154,100	15,300	3,202,100	355,800	15,498,000	38,082,600	5,247,900			2,585	
2020	135,800	18,695,900	154,100	15,300	3,202,100	355,800	15,498,000	38,057,000	5,408,200			2,931	
2021	135,800	18,704,400	154,100	5,600	3,202,100	355,800	15,498,000	38,065,800	5,408,200			2,950	
2022	135,800	18,794,900	154,100	5,900	3,202,100	355,800	15,498,000	38,148,600	5,408,200	38,148,600		3,050	
2023	135,800	18,794,900	154,100	5,900	3,202,100	355,800	15,498,000	38,148,600	5,408,200	38,148,600		3,103	44,862,967

Source: District records Tax list summary & Municipal Tax Assessor

Note: 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 Taxator

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

Hi-Nella School District
Direct and Overlapping Property Tax Rates
Rate per \$100 of Assessed Value
Last Ten Calendar Years
Unaudited

Fiscal Year Ended June 30,	Hi-Nella School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate a	General		Borough of Hi- Nella	Camden County	
		Obligation Debt Service b	Total Direct			
2014	1.964		1.964	1.205	0.808	3.977
2015	2.227		2.227	1.238	0.853	4.318
2016	2.249		2.249	1.250	0.862	4.361
2017	2.512		2.512	1.346	0.806	4.664
2018	2.548		2.548	1.386	0.896	4.830
2019	2.585		2.585	1.386	0.896	4.867
2020	2.931		2.931	1.456	0.841	5.228
2021	2.990		2.990	1.481	0.834	5.305
2022	3.050		3.050	1.557	0.870	5.477
2023	3.103		3.103	1.642	0.847	5.592

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.

**Hi-Nella School District
Principal Property Tax Payers,
Current Year and Nine Years Ago
*Unaudited***

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Aion Fox Ridge LLC	11,712,600	1	30.7042%			
The Village at Hi-Nella, LLC	3,500,000	2	9.1751%			
Taxpayer #1	650,000	3	1.7040%			
Hi Nella Storage	513,600	4	1.3464%			
MMW Enterprises LLC	387,100	5	1.0148%			
SRA Realty Holdings LLC	355,800	6	0.9327%			
Hi Nella Storage LLC	319,000	7	0.8362%			
Taxpayer #2	285,400	8	0.7482%			
Leap-Up LLC	251,500	9	0.6593%			
Jacob-Michaels, LLC	225,800	10	0.5919%			
					Information not available	
Total	18,200,800		47.713%	-		0.000%

Source: District ACFR & Municipal Tax Assessor

38,146,600

**Hi-Nella School District
Property Tax Levies and Collections,
Last Ten Fiscal Years
*Unaudited***

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	
2014	772,050.00	772,050.00	100%	
2015	780,000.00	780,000.00	100%	
2016	809,884.00	809,884.00	100%	
2017	956,172.00	956,172.00	100%	
2018	975,295.00	975,295.00	100%	
2019	1,001,615.00	1,001,615.00	100%	
2020	1,104,488.00	1,027,332.00	93%	77,156.00
2021	1,126,578.00	844,933.00	75%	281,645.00
2022	1,149,110.00	1,149,110.00	100%	
2023	1,172,092.00	879,069.00	75%	293,023.00

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

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

**Hi-Nella School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income a	Per Capita a
	General Obligation Bonds b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2014								
2015								
2016								
2017								
2018								
2019								
2020								
2021								
2022								
2023								

Not applicable - the district does not have any debt

Hi-Nella School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value a of Property	Per Capita b
	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>		
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-

Not applicable - the district does not have any debt

Hi-Nella School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2023
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Hi-Nella	176,250.00	100.000%	176,250
Other debt			
County of Camden	29,335,000.00	9.32%	2,735,097
Subtotal, overlapping debt			2,911,347
Hi-Nella School District			-
Total direct and overlapping debt			2,911,347

Sources: Borough of Hi-Nella Finance Officer, Camden County Finance Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Township. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

- a** For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Hi-Nella School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2022

	Equalized valuation basis									
	2020	2021	2022	2019	2018	2017	2016	2015	2014	2023
Debt limit	37,490,888.00	42,083,158.00	44,666,432.00	1,118,402.00	1,090,768.00	1,104,738.00	1,117,010.00	1,159,453.00	1,209,737.00	1,242,404.79
Total net debt applicable to limit										
Legal debt margin	1,172,460.00	1,132,187.00	1,121,557.00	1,118,402.00	1,090,768.00	1,104,738.00	1,117,010.00	1,159,453.00	1,209,737.00	1,242,404.79
Total net debt applicable to the limit as a percentage of debt limit										

Equalized valuation basis	37,490,888.00
2020	42,083,158.00
2021	44,666,432.00
2022	124,240,478.00
[A]	41,413,493.00
Debt limit (3 % of average equalization value)	1,242,404.79
Net bonded school debt	-
Legal debt margin	1,242,404.79
[B]	1,242,404.79
[C]	-
[B-C]	1,242,404.79

Not applicable - the district does not have any debt

Source: Abstract of Rates and District Records ACFR Schedule J-7

a The district is non-operating and does not have an applicable debt allowance

**Hi-Nella School District
Demographic and Economic Statistics
Last Ten Fiscal Years
*Unaudited***

Year	Population a	Personal Income (thousands of dollars) b	Per Capita Personal Income c	Unemployment Rate d
2014	856	40,150,680	46,905	11.00%
2015	855	41,801,805	48,891	11.10%
2016	861	43,191,204	50,164	4.90%
2017	860	44,592,720	51,852	5.20%
2018	860	46,528,580	54,103	5.20%
2019	858	N/A	N/A	4.30%
2020	856	N/A	N/A	N/A
2021	N/A	N/A	N/A	N/A
2022	923	50,726,234	54,958	7.50%
2023	925	57,018,850	61,642	3.80%

Source:

a Population information provided by the NJ Dept of Labor and Workforce Development - most recent information is as of 7/1/08

b Personal income provided by the US Dept. of Commerce, Bureau of Economic Analysis.

c Per Capita information provided by the US Dept. of Commerce, Bureau of Economic Analysis - most recent information is as of 7/1/08

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

**Hi-Nella School District
Principal Employers,
Current Year and Nine Years Ago
Unaudited**

<u>Employer</u>	<u>2023</u>			<u>2014</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
		1				
		2				
		3				
		4				
		5				
		6				
		7				
		8				
		9				
		10				
	<hr/>		<hr/>	<hr/>		<hr/>
	<u>-</u>		<u>-</u>	<u>-</u>		<u>-</u>

Information is not available

**Hi-Nella School District
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years**

Unaudited

<u>Function/Program</u>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction	-	-	-	-	-	-	-	-	-	-
Regular	-	-	-	-	-	-	-	-	-	-
Special education	-	-	-	-	-	-	-	-	-	-
Support Services:										
Student & instruction related services	-	-	-	-	-	-	-	-	-	-
General administrative services	-	-	-	-	-	-	-	-	-	-
School administrative services	-	-	-	-	-	-	-	-	-	-
Plant operations and maintenance	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

Source: District Personnel Records

Hi-Nella School District
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures a	Cost Per Pupil	Percentage Change	Teaching Staff b			Average Daily Enrollment (ADE) c	Average Daily Attendance (ADA) c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Elementary	Middle School					
2014	110	2,325,147	21,138	98.72%							
2015	116	2,013,913	17,361	-17.87%							
2016	141	1,985,121	14,079	-18.91%							
2017	136	2,557,352	18,804	33.56%							
2018	135	2,826,370	20,936	11.34%							
2019	147	2,713,003	18,456	-11.85%							
2020	109	3,177,532	29,152	57.95%							
2021	121	2,510,417	20,747	-28.83%							
2022	119	2,848,214	23,935	15.36%							
2023	111	2,700,432	24,328	1.64%							

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

The district is non-operating, and does not have ADE or ADA

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-
- b Not required Sending District
- c Not required Sending District

Hi-Nella School District
School Building Information
Last Ten Fiscal Years
Unaudited

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
------	------	------	------	------	------	------	------	------	------

N/A - the District does not have any buildings

Source: District records, ASSA

Note: Enrollment is based on the annual October district count

Hi-Nella School District
General Fund
Schedule of Required Maintenance for School Facilities
Last Nine Years
Unaudited

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

School Facilities	Project # (s)	2023	2022	2021	2020	2019	2018	2017	2016	2015
N/A		-	-	-	-	-	-	-	-	-
Total School Facilities		-	-	-	-	-	-	-	-	-
Other Facilities										
Grand Total		-	-	-	-	-	-	-	-	-

District does not own any buildings.

**Hi-Nella School District
Insurance Schedule
June 30, 2023
*Unaudited***

	Coverage	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

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Single Audit Section

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

K-1

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

The Honorable President and
Members of the Board of Education
Hi-Nella Borough School District
County of Camden, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Hi-Nella Borough School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Hi-Nella Borough School District's basic financial statements, and have issued our report thereon dated December 2, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hi-Nella Borough School District's control over financial reporting (internal control) to determine the 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 Hi-Nella Borough School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hi-Nella Borough 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are 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.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Nancy Sbrolla

Nancy Sbrolla
Certified Public Accountant
Licensed Public School Accountant
No. 2426

December 2, 2023



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

K-2

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY UNIFORM ADMINISTRATIVE AWARDS (UNIFORM GUIDANCE), AND NEW JERSEY OMB'S CIRCULAR 15-08

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

Report on Compliance for Each Major Federal & State Program

Opinion on Each Major Federal & State Program

We have audited the Hi-Nella Borough School District's 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 Hi-Nella Borough School District's major federal and state programs for the year ended June 30, 2023. The Hi-Nella Borough School District's major federal and 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 Borough of Hi-Nella 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 federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal & State Program

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and NJ OMB 15-08. Our responsibilities under those standards and the Uniform Guidance 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 Hi-Nella Borough School District and to meet our other 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 opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Hi-Nella Borough School District's compliance with the requirements referred to above.

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 its Federal and 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 HI-Nella Borough 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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and NJ OMB 15-08 will always detect material noncompliance when it exists. 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, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hi-Nella Borough School District's compliance with the requirements of each major federal or state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Hi-Nella Borough 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 HI-Nella Borough 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 Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Hi-Nella Borough 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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance or NJ OMB 15-08.

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 federal or 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 federal or 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 federal or 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 Auditor's Responsibilities for the Audit of Compliance 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Nancy Sbrolla

Nancy Sbrolla
Certified Public Accountant
Licensed Public School Accountant
No. 2426

December 2, 2023

Hi-Nella Borough School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2022	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures			Adjustments	(Accounts Receivable) 06/30/2023	Deferred Revenue/ 06/30/2023	Due to Grantor 06/30/2023
									Pass Through	Source	Direct				
U.S. Department of Education Passed-Through State Department of Education Special Revenue Fund: ID.E.A. Part B, Basic Total Special Education Cluster	84.027	H027A210100	100-034-5065-016	7/1/22-9/30/23	26,203	-	-	-	(25,408)	(25,408)	-	(25,408)	-	-	-
Total Special Education Fund						-	-	-	(25,408)	(25,408)	-	(25,408)	-	-	-
Total Federal Financial Awards						\$ -	-	-	(25,408)	(25,408)	-	(25,408)	-	-	-

Hi-Nella Borough School District
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Balance at June 30, 2023					Cumulative Total Expenditures	
				Deferred Revenue/ (Accts Receivable)	Carryover Amount	Due to Grantor	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Deferred Revenue	Due to Grantor		Budgetary Receivable
State Department of Education													
General Fund:													
Transportation Aid	23-495-034-5120-014	7/1/2022	6/30/2023 \$ 37,318				37,318	(37,318)	-	-	-	2,867	37,318
State Aid Public Cluster:													
Social Education Aid	23-495-034-5120-089	7/1/2022	6/30/2023 118,572				118,572	(118,572)	-	-	-	9,111	118,572
Security Aid	23-495-034-5120-084	7/1/2022	6/30/2023 42,488				42,488	(42,488)	-	-	-	3,265	42,488
Equalization Aid	23-495-034-5120-078	7/1/2022	6/30/2023 1,349,361				1,349,361	(1,349,361)	-	-	-	103,682	1,349,361
Stabilization Aid	23-495-034-5120-078	7/1/2022	6/30/2023 87,368				87,368	(87,368)	-	-	-	-	87,368
Total State Aid Public Cluster							1,597,789	(1,597,789)	-	-	-	116,058	1,597,789
Supplemental Stabilization Aid	22-495-034-5120-128	7/1/2022	6/30/2023 87,368				87,368	(87,368)	-	-	-	-	-
Extraordinary Aid	22-495-034-5120-044	7/1/2021	6/30/2022 14,521	(14,521)			14,521	(12,798)	(12,798)	-	-	-	14,521
Extraordinary Aid	23-495-034-5120-044	7/1/2022	6/30/2023 12,798					(12,798)	(12,798)	-	-	-	12,798
Non-Public Transportation Aid	22-495-034-5120-014	7/1/2021	6/30/2022 290	(290)			290			-	-	-	290
Total General Fund				(14,811)			1,737,266	(1,735,273)	(12,798)	-	-	118,925	1,662,716
Total State Financial Assistance				(14,811)			1,737,266	(1,735,273)	(12,798)	-	-	118,925	1,662,716

NOTE 1. GENERAL

The accompanying schedules of expenditures of state financial assistance include state award activity of the Hi-Nella Borough School District. The Board of Education is defined in Note 1 to the Board's general-purpose financial statements. All state awards received directly from federal and state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of state financial assistance are presented on the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board's general-purpose financial statements. The District has elected not to use the 10% de minimus indirect cost rate.

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

The general-purpose financial statements present the general fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general 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.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97 (A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(15,116) for the general fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general fund. Awards and financial assistance revenues are reported in the Board's general-purpose financial statements on a GAAP basis as follows:

Hi-Nella Borough School District
Notes to the Schedules of Expenditures of State Financial Assistance
June 30, 2023

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	<u>State Assistance</u>
	<u>General Fund</u>
Actual amounts (budgetary) "revenues" from the Schedule of Expenditures of Financial Assistance	\$ 2,825,898.19
Difference-budget to "GAAP"	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	103,809.00
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(118,925.00)</u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances	<u><u>\$ 2,810,782.19</u></u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

Amount reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

**HI-NELLA BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

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Section I -- Summary of Auditor's Results

Financial Statement

Type of auditor's report issued		Unmodified		
<hr/>				
Internal control over financial reporting:				
• Material weakness(es) identified?	_____	yes	_____ X _____	no
• Significant deficiency(ies) identified?	_____	yes	_____ X _____	no
Noncompliance material to financial statements noted?	_____	yes	_____ X _____	no

Federal Awards - N/A

Internal Control over major programs:				
• Material weakness(es) identified?	_____	yes	_____	no
• 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 the Uniform Guidance?	_____	yes	_____	no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar Threshold used to distinguish between type A and type B programs: \$ _____

Auditee qualified as low-risk auditee? _____ yes _____ no

State Awards

Internal Control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular 15-08

_____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
_____	State Aid Cluster
<u>23-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>23-495-034-5120-084</u>	<u>Security Aid</u>
<u>23-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>23-495-034-5120-078</u>	<u>Stabilization Aid</u>
_____	_____
_____	_____
_____	_____
_____	_____

Dollar Threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? X yes _____ no

**HI-NELLA BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

SCHEDULE OF FINANCIAL STATEMENT FINDINGS

NONE

SCHEDULE OF STATE AWARD FINDINGS AND QUESTIONED COSTS

NONE

STATUS OF PRIOR YEAR FINDINGS

NONE