

# **HI-NELLA BOROUGH SCHOOL DISTRICT**

## **AUDITORS MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS FINANCIAL, COMPLIANCE AND PERFORMANCE**

**June 30, 2024**

# AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS FINANCIAL, COMPLIANCE AND PERFORMANCE

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**F O R D - S C O T T**

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**Report of Independent Auditors**

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 auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the general purpose financial statements of the Board of Education of the Hi-Nella Borough School District in the County of Camden for the year ended June 30, 2024, and have issued our report thereon dated October 21, 2024. As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information and use of the management of the Hi-Nella Borough Board of Education, the New Jersey Department of Education and other state and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*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**

**October 21, 2024**

## **ADMINISTRATIVE FINDINGS - FINANCIAL COMPLIANCE AND PERFORMANCE**

### **Scope of Audit**

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

### **Administrative Practices and Procedures**

#### **Insurance**

Insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the district's ACFR.

#### **Official Bonds**

Name	Position	Amount
Debra Trasatti	Board Secretary/School Business Administrator	\$200,000

#### **Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The Board made a proper adjustment to the billings to sending districts for change in per pupil costs in accordance with N.J.A.C. 6A:23-3.1(f)3.

### **Financial Planning, Accounting and Reporting**

#### **Examination of Claims**

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

#### **Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30, 2024 for proper classification of orders as reserve for encumbrances and accounts payable.

#### **Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with NJAC 6A:23-2.2(f) as part of our test of transactions of randomly selected expenditures items. We also reviewed the coding of all expenditures included in our compliance testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C 6A:23A-2.4. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

### Board Secretary's Records

The Board Secretary's records were maintained in satisfactory condition.

### Treasurer's Records

The School District does not maintain a Treasurer.

### Other Special Federal and/or State Projects

The district did not have any Special Projects during the current year.

### School Purchasing Programs

#### Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 states:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$32,000, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefore, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending C.40A:11-9) the board of education may establish that the bid threshold may be up to \$44,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to the section.
- b. Commencing in the fifth year after the year in which P.L. 1999, c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in NJS 18A:18A-2, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of NJSA 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months.

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

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

The district board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Based on the results of my examination, I did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, as amended.

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

### **Application for State School Aid**

The Hi-Nella Borough School District is a non-operating district. All resident students are included in the registers of the Stratford BOE and Sterling High School. Accordingly, our audit procedures were limited in scope to those related to determining that workpapers were maintained by the district and procedures were followed in accordance with state directives. We found no discrepancies in these areas.

### **Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2022-2023 District Report of Transported Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

### **Follow-up on Prior Years' Findings**

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

### **Acknowledgment**

We received the complete cooperation of all the officials of the school district and I greatly appreciate the courtesies extended to the members of the audit team.

**SCHEDULE OF AUDITED ENROLLMENTS**

**HI-NELLA BOROUGH SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2023**

	2023-2024 Application for State School Aid						Sample for Verification					
	Reported on ASSA on Roll			Reported on Workpapers on Roll			Sample Selected from Workpapers			Verified per Registers on Roll		
	Full	Shared		Full	Shared		Full	Shared		Full	Shared	
Full Day Preschool	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
One	-	-	-	-	-	-	-	-	-	-	-	-
Two	-	-	-	-	-	-	-	-	-	-	-	-
Three	-	-	-	-	-	-	-	-	-	-	-	-
Four	-	-	-	-	-	-	-	-	-	-	-	-
Five	-	-	-	-	-	-	-	-	-	-	-	-
Six	-	-	-	-	-	-	-	-	-	-	-	-
Seven	-	-	-	-	-	-	-	-	-	-	-	-
Eight	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed Elementary	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed Middle School	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-	-	-	-	-
Percentage	-	-	-	-	-	-	-	-	-	-	-	-

**HI-NELLA BOROUGH SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2023**

	Private Schools for Disabled				Resident Low Income			Sample for Verification			Resident LEP Low Income		
	Reported on ASSA as Private Schools	Sample for Verification	Sample Verified	Sample Errors	Reported on ASSA as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors
Full Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-
One	-	-	-	-	-	-	-	-	-	-	-	-	-
Two	-	-	-	-	-	-	-	-	-	-	-	-	-
Three	-	-	-	-	-	-	-	-	-	-	-	-	-
Four	-	-	-	-	-	-	-	-	-	-	-	-	-
Five	-	-	-	-	-	-	-	-	-	-	-	-	-
Six	-	-	-	-	-	-	-	-	-	-	-	-	-
Seven	-	-	-	-	-	-	-	-	-	-	-	-	-
Eight	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed Elementary	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed Middle School	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-	-	-	-	-	-
Percentage Error	-	-	-	-	-	-	-	-	-	-	-	-	-



**HI-NELLA BOROUGH SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 14, 2023**

	Sample for Verification			Resident LEP Not Low Income			Sample for Verification		
	Sample Selected from Workpapers	Verified to Test Score, Register, and Application	Sample Errors	Reported on ASSA as LEP Not Low Income	Reported on Workpapers as LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Kindergarten	-	-	-	-	-	-	-	-	-
One	-	-	-	-	-	-	-	-	-
Two	-	-	-	-	-	-	-	-	-
Three	-	-	-	-	-	-	-	-	-
Four	-	-	-	-	-	-	-	-	-
Five	-	-	-	-	-	-	-	-	-
Six	-	-	-	-	-	-	-	-	-
Seven	-	-	-	-	-	-	-	-	-
Eight	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
Special Ed Elementary	-	-	-	-	-	-	-	-	-
Special Ed Middle School	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-	-
Percentage Error	-	-	-	-	-	-	-	-	-

	Transportation				Reported	Re-Calculated
	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors	Tested		
Reg-Public Schools	3	3	-	2	4.5	4.5
Non-Public - ALL	-	-	-	2	4.5	4.5
Reg-Special Ed	6	6	-	3	6.4	6.4
Spec Ed-Special Needs	1	1	-	-		
Totals	10	10	-	5		
Percentage Error	-	-	-	-	-	-

**HI-NELLA BOROUGH SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2024**

**REGULAR DISTRICT**

**SECTION 1**

**A. 2% Calculation of Excess Surplus**

2023-24 Total General Fund Expenditures per the ACFR, Ex. C-	\$ 2,833,425.91	(B)
Increased by		
Transfer to Food Service Fund	\$ -	(B1a)
Transfer from Capital Outlay to Capital Projects Fund	\$ -	(B1b)
Transfer from Capital Reserve to Capital Projects Fund	\$ -	(B1c)
Decreased By		
On-Behalf TPAF Pension & Social Security	\$ -	(B2a)
Assets Acquired Under Capital Lease:	-	(B2b)
Adjusted 2023-24 General Fund Expenditures [(B)+(B1's)-(B2's)	\$ 2,833,425.91	(B3)
1.5% of Adjusted 2023-24 General Fund Expenditures [(B3) times .01	\$ 42,501.39	(B4)
Enter Greater of (B4) or \$250,000	\$ 42,501.39	(B5)
Increased by: Allowable Adjustment	\$ 16,706.00	(K)
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)	\$ 59,207.39	(M)

**SECTION 2**

Total General Fund - Fund Balances @ 06/30/24		
(Per ACFR Budgetary Comparison Schedule C-1	\$ 215,185.38	(C)
Decreased by		
Year-end Encumbrances	\$ -	(C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ -	(C2)
Legally Restricted - Excess Surplus - Designated for		
Subsequent Year's Expenditures *	\$ -	(C3)
Other Restricted Fund Balances ***:	\$ 155,977.99	(C4)
Assigned Fund Balance - Unreserved - Designate		
for Subsequent Year's Expenditure:	\$ -	(C5)
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)	\$ 59,207.39	(U1)

**SECTION 3**

Restricted Fund Balance - Excess Surplus *** [(U1)-(M)] IF NEGATIVE ENTER - 0	\$ 0.00	(E)
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**Recapitulation of Excess Surplus as of June 30, 2024**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ -	(C3)
Reserved Excess Surplus ***	\$ 0.00	(E)
Total [(C3) + (E)]	\$ 0.00	(D)

**HI-NELLA BOROUGH SCHOOL DISTRICT  
EXCESS SURPLUS CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2024**

- \* This adjustment line (as detailed below) is to be utilized for Impact Aid (when applicable), Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10), and Extraordinary Aid, and Additional Nonpublic School Transportation Aid if applicable (Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid)

**Detail of Allowable Adjustments**

Impact Aid	\$	-	(H)
Sale & Lease-back	\$	-	(I)
Extraordinary Aid	\$	15,341.00	(J1)
Additional Nonpublic School Transportation Aid	\$	1,365.00	(J2)
Unbudgeted TPAF Wage Freeze Grant Funding	\$		(J3)
Total Adjustments [(H)+(I)+(J1) + (J2)]	\$	16,706.00	(K)

- \*\* This amount represents the June 30, 2024 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 10025

- \*\*\* Amounts must agree to the June 30, 2024 ACFR and the sum of the two lines must agree to the Audit Summary Worksheet Line 10024

- \*\*\*\* Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by any other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 1st

**Detail of Other Restricted Fund Balance**

Statutory restrictions	
Approved unspent separate proposals	\$ -
Capital outlay for a district with a capital outlay cap waiver	\$ -
Sale/lease-back reserves	\$ -
Capital reserves	\$ -
Maintenance reserves	\$ -
Tuition reserves	\$ -
Other state/government mandated reserves	\$ 155,977.99
Reserve for Unemployment Fund	\$ -
[Other Restricted Fund Balance not noted above] **	\$ -
Total Other Restricted Fund Balance	\$ 155,977.99 (C4)

## **RECOMMENDATIONS**

### Administrative Practices and Procedures

None

### Financial Planning, Accounting and Reporting

None

### School Purchasing Program

None

### School Food Service

None

### Student Body Activities

None

### Application for State School Aid

None

### Transportation

None

### Miscellaneous

None

A corrective action plan, which outlines actions the Board of Education will take to correct any findings that are listed above, will be prepared in accordance with federal and state requirements. A copy of it will be placed on file and made available for public inspection in the Office of the Board Secretary of the Hi-Nella Borough Board of Education within 30 days of this notice.