

***NORTHERN HIGHLANDS REGIONAL  
HIGH SCHOOL DISTRICT***

***BOARD OF EDUCATION***

***COUNTY OF BERGEN  
ALLENDALE, NEW JERSEY***

***COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR  
ENDED JUNE 30, 2012***

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
COUNTY OF BERGEN, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2012**

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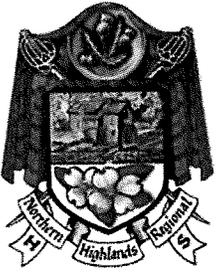
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# **INTRODUCTORY SECTION**



## *Northern Highlands Regional High School*

298 HILLSIDE AVENUE  
ALLENDALE, NEW JERSEY 07401  
PHONE (201) 327-8700 Fax (201) 327-3274  
www.northernhighlands.org

JOHN J> KEENAN  
Superintendent of Schools

November 15, 2012

Honorable President and  
Members of the Board of Education  
Northern Highlands Regional High School District  
298 Hillside Avenue  
Allendale, New Jersey 07401

Dear Board Members:

The comprehensive annual financial report of the Northern Highlands Regional High School District for the fiscal year ended June 30, 2012 is hereby submitted. 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 our knowledge and belief, the data presented in the auditor's 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, financial, statistical and single audit. The introductory section includes this transmittal letter, the district's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements, management's discussion and analysis and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions of the 1996 Single Audit Act and the U. S. Office of Management and Budget Circular A- 133, Audits of State and Local Governments, and New Jersey OMB's Circular 04-04, "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 the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

### 1. REPORTING ENTITY AND ITS SERVICES

Northern Highlands Regional High School District is an independent reporting entity within the criteria adopted by G.A.S.B. (Governmental Accounting Standards Board) established by Statement No. 14. All funds and account groups of the District are included in this report. The Northern Highlands Regional High School District Board of Education and all its schools constitute the District's reporting entity.

The district provides a full range of educational services appropriate to grade levels 9-12. These include regular, as well as special education (through age 21) handicapped youngsters. The district completed the 2011-2012 fiscal year with an enrollment in-district of 1,350 students, which is an increase from the preceding year. The following schedule on the following page details the changes in the student enrollment of the district over a five-year period. These schedules do not reflect students sent out of district for special education.

Average Daily Enrollment		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	1337	+2.50%
2010-2011	1304	-0.50%
2009-2010	1311	-0.60%
2008-2010	1319	+2.5 %
2007-2008	1287	+1.7 %

## 2. ECONOMIC CONDITION & OUTLOOK:

The Allendale and Upper Saddle River area continues to experience a period of slow development and expansion. The rate of business relocation to the area is status quo. Current new home development is not significant. Enrollment is level at this time and it is not anticipated that enrollment will change significantly over the near term as evidenced by the overall growth in our enrollment during the past five years.

## 3. MAJOR INITIATIVES:

Students continued to score above the state and national average on all standardized tests. Students also scored very well (in the +90 percentile) on both sections of the High School Proficiency Test. Northern Highlands Regional High School seniors averaged well above their counterparts on their Scholastic Aptitude Tests at both the national and state level.

Of the 356 graduates in the class of 2012, 93.2% (332) are attending a four year college and 2.2% are attending two year colleges with 76.4% attending colleges rated by Barron's as most, highly or very competitive. The drop-out rate is practically non-existent.

NHRHS offers 46 Honors courses and 20 Advanced Placement courses to aid student growth and achievement. In addition to these offerings, Northern Highlands also offers a number of courses in which students may earn college credit. Northern Highlands students can earn college credit through Advanced Placement Testing or by enrolling in either SUPA or one of our other dual enrollment programs. Syracuse University Project Advance (SUPA) is a prestigious program in which students may earn college credits that are accepted at universities around the nation based on their successful completion of these courses. Our dual enrollment program also allows students to accumulate credit through Bergen Community College, New Jersey Institute of Technology, Fairleigh Dickinson University and University of Medicine and Dentistry of New Jersey.

## 4. INTERNAL ACCOUNTING CONTROLS:

Management of the 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 (G.A.A.P.). An 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.

The ability of an accounting and financial reporting system to provide timely accurate reporting is essential to any system of internal controls. Such systems are critical to affording management and the board of education flexibility in financial management of current operations and long-term financial planning. In the context of questionable levels of state aid funding and a continued economic downturn it is imperative that controls over implementation of district operating budgets continually strive toward the maximum efficiency and effectiveness.

As a recipient of federal and state financial assistance, 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 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 assistance program, as well as to determine that the district has complied with applicable laws and regulations.

#### 5. 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 projects 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 cancelled or are included as a re-appropriation of fund balances in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2012.

#### 6. ACCOUNTING SYSTEM AND REPORTS:

A district's accounting records must reflect generally accepted principles, as promulgated by the Governmental Accounting Standards Board (G.A.S.B.). The accounting system of the district is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

An effective and efficient system of internal controls is essential to accurate, timely reporting of all relevant transactions on an accounting system and the resultant administrative and external reports generated from that system.

#### 7. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the district continues to meet its responsibilities for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2012 and the amount and percentage of increase (decrease) in relation to the prior year.

Revenues	FY 2011-12 Amount	Percentage of Total	Total Dollar Increase (Decrease) From 2010-11	Percentage Increase (Decrease)
Local Sources	20,071,953	74.22%	209,774	1.06%
Other Local Sources	97,816	0.36 %	(119,565)	(0.06%)
Tuition	3,962,154	14.65%	232,740	1.17%
State Sources	2,690,614	9.95%	710,931	3.58%
Federal Sources	<u>221,640</u>	<u>0.82%</u>	<u>(180,883)</u>	<u>(0.91%)</u>
Totals	<u>27,044,177</u>	<u>100.00%</u>	<u>852,997</u>	<u>4.29%</u>

The following schedule presents a summary of the general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2012 and the amount and percentage of increase (decrease) in relation to the prior year.

Expenditures	FY 2011-12 Amount	Percentage of Total	Total Dollar Increase (Decrease) From 2010-11	Percentage Increase (Decrease)
Current Expense	24,939,482	94.55%	1,956,518	11.24%
Capital Outlays	49,981	0.19%	29,100	139.36%
Special Revenues	194,411	0.74%	(226,062)	(53.76%)
Debt Service	<u>1,194,304</u>	<u>4.53%</u>	<u>(379,098)</u>	<u>(24.09%)</u>
Totals	<u>26,378,178</u>	<u>100.00%</u>	<u>1,380,458</u>	<u>5.52%</u>

#### 8. DEBT ADMINISTRATION:

As of June 30, 2012 the district has two general obligation bond issues outstanding. The first was the 2003 issue which was approved for the science-wing addition. In March 2011, the district refunded the callable portion of this issue which amounts to \$9,617,000. The refunding produced a net present value savings to the district and community of approximately +3.2%. As of June 30, 2012 \$9,530,000 remained in principal to be paid. The final payment is scheduled for June, 2022. The second outstanding bond issue is the 2009 issue, which was approved for the installation of new boilers and an emergency generator system. As of June 30, 2012 \$587,000 remained in principal to be paid. The final payment is scheduled for April 15, 2019.

#### 9. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 1. 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.

The District utilizes Bank of America as its main depository for district funds. This program meets the G.U.D.P.A. requirements.

10. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability and comprehensive collision, hazard and theft insurance on property and contents, and fidelity bonds.

11. OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Houdilik & Morrison was selected by the Board of Education. 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 and the related OMB Circular A- 133 and New Jersey OMB's Circular 04-04. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of the report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGEMENTS:

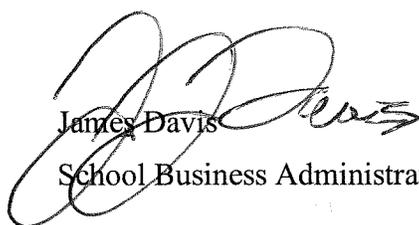
We would like to express our appreciation to the members of the Northern Highlands Regional High School District Board of Education for its concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



John Keenan

Superintendent of Schools



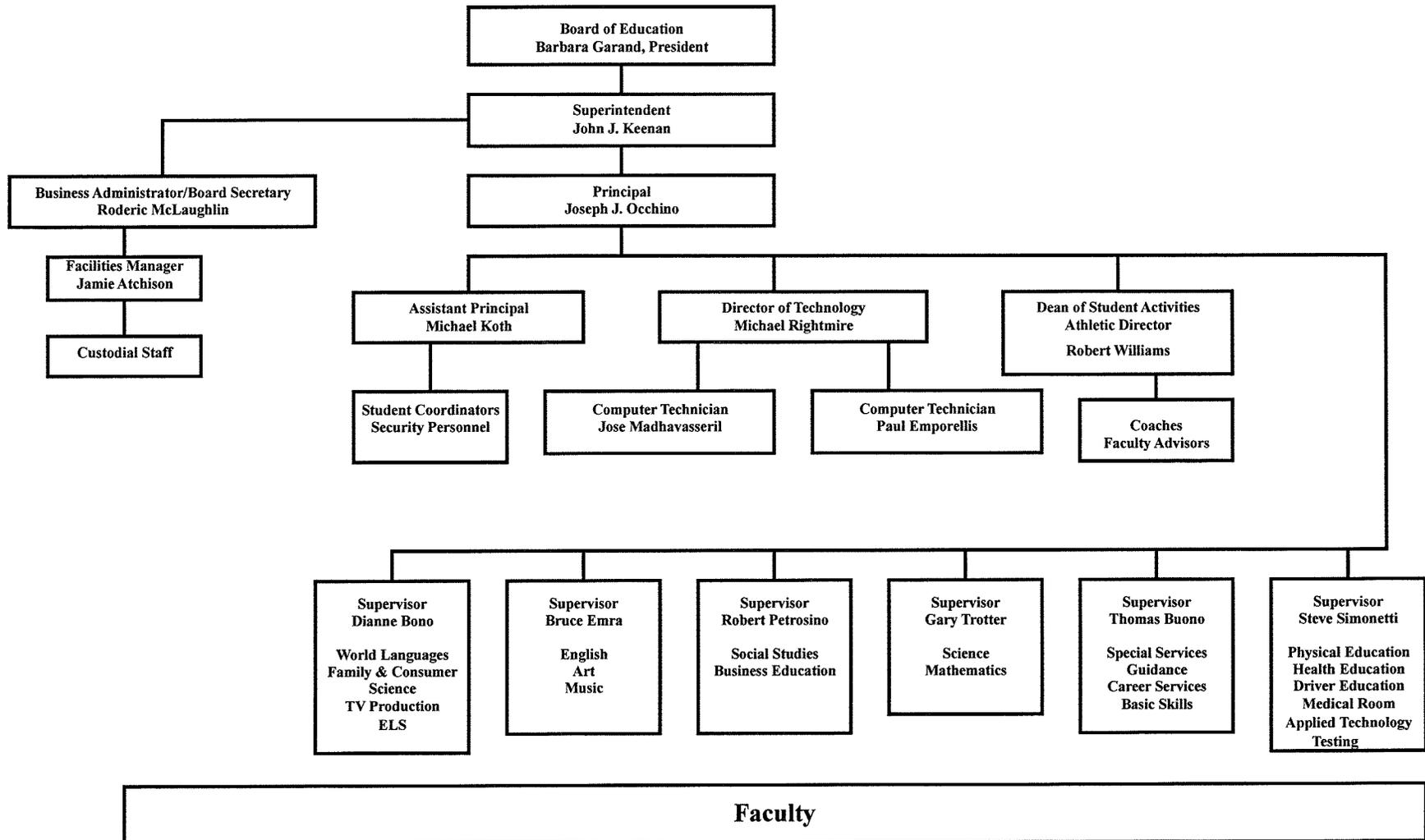
James Davis

School Business Administrator

# Northern Highlands Regional High School District

## District Organizational Chart

2011 - 2012



NORTHERN HIGHLANDS REGIONALHIGH SCHOOL DISTRICT  
BOARD OF EDUCATION  
BERGEN COUNTY, NEW JERSEY

ROSTER OF OFFICIALS  
JUNE 30, 2012

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mrs. Barbara Garand, President	2014
Mrs. Gail Trumbetti, Vice-President	2012
Mrs. Colleen Federer	2013
Mrs. Anne Goddard	2014
Dr. Robert Hands	2013
Mrs. Lori Loughnane,	2012
Mr. James Mulanaphy	2012
Mrs. Ann Pagano	2013
Mrs. Lisa Jill Webb	2014
Mr. Robert C. Wei	2013

Mr. Henry Senger (Saddle River Liaison)

Other Officials

Mr. John J. Keenan, Superintendent of Schools  
Mr. James Davis, Interim Board Secretary/School Business Administrator  
Ms. M. Alissa Mayer, Treasurer of School Monies  
James L. Plosia, Esq., Board Attorney

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BOARD OF EDUCATION  
Consultants and Advisors**

**Attorney**

Apruzzese, McDermott, Mastro & Murphy  
Somerset Hills Corporate Center  
25 Independence Blvd.  
Liberty Corner, NJ 0938

**Audit Firm**

Hodulik & Morrison. P.A.  
1102 Raritan Avenue  
P.O. Box 1450  
Highland Park, NJ 08904

**Risk Manager**

Thomas Fallon, Bollinger Insurance Co.  
830 Morris Turnpike  
Short Hills, NJ 07078

**Bond Counsel**

Wilentz, Goldman & Spitzer, P.A.  
90 Woodbridge Center Drive  
Suite 900 Box 10  
Woodbridge, NJ 07095

**Official Depository**

Bank of America  
East Allendale Ave.  
Allendale, NJ 07401

## **FINANCIAL SECTION**

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
PUBLIC SCHOOL ACCOUNTANTS  
1102 RARITAN AVENUE, P.O. BOX 1450  
HIGHLAND PARK, NJ 08904  
(732) 393-1000  
(732) 393-1196 (FAX)

ANDREW G. HODULIK, CPA, RMA, PSA  
ROBERT S. MORRISON, CPA, RMA, PSA

JO ANN BOOS, CPA, PSA

MEMBERS OF:  
AMERICAN INSTITUTE OF CPA'S  
NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Northern Highlands Regional High School District  
County of Bergen, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Northern Highlands Regional High School District, in the County of Bergen, State of New Jersey, as of and for the fiscal year ended June 30, 2012 which collectively comprise the district's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Northern Highlands Regional High School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Northern Highlands Regional High School District, in the County of Bergen, State of New Jersey, as of June 30, 2012 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2012 on our consideration of the Northern Highlands Regional High School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Highlands Regional High School District's basic financial statements. The accompanying introductory section, and other supplementary information, including the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the basic financial statements. The combining and individual fund financial statements, long-term debt schedules and schedules of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Public School Accountants

*Robert S. Morrison*

Robert S. Morrison  
Public School Accountant  
PSA # 871

Highland Park, New Jersey  
August 24, 2012

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART I**

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**Allendale, New Jersey**  
**Bergen County**

**MANAGEMENT DISCUSSION & ANALYSIS (MD&A)**  
**June 30, 2012**

The Northern Highlands Regional High School (the "District") discussion and analysis is designed to provide an overview of the District's financial activities for the year ended June 30, 2012, identify changes in the District's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The focus of the Management Discussion and Analysis (MD&A) is on current year activities, resulting changes and currently known facts. The MD&A should be read in conjunction with the Transmittal Letter and the District's Financial Statements.

**Financial Highlights**

The district's Governmental Activities net assets increased by \$888,785 as reflected in Table 2, Changes in Net Assets. This increase is primarily attributable to favorable variances (budget v. actual) in current operations of \$743,343. An additional \$196,650 is attributable to the excess of debt retirement over depreciation. These increases were offset by an increase in the value of compensated absences of \$48,828. The district's business-type activity expenses exceeded related revenues by \$19,550. This amount was comprised of net losses from the discontinued Region I operations which were funded from retained earnings, and a net increase of \$30,716 from food service operation. At the conclusion of the closeout of Region I operations, a transfer of the residual balance of \$242,991 was made to the new lead agency. The breakdown of these amounts is reflected in Schedule A-2 of the District-wide Financial Statements. The District's General Fund reported an increase in Fund Balance of \$743,346 for the year as reflected in Schedule B-2 of the District-wide Financial Statements.

**Understanding the Annual Report**

New Jersey state law and administrative code require that school districts follow Generally Accepted Accounting Principles (GAAP.) The format focuses on the district as a whole (government-wide financial statements) and refocuses the fund financial statements on major funds. Major funds are defined as those in which total assets and liabilities or revenues and expenditures/expenses are 10% or more of the total assets and liabilities or revenues and expenditures/expenses of all funds of that type (governmental, proprietary, etc.) and at least 5% of the assets and liabilities or revenues and expenditures/expenses for all governmental and enterprise funds combined.

**Government-Wide Financial Statements**

The government-wide financial statements (see financial statements A-1 and A-2) are designed to be corporate-like in that all government and business-type activities are consolidated into columns, which add to a total for the district. The focus of the Statement of Net Assets is designed to be similar to a bottom line for the district and its governmental and business type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities is focused on both the gross and net costs of various activities (including governmental and business-type), which are provided by the government's general tax and other revenues. This statement is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business type activities.

**Fund Financial Statements**

Past users of governmental financial statements will find that these statements are similar to past, pre-GASB 34 implementation statements. The major change is that the focus is now on major funds (as defined previously), rather than fund types. The Governmental Major Fund presentation is on a sources and uses of liquid resources basis. This is referred to as the flow of current financial resources method of measuring the inflow and outflow of resources, which affect an entity. This is the manner in which the District's financial plan (budget) is typically developed. The flow and availability of current financial resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund

Financial Statements provide a presentation of sources and uses current financial resources and associated budgetary compliance.

The Total column on the Business-type Fund Financial Statements is the same as the Business-type column on the Government-Wide Financial Statement. The Governmental Major funds Total Column requires a reconciliation, which is reflected on the page following each statement, because of the different measurement focus (current financial resources versus total economic resources). The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bonds and others) into the Governmental Activities column (in the Government-wide statements).

**The District as a Whole**

Table I reflects the condensed Statement of Net Assets. In this statement the district is divided into two kinds of activities:

Governmental Activities-These activities consist of instruction and those services, which support instruction such as maintenance, transportation and administration.

Business-Type Activities- These activities consist of the district's cafeteria operations, childcare program, summer camp program and summer enrichment program. Each of the aforementioned programs and the cafeteria charge fees for the services provided that are intended to cover most or all of the cost of services provided.

The condensed Statement of Net Assets reflects assets and liabilities of the district on an accrual basis of accounting. This statement, which reflects the district's assets and liabilities, is one means of measuring the district's financial position. It means that if the district were forced to liquidate on June 30, 2012 and sell all its assets at book value, after paying all known bills and liabilities, including long-term bonds and lease obligations, the District would have a total of \$9,377,318 remaining.

**Table 1**  
**Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and Other Assets	6,137,232	5,434,813	205,828	516,276	6,343,060	5,951,089
Capital Assets	14,568,324	22,129,370	67,778	87,305	14,636,102	22,216,675
<b>Total Assets</b>	<b>20,705,556</b>	<b>27,564,183</b>	<b>273,606</b>	<b>603,581</b>	<b>20,979,162</b>	<b>28,167,764</b>
Long-Term Debt						
Outstanding	10,635,679	11,401,581			10,635,679	11,401,581
Other Liabilities	921,832	910,666	44,332	111,766	966,164	1,022,432
<b>Total Liabilities</b>	<b>11,557,511</b>	<b>12,312,247</b>	<b>44,332</b>	<b>111,766</b>	<b>11,601,843</b>	<b>12,424,013</b>
Net Assets:						
Invested in Capital Assets, net of Debt	4,451,324	11,197,370	67,778	87,305	4,519,102	11,284,675
Restricted	4,888,161	4,115,506			4,888,161	4,115,506
Unrestricted	(191,440)	(60,940)	161,496	322,726	(29,944)	343,570
<b>Total Net Assets</b>	<b>9,148,045</b>	<b>15,251,936</b>	<b>229,274</b>	<b>491,815</b>	<b>9,377,319</b>	<b>15,743,751</b>

The results of this year's operations of the district's Governmental Activities and Business-type Activities are reported in the Statement of Activities (Exhibit A-2). Table 2, below, takes the information from that financial statement, rounds off the numbers, and rearranges them slightly so you can see the District's total revenues and expenses for the year.

**Table 2**  
**Changes in Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Revenues:</u>						
Charges for Services			808,718	10,863,289	808,718	10,863,389
Operating Grants and Contributions	2,834,020	2,382,206			2,834,020	2,382,206
 General Revenues:						
Property Taxes	20,071,953	19,862,179			20,071,953	19,862,179
Tuition	3,962,154	3,729,413			3,962,154	3,729,413
Other General Revenues	176,053	217,382			176,053	217,382
Total Revenues	<u>27,044,180</u>	<u>26,191,180</u>	<u>808,718</u>	<u>10,863,329</u>	<u>27,852,898</u>	<u>37,054,569</u>
 Program Expenses Including						
<u>Indirect Expenses:</u>						
Instruction:						
Regular	9,028,083	8,442,694			9,028,083	8,442,694
Special Education	892,973	1,112,774			892,973	1,112,774
Other Instruction	1,065,652	1,038,084			1,065,652	1,038,084
Support Services:						
Tuition	1,943,141	1,382,113			1,943,141	1,382,113
Student & Instruction Related Services	2,371,102	1,890,928			2,371,102	1,890,928
School Administrative Services	638,860	1,010,983			638,860	1,010,983
General and Business Admin. Services	987,917	904,256			987,917	904,256
Plant Operations and Maintenance	2,171,079	2,107,380			2,171,079	2,107,380
Pupil Transportation	1,021,777	925,731			1,021,777	925,731
Unallocated Benefits	5,246,476	4,764,368			5,246,476	4,764,368
Interest on Long-Term Debt	345,189	412,891			345,189	412,891
Unallocated Depreciation & Amortization	443,146	411,625			443,146	411,625
Business-Type Activities:						
Food Service			663,163	645,106	663,163	645,106
Shared Services			113,014	147,196	113,014	147,196
Region I Transportation			51,067	8,641,697	51,067	8,641,697
Region I Administration			1,024	563,526	1,024	563,526
Region I Summer School			-	152,447	-	152,447
Region I C.A.P.S. Program			-	257,437	-	257,437
Region I Non-Public IDEA Coordinator			-	349,827	-	387,684
Total Expenses	<u>26,155,395</u>	<u>24,403,827</u>	<u>828,268</u>	<u>10,795,093</u>	<u>26,983,663</u>	<u>35,198,920</u>
Residual Equity Transfer			<u>(242,991)</u>		<u>(242,991)</u>	
Increase (Decrease) in Net Assets	<u>888,785</u>	<u>1,787,352</u>	<u>(262,541)</u>	<u>68,196</u>	<u>626,244</u>	<u>1,855,649</u>

During FY 2012 the net assets of the District's governmental activities increased by \$888,785. This increase is primarily attributable to favorable variances (budget v. actual) in current operations of \$743,343. An additional \$196,650 is attributable to the excess of debt retirement over depreciation. These increases were offset by an increase in the value of compensated absences of \$48,828.

The balance generated in current operations was primarily driven by savings throughout the budget. Exhibit C-1 provides a breakdown of the budget line items included in the District's approved 2011-2012 budget and the variances in actual revenues and expenditures. Revenue realization for the 2011-2012 school year was positive for governmental activities when compared to the 2010-2011 school year. A partial restoration of state aid reductions from prior years mitigated the need for a larger increase to the tax levy. As shown in Table 3, the Tax needed to support the District's budget increased by 1.06% for the 2011-2012 school year. The largest non-tax revenue of the District during the year continues to be tuition payments, which amounted to \$3.9 million or 6.2% more than the preceding year. These payments were anticipated as part of the district's approved budget for the year. Additionally, the district realized \$126,731 more than anticipated for Extraordinary Aid as a result of the business office implementation of new procedures for application for such aid.

During FY 2012 the net assets of the district's business-type activities decreased by \$262,991, reflecting the winding down and closeout of the District's role as lead agency for Region I services. The breakdown of these activities is shown on Schedule A-2. During FY 2012 the food service operations of the district generated a net increase in assets of \$30,716.

**Table 3**  
**Governmental Fund Type Revenues and Expenditures**

<u>Revenues by Source:</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>% Change</u>
Local Tax Levy	20,071,953	19,862,179	1.06%
Tuition Charges	3,962,154	3,729,414	6.24%
Other Local Sources	97,819	217,381	-55.00%
Total Local Sources	24,131,926	23,808,974	1.36%
State Sources	2,690,614	1,979,683	35.91%
Federal Sources	221,640	402,523	-44.94%
Total Revenues	27,044,180	26,191,180	3.26%
<u>Expenditures by Function</u>			
Current:			
Regular Instruction	8,970,496	8,389,482	6.93%
Special Education Instruction	892,973	1,112,774	-19.75%
Other Instruction	1,065,652	1,038,084	2.66%
Support Services and Undistributed Costs:			
Tuition	1,943,141	1,382,113	40.59%
Student & Instruction Related Services	2,352,021	1,871,846	25.65%
School Administrative Services	610,775	982,898	-37.86%
Other Administrative Services	987,917	904,256	9.25%
Plant Operations and Maintenance	2,144,322	2,074,125	3.38%
Pupil Transportation	968,948	872,901	11.00%
Unallocated Benefits	5,197,648	4,774,958	8.85%
Debt Service:			
Principal	815,000	1,125,000	-27.55%
Interest and Other Charges	379,304	448,402	-15.41%
Capital Outlay	49,981	114,864	-56.49%
	26,378,178	25,091,703	5.13%

The Cost of Governmental Activities (see Table 3) this year was \$26.38 million an (5.13%) increase from the preceding year. The primary drivers for this increase the costs of regular instructional programs and tuition costs for out-of-district placements. As shown on the Statement of Activities (financial statement A-2) our taxpayers ultimately financed \$20.07 million of those activities through property taxes, which reflect

only a 1.06% increase over the prior year. As shown on the Statement of Activities (see financial statements A-2) \$2.84 million of the revenues, which support governmental activities, were received from the State of New Jersey. Of that amount \$221,640 represents pass-through federal funding (see Table 3.) Overall state revenues increased by \$710,931 or 35.91 from the preceding year. Of the \$2.7 million \$1.85 million is reflected as on-behalf contributions for the district's (employer) share of TPAF (Teachers Pension & Annuity Fund) pension and FICA as prescribed by state statute.

**The District's Funds**

The district's Balance Sheet for Governmental Funds (statement B-1) reports a combined fund balance of \$5.32 million. The general fund portion of this balance includes an increase of \$743,000, which resulted from current year's activities. This increase is the result of positive operating variances relative to budgetary anticipations. In the FY 2012-2013 budget \$922,019 of fund balance has been included as an offset to local taxes. An additional \$1,014,085 is set-aside for FY 13-14 as an offset to the local tax levy on a GAAP basis.

**General Fund Budgetary Highlights**

The 2011-2012 revenues of the General fund amounted to \$25.72 million a 6.11% increase from the prior year. Increases were reported in every category of revenue except miscellaneous revenues, which include investment income, fees and rentals.

The 2011-12 expenditures of the General fund amounted to \$25 million, an increase of \$1.98 million from the prior year (2010-2011). Instruction costs, tuition for out-of-district placements and In-Kind pension and Social Security costs (funded by the State of New Jersey) were the largest cost drivers for the increase. Excluding In-Kind costs, which are not budgeted, the District underspent its available appropriation by \$535,000 in 2011-2012.

**Capital Asset and Debt Administration**

**Capital Assets**

The District engaged an inventory valuation firm to identify and value its fixed assets as of June 30, 2011 and for the current school year. Based upon the report of the firm, the balance of fixed assets reported at June 30, 2011 was restated to eliminate \$7.0 million of "construction-in-progress" that had been carried for several years, and the Net Assets of the District's governmental activities were restated as of June 30, 2011 to reflect this adjustment. At the end of 2012, the district had \$14,568,324 invested in capital assets as shown on Table 4, Capital Assets Net of Depreciation at June 30, 2012. The major change is the completion of last year construction in progress items, which are now reflected as building and improvements. During 2011-2012, the District capitalized the costs of equipment acquisitions totaling \$49,981.09.

**Capital Assets**

**Table 4**

**Capital Assets at Year-End  
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	283,800	283,800			283,800	283,800
Land Improvements	510,975	510,975			510,975	510,975
Buildings & Improvements	20,021,984	20,021,984			20,021,984	20,021,984
Machinery & Equipment	2,849,373	2,799,392	227,411	227,411	3,076,784	3,206,803
Construction-in-Progress	-	6,992,676			-	6,992,676
Subtotal	23,666,132	30,608,827	227,411	227,411	23,893,543	30,836,238
Accumulated Depreciation	(9,097,808)	(8,479,458)	(159,633)	(140,105)	(9,257,441)	(8,619,563)
Totals	<u>14,568,324</u>	<u>22,129,369</u>	<u>67,778</u>	<u>87,306</u>	<u>14,636,102</u>	<u>22,216,675</u>

## Debt

The district's outstanding debt is shown in Table 5, Outstanding Debt at June 30, 2012. The district's general obligation bond issues of 2003 and 2009 carried a Standard and Poor rating of AAA. This rating is the underlying rating of the district and does not rely upon any credit enhancement by the New Jersey School Bond Reserve fund. Bonds which are rated AAA, are judged to be of the best quality. They carry the smallest degree of investment risk. Interest payments are protected by a large or an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. In March of 2011 the district refunded the callable portion of its 2003 general obligation bond issue, amounting to \$9,617,000. The refunding yielded least a 3.2% net present value savings. The district was successful in obtaining from the Local Government Finance Board authorization to structure those savings to have a maximum reduction for local taxpayers in years 2012, 2013 and 2014. The district has no plan for any additional debt assumption. The district remains well within the state allowable limit of \$135 million for debt issuance, which is limited to 3% of the average equalized value of taxable property within the district.

### **Debt**

**Table 5**

#### **Outstanding Debt at Year-End**

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Serial Bonds Payable	10,117,000	11,932,000
Compensated Absences	<u>518,679</u>	<u>469,851</u>
	<u>10,635,679</u>	<u>11,401,851</u>

#### **Economic Factors and Next Year's Budgets and Rates**

The FY 11-12 operating budget was framed as the current national and statewide economic downturn remain relatively static. The Northern Highlands Regional High School Board of Education and district administration framed a budget, which reflected consideration of these factors as well as district educational and financial goals. This budget reflects a net local levy increase of only 1.05%

While the district's FY 11-12 operating budget resolved the short-term funding challenges presented by the continued loss of state aid it still has long-term funding concerns. These concerns relate to the reliability and levels of state funding, which beginning in FY 08-09 became less certain. In May 2009 the state reduced current year operating aid to all school districts in the state by (5 %.) As a result of the state's fiscal crisis during FY 09-10 the state aid promised to the Northern Highlands Regional High School District was decreased by (27%). In FY 10-11 the Governor and Legislature directed devastating reductions in state education funding. The Northern Highlands Regional High School District lost (100% ) of its categorical state aid.

The loss of state aid to school districts presents a serious challenge to public education. The public policy of school funding is being reassessed in the legislature and courts. School funding is in a state of flux. To address this fiscal instability Northern Highlands has implemented major fiscal initiatives as part of a long-term financial plan. In 2010 the district established a capital maintenance reserve, and supplemented an emergency reserve to accommodate the recurrent capital maintenance needs of the district as well as its non-recurrent operational needs. These reserves will either completely eliminate or significantly reduce any potential local levy, which might otherwise be necessary for the long-term related capital or non-recurrent operational needs. In June of 2011 we supplemented the maintenance reserve, which would now allow us to offset 15% of our estimated annual capital maintenance cost for up to 14 years. The 2011-2012 budget reflects use of that reserve in the amount of \$170,000 and effectively provides tax savings for our

communities. On March 24, 2011 we completed refunding of \$9.6 Million of bonds, which resulted in tax savings of \$329,744. Our 2011-2012 budget reflects \$112,000 of that tax savings. In the Fall of 2011 the district began the process of developing and implementing a long-term energy savings improvement plan as part of its long-term financial plan. The 2011-2012 budget and these initiatives are designed to support and preserve the Northern Highlands educational experience through prudent financial management and planning. In consideration of all of the aforementioned funding challenges the Northern Highlands Regional High School Board of Education remains financially prudent and proactive.

#### **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the school district's finances and to show the school district's accountability for the money it received. If you have any questions about this report or wish to request additional financial information, contact Roderic McLaughlin, Business Administrator/Board Secretary, at Northern Highlands Regional High School Board of Education, 298 Hillside Avenue, Allendale, New Jersey 07401.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**SECTION – A**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 6,046,274.78	\$ 200,149.05	\$ 6,246,423.83
Investments			
Receivables, Net		2,251.07	2,251.07
Inventory		3,428.15	3,428.15
Unamortized Issuance Costs on Refinancing	90,957.39		90,957.39
Capital Assets, (Note 1):	<u>14,568,324.00</u>	<u>67,777.61</u>	<u>14,636,101.61</u>
Total Assets	<u>20,705,556.17</u>	<u>273,605.88</u>	<u>20,979,162.05</u>
<u>LIABILITIES</u>			
Accounts Payable	723,862.81	27,973.62	751,836.43
Accrued Interest Payable	17,867.45		17,867.45
Deferred Revenue	980.00	16,358.70	17,338.70
Noncurrent Liabilities (Note 2):			
Due Within One Year	790,000.00		790,000.00
Due Beyond One Year	9,845,679.00		9,845,679.00
Deferred Amount on Refinancing	(361,662.45)		(361,662.45)
Unamortized Premium on Refinancing	<u>540,784.65</u>		<u>540,784.65</u>
Total liabilities	<u>11,557,511.46</u>	<u>44,332.32</u>	<u>11,601,843.78</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	4,451,324.00	67,777.61	4,519,101.61
Restricted for:			
Debt Service	1.73		1.73
Capital Projects	44,757.96		44,757.96
Other Purposes	4,843,400.94		4,843,400.94
Unrestricted (Deficit)	<u>(191,439.92)</u>	<u>161,495.95</u>	<u>(29,943.97)</u>
Total Net Assets	<u>\$ 9,148,044.71</u>	<u>\$ 229,273.56</u>	<u>\$ 9,377,318.27</u>

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS		TOTAL
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$9,028,082.68		14,516.00	(\$9,013,566.68)		(\$9,013,566.68)
Special Education	892,973.40		566,463.00	(326,510.40)		(326,510.40)
Other Instruction	1,065,652.17			(1,065,652.17)		(1,065,652.17)
<b>Support Services:</b>						
Tuition	1,943,140.60		331,586.00	(1,611,554.60)		(1,611,554.60)
Student & Instruction Related Services	2,371,102.06			(2,371,102.06)		(2,371,102.06)
School Administrative Services	638,859.93			(638,859.93)		(638,859.93)
General and Business Administrative Services	987,916.80			(987,916.80)		(987,916.80)
Plant Operations and Maintenance	2,171,078.75		27,229.00	(2,143,849.75)		(2,143,849.75)
Pupil Transportation	1,021,777.04		19,886.17	(1,001,890.87)		(1,001,890.87)
Unallocated Benefits	5,246,476.49		1,846,688.55	(3,399,787.94)		(3,399,787.94)
Interest on Long-Term Debt	345,189.17		27,651.00	(317,538.17)		(317,538.17)
Unallocated Depreciation and Amortization	443,145.40			(443,145.40)		(443,145.40)
<b>Total Governmental Activities</b>	<b>26,155,394.49</b>		<b>2,834,019.72</b>	<b>(23,321,374.77)</b>		<b>(23,321,374.77)</b>
<b>Business-Type Activities:</b>						
Food Service	663,163.47	693,879.15			30,715.68	30,715.68
Shared Services	113,013.84	113,013.84				
Region I Transportation	51,066.97				(51,066.97)	(51,066.97)
Region I Administration	1,023.77	1,824.75			800.98	800.98
<b>Total Business-Type Activities</b>	<b>828,268.05</b>	<b>808,717.74</b>			<b>(19,550.31)</b>	<b>(19,550.31)</b>
<b>Total Primary Government</b>	<b>\$26,983,662.54</b>	<b>\$808,717.74</b>	<b>\$2,834,019.72</b>	<b>(\$23,321,374.77)</b>	<b>(\$19,550.31)</b>	<b>(\$23,340,925.08)</b>
<b>Taxes:</b>						
Property Taxes, Levied for General Purposes, Net				\$18,982,644.00		\$18,982,644.00
Taxes Levied for Debt Service				1,089,309.00		1,089,309.00
Federal and State Aid not Restricted				78,234.00		78,234.00
Tuition				3,962,153.77		3,962,153.77
Miscellaneous Income				97,819.37		97,819.37
Special item:						
Residual Equity Transfer to New Lead Agency					(242,990.94)	(242,990.94)
<b>Total general revenues, special items, and transfers</b>				<b>24,210,160.14</b>	<b>(242,990.94)</b>	<b>23,967,169.20</b>
Change in Net Assets				888,785.37	(262,541.25)	626,244.12
Net Assets-Beginning (Restated)				8,259,259.34	491,814.81	8,751,074.15
Net Assets-Ending				<b>\$9,148,044.71</b>	<b>\$229,273.56</b>	<b>\$9,377,318.27</b>

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

**FUND FINANCIAL STATEMENTS**

**SECTION – B**

**GOVERNMENTAL FUNDS**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>					
Cash and Cash Equivalents (Deficit)	\$ 1,339,289.79		\$ 44,775.05	\$ 1.73	\$ 1,384,066.57
Due from Other Funds	17.09				17.09
Restricted Cash and Cash Equivalents	<u>4,662,208.21</u>				<u>4,662,208.21</u>
Total assets	<u>6,001,515.09</u>		<u>44,775.05</u>	<u>1.73</u>	<u>6,046,291.87</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	723,862.81				723,862.81
Interfund Payable			17.09		17.09
Deferred Revenue	<u>980.00</u>				<u>980.00</u>
Total liabilities	<u>724,842.81</u>		<u>17.09</u>		<u>724,859.90</u>
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	1,014,085.00				1,014,085.00
Excess Surplus - Prior Year - Designated for					
Subsequent Year Expenditures	922,019.41				922,019.41
Emergency Reserve	250,000.00				250,000.00
Maintenance Reserve	1,600,000.00				1,600,000.00
Capital Reserve	876,103.80				876,103.80
Committed to:					
Year End Encumbrances	181,192.73				181,192.73
Assigned to:					
Debt Service				1.73	1.73
Designated by the BOE for					
Subsequent Year Expenditures	158,640.59				158,640.59
Capital Projects			44,757.96		44,757.96
Unassigned:					
General Fund	<u>274,630.75</u>				<u>274,630.75</u>
Total Fund Balances	<u>5,276,672.28</u>		<u>44,757.96</u>	<u>1.73</u>	<u>5,321,431.97</u>
Total Liabilities and Fund Balances	<u>\$ 6,001,515.09</u>	<u>\$ -</u>	<u>\$ 44,775.05</u>	<u>\$ 1.73</u>	<u>\$ 6,046,291.87</u>

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

Amounts reported for <i>governmental activities</i> in the statement of net assets (A-1) are different because:	\$ 5,321,431.97
The costs associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued but are capitalized on the statement of net assets. The bond issuance costs are \$102,578 and the accumulated amortization is \$11,621	90,957.39
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The carrying value of the assets is \$23,666,132 and the accumulated depreciation is \$9,097,808.	14,568,324.00
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(10,635,679.00)
Short-term Liabilities, including accrued interest on long-term debt, are not due payable in the current period and therefore are not reported as liabilities in the funds.	(17,867.45)
The premium received on the sale of bonds is recorded in the governmental funds as an addition to Fund Balance, but are carried on the statement of net assets and amortized over the life of the bonds. The carrying value of bond premiums is \$668,861 and the accumulated amortization is \$128,076	(540,784.65)
The difference between the face amount of Refunded Bonds and the escrow deposit required to legally defease the Bonds is recorded as a decrease to fund balance in the governmental funds, but is carried on the statement of net assets and amortized over the life of the Bonds. The Deferred Amount from Refunding is \$529,282 and accumulated amortization is \$167,620	<u>361,662.45</u>
Net assets of governmental activities	<u>\$ 9,148,044.71</u>

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>					
Local Tax Levy	\$ 18,982,644.00	\$	\$	\$ 1,089,309.00	\$ 20,071,953.00
Tuition	3,962,153.77				3,962,153.77
Other Local Sources	97,816.45		2.92		97,819.37
State Sources	2,662,962.72			27,651.00	2,690,613.72
Federal Sources	27,229.00	194,411.00			221,640.00
Total Revenues	<u>25,732,805.94</u>	<u>194,411.00</u>	<u>2.92</u>	<u>1,116,960.00</u>	<u>27,044,179.86</u>
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	8,955,979.68	14,516.00			8,970,495.68
Special Education Instruction	713,078.40	179,895.00			892,973.40
Other Instruction	1,065,652.17				1,065,652.17
Support Services and Undistributed Costs:					
Tuition	1,943,140.60				1,943,140.60
Student & Instruction Related Services	2,352,021.06				2,352,021.06
School Administrative Services	610,774.93				610,774.93
Other Administrative Services	987,916.80				987,916.80
Plant Operations and Maintenance	2,144,321.75				2,144,321.75
Pupil Transportation	968,948.04				968,948.04
Unallocated Benefits	5,197,648.49				5,197,648.49
Debt Service:					
Principal				815,000.00	815,000.00
Interest				379,303.75	379,303.75
Capital Outlay	49,981.09				49,981.09
Total Expenditures	<u>24,989,463.01</u>	<u>194,411.00</u>	<u>2.92</u>	<u>1,194,303.75</u>	<u>26,378,177.76</u>
Excess (Deficiency) of Revenues over Expenditures	<u>743,342.93</u>		<u>2.92</u>	<u>(77,343.75)</u>	<u>666,002.10</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	2.92				2.92
Transfers out			(2.92)		(2.92)
Total Other Financing Sources and Uses	<u>2.92</u>		<u>(2.92)</u>		
Net Change in Fund Balances	743,345.85			(77,343.75)	666,002.10
Fund Balance—Beginning	<u>4,533,326.43</u>		<u>44,772.13</u>	<u>77,345.48</u>	<u>4,655,444.04</u>
Fund Balance—Ending	<u>\$ 5,276,672.28</u>	<u>\$ -</u>	<u>\$ 44,772.13</u>	<u>\$ 1.73</u>	<u>\$ 5,321,446.14</u>

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

NORTHERN HIGHLANDS REGIONAL HIGH 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, 2012

Total net change in fund balances - governmental funds (from B-2) \$ 666,002.10

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

Interest on Long Term debt is accrued in the statement of activities. In the governmental funds, interest expenditures are recorded when due. The difference between interest accrued and interest paid is as follows:

	Interest Paid	379,303.75	
	Interest Accrued	<u>(377,812.09)</u>	1,491.66

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount by which depreciation expense exceeded capital outlays is a deduction in the reconciliation. This is the amount by which depreciation exceeded capital outlays in the period.

	Depreciation expense	(618,350.09)	
	Capital Outlays	<u>49,981.09</u>	(568,369.00)

In the statement of activities, certain operating expenses such as compensated absences (the value of paid leave time earned but unused) are measured by the amounts earned during the year. In the governmental funds, expenditures are reported for the amounts of financial resources used. When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation.

(48,828.00)

Repayment of bond and lease obligation (long-term debt) principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

815,000.00

The premium received on the sale of bonds is recorded in the governmental funds as an addition to fund balance in the year of issuance, but are carried on the statement of net assets and amortized in the statement of activities over the life of the bonds.

Amortization of Bond Premiums 100,548.12

The costs associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued but are capitalized on the statement of net assets and amortized in the statement of activities over the life of the bonds.

Amortization of Bond Issue Costs (9,134.31)

The difference between the face amount of Refunded Bonds and the escrow deposit required to legally defease the Bonds is recorded as a decrease to fund balance in the governmental funds in the year of issuance, but is carried on the statement of net assets and amortized over the life of the Bonds. net assets and amortized over the life of the Bonds. The Deferred

Amortization of Deferred Amount from Refunding (67,925.20)

Change in net assets of governmental activities \$ 888,785.37

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

**PROPRIETARY FUNDS**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPPRIETARY FUNDS  
JUNE 30, 2012

	<u>MAJOR FUND</u>	<u>NON-MAJOR FUND</u>	<u>TOTAL ENTERPRISE FUND</u>
	<u>FOOD SERVICE</u>	<u>SHARED SERVICES</u>	
<u>ASSETS</u>			
Current assets:			
Cash and Cash Equivalents	\$ 181,248.89	\$ 18,900.16	\$ 200,149.05
Accounts Receivable (Net)	2,251.07		2,251.07
Inventories	3,428.15		3,428.15
	<u>186,928.11</u>	<u>18,900.16</u>	<u>205,828.27</u>
Total Current Assets			
Noncurrent Assets:			
Furniture, Machinery & Equipment	227,410.72		227,410.72
Less Accumulated Depreciation	<u>(159,633.11)</u>		<u>(159,633.11)</u>
	<u>67,777.61</u>		<u>67,777.61</u>
Total Noncurrent Assets			
	<u>254,705.72</u>	<u>18,900.16</u>	<u>273,605.88</u>
Total Assets			
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	23,683.29	4,290.33	27,973.62
Deferred Revenue	6,354.54	10,004.16	16,358.70
	<u>30,037.83</u>	<u>14,294.49</u>	<u>44,332.32</u>
Total Current Liabilities			
	<u>30,037.83</u>	<u>14,294.49</u>	<u>44,332.32</u>
Total liabilities			
<u>NET ASSETS</u>			
Invested in Capital Assets Net of Related Debt	67,777.61		67,777.61
Unrestricted (Deficit)	<u>156,890.28</u>	<u>4,605.67</u>	<u>161,495.95</u>
	<u>224,667.89</u>	<u>4,605.67</u>	<u>229,273.56</u>
Total Net Assets	\$	\$	

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			TOTAL ENTERPRISE FUND
	MAJOR FUNDS		NON- MAJOR FUNDS	
	FOOD SERVICE	REGION I TRANSPORTATION		
Operating Revenues:				
Charges for Services:				
Daily Sales - Non-reimbursable Programs	\$ 693,879.15		\$	\$ 693,879.15
Other Local Revenues			1,824.75	1,824.75
Transportation Fees from Other LEA's Within the State				
Charges and Fees			113,013.84	113,013.84
Total Operating Revenues	<u>693,879.15</u>		<u>114,838.59</u>	<u>808,717.74</u>
Operating Expenses:				
Cost of Sales	317,823.42			317,823.42
Salaries	201,068.09	39,206.92	85,937.50	326,212.51
Employee Benefits	63,336.28	11,860.05	13,847.33	89,043.66
Insurance	16,527.30			16,527.30
Rent				
Administrative Expenses	8,539.74			8,539.74
Purchased Services	4,603.35		1,023.77	5,627.12
Contracted Services	19,550.00		10,888.30	30,438.30
Repairs & Maintenance	10,248.48			10,248.48
Travel & Workshops				
Transportation				
Miscellaneous	60.00		48.00	108.00
General Supplies	1,878.92		2,292.71	4,171.63
Depreciation	19,527.89			19,527.89
Total Operating Expenses	<u>663,163.47</u>	<u>51,066.97</u>	<u>114,037.61</u>	<u>828,268.05</u>
Operating Income (Loss)	<u>30,715.68</u>	<u>(51,066.97)</u>	<u>800.98</u>	<u>(19,550.31)</u>
Income (Loss) Before Contributions & Transfers	30,715.68	(51,066.97)	800.98	(19,550.31)
Residual Equity Transfer to New Lead Agency		(65,740.78)	(177,250.16)	(242,990.94)
Change in Net Assets	30,715.68	(116,807.75)	(176,449.18)	(262,541.25)
Total Net Assets—Beginning	<u>193,952.21</u>	<u>116,807.75</u>	<u>181,054.85</u>	<u>491,814.81</u>
Total Net Assets—Ending	<u>\$ 224,667.89</u>	<u>\$</u>	<u>\$ 4,605.67</u>	<u>\$ 229,273.56</u>

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

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND			TOTAL ENTERPRISE FUND
	MAJOR FUNDS		NON- MAJOR FUNDS	
	FOOD SERVICE	REGION I TRANSPORTATION		
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from Customers	\$ 693,169.30	\$ 440,990.71	\$ 108,722.84	\$ 1,242,882.85
Payments to Employees		(39,206.92)	(85,937.50)	(125,144.42)
Payments for Employee Benefits		(11,860.05)	(13,847.33)	(25,707.38)
Payments to Food Service Mgmt. Co.	(605,602.91)			(605,602.91)
Payments for Services	(10,299.48)		(84,134.77)	(94,434.25)
Payments to Suppliers	(6,362.94)		(10,662.88)	(17,025.82)
Net Cash Provided by (Used for) Operating Activities	<u>70,903.97</u>	<u>389,923.74</u>	<u>(85,859.64)</u>	<u>374,968.07</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Residual Equity Transfers to New Lead Agency	-	(65,740.78)	(177,250.16)	(242,990.94)
Net Cash Provided by (Used for) Non-capital Financing Activities	<u>-</u>	<u>(65,740.78)</u>	<u>(177,250.16)</u>	<u>(242,990.94)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	70,903.97	324,182.96	(263,109.80)	131,977.13
Balances—Beginning of Year	<u>110,344.92</u>	<u>(324,182.96)</u>	<u>282,009.96</u>	<u>68,171.92</u>
Balances—End of Year	<u>\$ 181,248.89</u>	<u>\$</u>	<u>\$ 18,900.16</u>	<u>200,149.05</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	<u>\$ 30,715.68</u>	<u>(51,066.97)</u>	<u>800.98</u>	<u>(19,550.31)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Depreciation and Net Amortization	19,527.89			19,527.89
(Increase) Decrease in Accounts Receivable	(758.88)	440,990.71	200.00	440,431.83
(Increase) Decrease in Inventory	1,992.75			1,992.75
Increase (Decrease) in Deferred Revenue	1,541.22		10,004.16	11,545.38
Increase (Decrease) in Accounts Payable	17,885.31		(96,864.78)	(78,979.47)
Total Adjustments	<u>40,188.29</u>	<u>440,990.71</u>	<u>(86,660.62)</u>	<u>394,518.38</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 70,903.97</u>	<u>\$ 389,923.74</u>	<u>\$ (85,859.64)</u>	<u>\$ 374,968.07</u>

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

## **FIDUCIARY FUNDS**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2012

	Agency Funds		Expendable Trust Funds	
	Student Activity	Payroll Agency	Unemployment Compensation Insurance Employee Benefit Trust Fund	TOTALS
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 312,079.06	\$ 99,140.26	\$ 116,386.20	\$ 527,605.52
Interfund Accounts Receivable		3,074.39		3,074.39
Total Assets	<u>\$ 312,079.06</u>	<u>\$ 102,214.65</u>	<u>\$ 116,386.20</u>	<u>\$ 530,679.91</u>
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities:				
Interfund Accounts Payable	\$	\$	\$ 3,074.39	\$ 3,074.39
Accounts Payable			14,053.21	14,053.21
Payroll Deductions and Withholdings Due to Student Groups	\$ 312,079.06	\$ 87,323.08	\$	\$ 87,323.08
Total Liabilities	<u>312,079.06</u>	<u>87,323.08</u>	<u>17,127.60</u>	<u>416,529.74</u>
Net Assets:				
Reserved for:				
Unemployment Compensation Insurance Unreserved			99,258.60	99,258.60
Total Net Assets			<u>99,258.60</u>	<u>99,258.60</u>
Total Liabilities and Net Assets	<u>\$ 312,079.06</u>	<u>\$ 87,323.08</u>	<u>\$ 116,386.20</u>	<u>\$ 515,788.34</u>

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Expendable Trust Funds</u>	<u>Totals</u>
	Unemployment Compensation Insurance Employee Benefit Trust Fund	
<u>ADDITIONS:</u>		
Deductions from Employees' Salaries	\$ 31,053.45	\$ 31,053.45
Interest		0.00
Contributions	<u>18,546.20</u>	<u>18,546.20</u>
Total Additions	<u>49,599.65</u>	<u>49,599.65</u>
<u>DEDUCTIONS:</u>		
Unemployment Benefits	<u>47,890.12</u>	<u>47,890.12</u>
Total Deductions	<u>47,890.12</u>	<u>47,890.12</u>
Change in Net Assets	<u>1,709.53</u>	<u>1,709.53</u>
Net Assets - Beginning	<u>97,549.07</u>	<u>97,549.07</u>
Net Assets - Ending	<u>\$ 99,258.60</u>	<u>\$ 99,258.60</u>

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

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**COUNTY OF BERGEN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education (Board) of the Northern Highlands Regional High 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. The GASB has issued codification of governmental accounting and financial reporting standards dated June 30, 2005. This codification and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments. This financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, issued in June 1999.

The more significant of the Board's accounting policies are described below.

**A. Reporting Entity:**

The Northern Highlands Regional High School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by an elected Board of Education that is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The purpose of the district is to educate students in grades 9-12 from the Borough of Allendale and the Borough of Upper Saddle River, the District’s constituent members. The District also provides educational services to students in grades 9-12 from the Boroughs of Ho-Ho-Kus and Saddle River pursuant to separate sending/receiving agreements. The Northern Highlands Regional High School District had an average daily enrollment of 1,337.3 students in grades 9-12 for the 2011-2012 school year.

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. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**Basic Financial Statement Presentation**

The District-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The Fiduciary Funds are only reported in the Statements of Fiduciary Net Assets at the Fund Financial Statement level.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Basic Financial Statement Presentation (Cont'd):**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational; or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net assets are available. Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. The effect of interfund activity has been removed from these statements. Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the District-wide statements.

**B. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report, as follows:

**General Fund** - The 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. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Fund Accounting (Cont'd):**

**GOVERNMENTAL FUNDS**

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

Resources for budgeted capital outlay purposes are normally derived from district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

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

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. Additional financial resources may be derived from budgeted capital outlay or capital reserve funds from the General Fund and State Aid in the form of Economic Development Authority Grants under EFCFA.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Permanent Fund** - The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs.

**PROPRIETARY FUNDS**

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

**Enterprise Funds** - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**PROPRIETARY FUNDS (CONT'D)**

The District's Enterprise Funds are comprised of the Food Service Fund, Shared Service Fund and Region I Transportation, Administration, Summer School, C.A.P.S., and Non-Public IDEA Coordinator Funds.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks	4 Years
Heavy Trucks	6 Years

**FIDUCIARY FUNDS**

**Agency Fund** – The Agency Fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**Employee Benefit Trust (Unemployment Insurance)** – Employee Benefit Trust should be used to report resources that are required to be held in trust for members and beneficiaries of employee benefit plans.

**Private Purpose Scholarship Trust** – The Private Purpose Scholarship Trust should be used to report all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

**C. Basis of Accounting and Measurement Focus:**

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Basis of Accounting and Measurement Focus (Cont'd.):**

**Revenue Recognition** – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available is collected within one year.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute 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. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Recently enacted legislation (P.L. 2010, Chapter 44) has reduced the school property tax levy increase cap to 2% annually, while providing a limited number of exceptions to this tax levy growth limitation.

**Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred. The exception to this general rule is that interest and principal expenditures in the Debt Service Fund are recognized on their due dates.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District’s proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

**D. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. State statutes place limits on the Board’s ability to increase budgeted expenditures through the appropriation of previously undesignated fund balance and require the District to obtain additional approvals when budgetary transfers exceed certain thresholds. The Board of Education did not make any material supplemental budgetary appropriations 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 one or more June state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

NOTES TO FINANCIAL STATEMENTS

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**D. Budgets/Budgetary Control (Cont'd):**

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

The following presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

Explanation of differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$25,716,470.62	\$194,411.00
Difference- budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and revenues (Net)	0.00	0.00
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).	(323,332.83)	0.00
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	<u>338,866.17</u>	<u>0.00</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance – governmental funds.	<u>\$25,732,003.96</u>	<u>\$194,411.00</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**D. Budgets/Budgetary Control (Cont'd):**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of resources		
Actual amounts (budgetary basis) "total outflows"		
From the budgetary comparison schedule	\$24,989,463.01	\$194,411.00
 Difference- budget to GAAP:		
Encumbrances for supplies and equipment ordered but not yet are reported in the year the encumbrance is placed for budgetary purposes, but in the year the goods are received for financial reporting purposes (Net)	<u>0.00</u>	<u>0.00</u>
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds.	<u>\$24,989,463.01</u>	<u>\$194,411.00</u>

**E. Reserve for 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.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

**F. Cash, Cash Equivalents and Investments:**

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.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**F. Cash, Cash Equivalents and Investments (Cont'd.):**

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. GUDPA was amended, effective July 1, 2010, by P.L. 2009, c. 326. The amendments provide a greater level of security protection for covered deposits by increasing collateralization requirements and revising the enforcement protocol to allow for timely response in the event that a member bank shows signs of stress.

Under the new law, collateralization of GUDPA deposits up to 75% of New Jersey capital is based on a sliding scale that requires the minimum of 5% collateral for Well Capitalized institutions to a maximum of 120% collateral for Critically Undercapitalized institutions. All uninsured GUDPA deposits in excess of 75% of New Jersey capital require 100% collateral. 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.

**G. Inventories and Prepaid Expenses:**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditures in the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Pursuant to the contract by and between the District and its food service operator, ownership of inventories of food and supplies remains with the operator.

Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

**H. Short-Term Interfund Receivables/Payables:**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

**I. Capital Assets:**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,000.00 or more for capitalizing capital assets. The system for accumulation of fixed assets cost data does not provide the means for determining the percentage of assets valued at actual and those valued at estimated costs.

Capital assets are recorded in the District-wide financial statements, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purpose. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

## NOTES TO FINANCIAL STATEMENTS

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **I. Capital Assets (Cont'd.):**

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

See Note 3 relating to the restatement of capital assets as of June 30, 2011.

#### **J. Compensated Absences:**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that related to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place. The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences".

In the governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as a fund liability and expenditure in the fund that will pay for the compensated absence. The noncurrent portion for governmental funds is maintained separately and is a reconciling item between the fund and government-wide presentations.

Based upon existing personnel policies and collective bargaining agreements, employees are granted varying amounts of annual sick, personal and vacation leave. Sick leave may be accumulated for use in subsequent years and the right to a termination payment begins to vest with the employee after 10 years of service. Termination payments for unused sick pay are capped at by bargaining unit, with maximum terminal payments ranging from \$8,500 to \$25,000. Accumulations of unused sick leave may be used only for illnesses in subsequent periods. The accumulation of unused vacation pay is limited by the provisions of existing personnel policies and collective bargaining agreements. Unused vacation pay is paid to employees upon separation from service at current daily pay rates.

#### **M. Deferred Revenue:**

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned. Deferred revenue in the proprietary funds represents payments received from customers for services to be provided in future periods.

## NOTES TO FINANCIAL STATEMENTS

### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### **N. Long-term Obligations:**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **O. Fund Equity:**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

#### **P. Restricted Assets**

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as capital reserve requirements and proceeds from the issuing of the bonds and leases related to the capital project.

#### **Q. Net Assets:**

Net assets represent the difference between assets and liabilities in the District-wide financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in the District-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

#### **R. Estimates:**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### **S. Costs of Issuance/Premium/Deferred Amount on Refunding**

Issuance costs, bond premiums and deferred amounts on refunding/refinancing are deferred and amortized over the term of the bonds/leases. Unamortized issuance costs are recorded as other assets, whereas unamortized bond premiums and deferred amounts on refunding are presented as additions and reductions of outstanding bond principal. Issuance costs and bond premiums are amortized using the straight-line method. Deferred amounts are amortized proportionally to the cash flow savings resulting from the refunding/refinancing.

NOTES TO FINANCIAL STATEMENTS

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The Northern Highlands Regional High Board of Education had the following depository accounts. All deposits are carried at cost plus accrued interest. The government does not have a deposit policy.

Depository Account	Bank Balance
Insured - FDIC	\$ 250,000.00
Insured – NJGUDPA (N.J.S.A.17:94.1)	<u>6,717,957.71</u>
Total Deposits	<u>\$6,967,957.71</u>

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the board’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. Based upon NJGUDPA, as of June 30, 2012, \$0.00 of the Board’s bank balance of \$6,967,957.71 was exposed to custodial risk . (See Note 1-F. relating to statutory mitigation of custodial risk in the event of a bank failure).

**New Jersey Cash Management Fund** – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2012, the District had \$0.00 on deposit with the New Jersey Cash Management Fund.

NOTE 3. FIXED ASSETS

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 CAPITAL ASSETS NOTE DISCLOSURE  
DISCLOSURE OF INFORMATION ABOUT CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance Restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 283,800.00	\$ -	\$ -	\$ 283,800.00
Construction in Progress				
<b>Total Capital Assets Not Being Depreciated</b>	<u>283,800.00</u>	<u>-</u>	<u>-</u>	<u>283,800.00</u>
Land Improvements	510,975.00		-	510,975.00
Building and Building Improvements	20,021,984.00		-	20,021,984.00
Machinery, Equipment, Furniture & Vehicles	2,799,392.00	49,981.09	-	2,849,373.09
<b>Totals at Historical Cost</b>	<u>23,332,351.00</u>	<u>49,981.09</u>	<u>-</u>	<u>23,382,332.09</u>
Less Accumulated Depreciation For:				
Land Improvements	(440,121.00)	(4,741.00)	-	(444,862.00)
Building and Building Improvements	(5,582,766.00)	(404,189.00)	-	(5,986,955.00)
Machinery, Equipment, Furniture & Vehicles	(2,456,571.00)	(209,420.09)	-	(2,665,991.09)
<b>Total Accumulated Depreciation</b>	<u>(8,479,458.00)</u>	<u>(618,350.09)</u>	<u>-</u>	<u>(9,097,808.09)</u>
<b>Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)</b>	<u>14,852,893.00</u>	<u>(568,369.00)</u>	<u>-</u>	<u>14,284,524.00</u>
<b>Government Activities Capital Assets, Net</b>	<u>\$ 15,136,693.00</u>	<u>\$ (568,369.00)</u>	<u>\$ -</u>	<u>\$ 14,568,324.00</u>
Business-type Activities				
Equipment	227,410.72			227,410.72
Less Accumulated Depreciation for:				
Equipment	(140,105.22)	(19,527.89)		(159,633.11)
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 87,305.50</u>	<u>\$ (19,527.89)</u>	<u>\$ -</u>	<u>\$ 67,777.61</u>

\* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 57,587.00
Student & Instr. Related services	19,081.00
School Administrative services	28,085.00
Plant Operations & Maintenance	26,757.00
Pupil Transportation	52,829.00
Unallocated	<u>434,011.09</u>
<b>Total depreciation expense</b>	<u>\$ 618,350.09</u>

NOTE 4: LONG-TERM LIABILITIES

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 LONG TERM DEBT DISCLOSURE  
DISCLOSURE OF INFORMATION ABOUT LONG TERM LIABILITIES

Long-term debt liability activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$ 10,932,000.00	\$ _____	\$ 815,000.00	\$ 10,117,000.00	\$ 790,000.00
Total Bonds Payable	<u>10,932,000.00</u>	<u>_____</u>	<u>815,000.00</u>	<u>10,117,000.00</u>	<u>790,000.00</u>
Other Liabilities:					
Compensated Absences Payable	<u>469,851.00</u>	<u>48,828.00</u>	<u>_____</u>	<u>518,679.00</u>	<u>_____</u>
Total Other Liabilities	<u>469,851.00</u>	<u>48,828.00</u>	<u>_____</u>	<u>518,679.00</u>	<u>_____</u>
Total Liabilities	<u>\$ 11,401,851.00</u>	<u>\$ 48,828.00</u>	<u>\$ 815,000.00</u>	<u>\$ 10,635,679.00</u>	<u>\$ 790,000.00</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. GENERAL LONG-TERM DEBT (CONT'D):**

**A. Bonds Payable** -- Bonds are authorized in accordance with State law by the voters of the District through referendums that authorize capital project appropriations and the financing of same. Should changing economic conditions permit, the District may seek the approval of the Local Finance Board, Department of Community Affairs (the "LFB"), to issue general improvement refunding bonds to redeem or defease previously issued bonds. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Principal and interest due on bonds outstanding as at June 30, 2012 is as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	790,000.00	351,003.75	1,141,003.75
2014	815,000.00	330,847.50	1,145,847.50
2015	960,000.00	306,310.00	1,266,310.00
2016	990,000.00	286,266.25	1,276,266.25
2017	1,030,000.00	256,053.75	1,286,053.75
2018	1,075,000.00	215,528.75	1,290,528.75
2019	1,127,000.00	175,003.75	1,302,003.75
2020	1,065,000.00	130,325.00	1,195,325.00
2021	1,110,000.00	93,375.00	1,203,375.00
2022	<u>1,155,000.00</u>	<u>46,200.00</u>	<u>1,201,200.00</u>
	<u>\$ 10,117,000.00</u>	<u>\$2,190,913.75</u>	<u>\$ 12,307,913.75</u>

**B. Bonds Authorized But Not Issued** -- As of June 30, 2012, the District had \$995.00 of authorized but not issued bonds.

**C. Advance Refunding of 2003 School Bonds** – On March 24, 2011, the District issued \$9,580,000.00 Refunding School Bonds, Series 2011 (the "Bonds") to advance refund \$9,617,000 of its callable 2003 School Bonds. Interest Rates on the Refunding Bonds ranged from 2.0% to 4.25%, while Yields, which reflect premiums or discounts, ranged from 0.6% to 3.23%. The Net Interest Cost (NIC) on the Bonds was 2.765%. The net proceeds of the sale of \$10,146,282.44, which includes premiums of \$688,680.70 and deducts \$102,578.26 of underwriting fees and other costs associated with the issuance of the Bonds, were used to purchase U.S. Government Securities, which were deposited to an irrevocable Trust with an escrow agent. The escrow will provide for all future debt service payments through June 15, 2012 and will redeem the outstanding callable principal of these bonds on that date. The 2003 School Bonds are considered to be defeased and have been removed from the District-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$529,282.44. This difference, reported in the accompanying District-wide financial statements as a "contra" amount to bonds payable, is being charged as a Governmental Activities expense through the school year ended June 30, 2022. The refunding transaction was structured to provide 97% of the total debt service savings during the fiscal years ending June 30, 2011 through 2014. Annual charges to amortize the Deferred Amount from Refunding are proportional to the annual cash flow savings in budgeted debt service that resulted from the refunding transaction, and reflect the "front-loaded" structure of the transaction.

**NOTE 4. GENERAL LONG-TERM DEBT (CONT'D):**

**C. Advance Refunding of 2003 School Bonds (Cont'd.)**

The District completed its advanced refunding to reduce its total debt service payments through June 15, 2022 by \$329,743.75 and to obtain a net economic gain (the difference between the present value of the old and new debt service payments of \$312,711.86. This net economic benefit represents 3.262872% of the debt service on the refunded bonds, and utilizes a discount factor of 2.583583%, the arbitrage yield limit on the Refunding Bonds, as required by the Local Finance Board.

The advance refunding was accounted for in the District's Fund Financial Statements within the Debt Service Fund of the Governmental Funds. At June 30, 211, the Escrow Agent held \$9,965,202.76 of cash and US Government Securities – State and Local Government Series, in the Irrevocable Trust. On June 15, 2012, these funds, together with interest earnings thereon, were used to call and redeem the defeased 2003 School Bonds.

**NOTE 5. PENSION PLANS**

**Description of Plans** - All eligible employees of the District are covered by either the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund or the Defined Contribution Retirement Program 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 the 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 accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 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 (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 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 of New Jersey 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.

**NOTE 5. PENSION PLANS (CONT'D):**

**Defined Contribution Retirement System (DCRP)** – The DCRP was established effective July 1, 2007 to provide coverage to certain elected and appointed officials who became excluded from the PERS system pursuant to the provisions of P.L. 2007, c. 92. In addition, certain members of the PERS and TPAF, enrolled after July 1, 2007 who earn salary in excess of those systems’ maximum compensation limits are eligible for DCRP membership for the compensation not credited to PERS or TPAF participation.

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits for PERS and TPAF systems vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Vesting in the DCRP occurs after one year of membership. Employer contributions to the DCRP are set at 3% of base salary.

**Contribution Requirements** - 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 5.5% 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

DCRP requires employee contributions of 3% of base salary.

<b><u>Three-Year Trend Information for PERS</u></b>			
<b><u>Year Funding</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
6/30/12	\$ 269,654	100 %	\$ 0
6/30/11	262,151	100	0
6/30/10	199,194	100	0

**NOTE 5. PENSION PLANS (CONT'D):**

**Three-Year Trend Information for TPAF (Paid on-behalf of the District, excluding post-retirement medical benefits which are reported in Note 6)**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 33,881	Unknown %	\$ 0
6/30/11	34,592	Unknown	0
6/30/10	36,605	Unknown	0

During the three most recent school years (2009-2010 through 2011-2012), the State of New Jersey made no on-behalf payments to the TPAF system for normal pension costs or accrued liability. The amounts reported above for these years represent payments for the costs of non-contributory group life insurance premiums. In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$794,313.55 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 24.

**NOTE 6. POST-RETIREMENT BENEFITS**

The State of New Jersey sponsors and administers the post-employment health benefits program for school districts. Free coverage is provided to members of the TPAF who retire after accumulating 25 years of credited service or on a disability retirement. The State is also responsible for the costs attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage.

The Division of Pensions issues a publicly available financial report that includes the financial statements and required supplementary information for the Health Benefits Program Fund – Local Government. This report may be accessed via the Division of Pensions and Benefits website, at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions), or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

At June 30, 2011, there were approximately 93,323 retirees receiving State paid post retirement health benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post retirement medical benefits was changed from a pre-funding basis to a pay-as-you-go basis in Fiscal Year 1994.

The State is also responsible for the costs attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6. POST-RETIREMENT BENEFITS (Cont'd):**

The State's contributions to the Health Benefits Program Fund on-behalf of the District for TPAF retiree health benefits, for the last three years, is as follows:

**Three-Year Trend Information for TPAF (Paid on-behalf of the District)**

<b><u>Year Funding</u></b>	<b><u>Annual Post Retirement Medical Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
6/30/12	\$ 702,779	100 %	\$ 0
6/30/11	734,742	100	0
6/30/10	687,197	100	0

The amounts of State contributions to the Health Benefits Program Fund on-behalf of the District for PERS retiree health benefits has not been made available.

**NOTE 7. RISK MANAGEMENT**

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

**Property and Liability Insurance** - The District, along with other school districts, is a member of the Northeast Bergen County School Board Insurance group (NESBIG), a governmental joint insurance fund. NESBIG has adopted a formal risk management plan that involves a combination of District risk retention (through the use of per claim and aggregate per line deductibles), Fund retention of risk and the procurement of excess insurance and reinsurance through commercial reinsurers and the School Excess Liability Fund. A complete listing of the coverages provided by the Fund can be found in the statistical section of the Comprehensive Annual Financial Report. Audited financial information for the Fund relating to the level of claims reserves, estimated amounts of claims incurred but not reported and net assets were not available for inclusion in this report.

Surety bond coverage for the School Business Administrator and Treasurer of School Moneys is provided by commercial insurance companies.

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current year and prior year:

<b><u>Fiscal Year</u></b>	<b><u>Board Contrib.</u></b>	<b><u>Employee Contrib.</u></b>	<b><u>Amount Reimbursed</u></b>	<b><u>Ending Balance</u></b>
2009-2010	\$ 48,848	\$ 20,030	\$ 33,426	\$ 98,897
2010-2011	109,714	21,567	132,629	97,549
2011-2012	18,546	31,053	47,890	99,258

**NOTE 8. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2012:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 17.09	\$
Capital Projects Fund	<u>                    </u>	<u>17.09</u>
Total	<u>\$ 17.09</u>	<u>\$ 17.09</u>

**NOTE 9. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$5,600,005.11 General Fund balance at June 30, 2012 (Budgetary Basis), \$181,192.73 is legally committed for amounts encumbered at June 30, 2012, for which the contracted goods or services had not been delivered or rendered. These amounts will carry forward to the budget of the 2012-2013 school year. \$922,019.41 is reserved for excess surplus that has been appropriated and included as an anticipated revenue in the 2012-13 budget; \$1,014,087.92 is reserved for excess surplus that must be appropriated as an item of revenue in the 2013-14 budget. Additional legal reserves of \$876,103.80, \$1,600,000.00 and \$250,000.00 have been established by the Board of Education for Capital, Maintenance, and Emergency Reserves, respectively. Unreserved General Fund Balance was \$756,601.25, of which \$1158,640.59 has been assigned and designated for expenditures in the 2012-2013 school year. \$597,960.66 is unreserved and unassigned. The total General Fund balance must be reduced by \$323,332.83 of state aid that was realized as revenue on the budgetary basis but is not permitted to arrive at the amounts reported as components of fund balance in the governmental fund financial statements, which are reported in accordance with generally accepted accounting principles.

**Capital Projects Fund** - Of the \$44,772.13 fund balance at June 30, 2012, the entire amount is unreserved and undesignated, and available for any additional project costs.

**Debt Service Fund** - Of the \$1.73 fund balance at June 30, 2012, the entire amount has been designated and assigned for expenditures in the 2012-2013 District Budget.

**NOTE 11. CALCULATION OF EXCESS SURPLUS**

In accordance with *N.J.S.A. 18A:7F-7*, as amended by P.L. 2004, c.73 (S1701). The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 for future tax relief to the extent that unrestricted/unassigned fund balance exceeds 2% of the prior year net adjusted expenditures. The excess fund balance pledged to future tax relief at June 30, 2012, calculated on a budgetary basis pursuant to statute, is \$1,936,107.33, and is comprised of \$922,019.41 that was appropriated as part of the 2012-13 school budget, and \$1,014,087.92, which represents the minimum amount of fund balance that must be appropriated as part of the 2013-14 school budget.

**NOTE 12. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the School District of Northern Highlands Regional High School District Board of Education by inclusion of \$7,000.00 during fiscal year 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6:23A-5.1 (d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted projects in its approved LRFP. During the 2011-12 school year, the Board of Education approved transfers to the Capital Reserve Account in the amount of \$715,000. At June 30, 2012, the balance in the Capital Reserve Account was \$876,103.80.

**NOTE 13. OTHER RESERVE ACCOUNTS**

Pursuant to enabling legislation and rulemaking, the District is permitted to establish legally restricted Reserve Funds for Maintenance and Emergencies. The activity of these reserved accounts and their status at June 30, 2012 is as follows:

Emergency Reserve: A balance of \$250,000 existed at June 30, 2011 and June 30, 2012.

Maintenance Reserve: A balance of \$1,600,000 existed at June 30, 2011. Of this total, \$170,000 was appropriated in the 2011-12 budget to fund eligible maintenance projects, and an additional \$132,000 was appropriated by Board resolution during the school year. The Board also approved transfers of \$302,000 to the Maintenance reserve, resulting in a year-end balance of \$1,600,000.

**NOTE 14. DEFICIT FUND BALANCES**

The District did not have any deficit fund balances at June 30, 2012 that would have been reported in the fund statements (modified accrual basis). P.L. 2003 c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, ie., if one government recognizes an asset, the other government recognizes a liability. Since the District is not recording the last state aid payment on the GAAP financial statements until the year the State records the payable, it is possible that a positive fund balance could be reported on a mandated budgetary basis while a deficit is reported on a GAAP basis based upon nonrecognition of revenue on the GAAP basis for the final state aid payment.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action..

**NOTE 15. LITIGATION**

The District is a defendant in legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Board, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART II**

**BUDGETARY COMPARISON SCHEDULES**

**SECTION – C**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 18,982,644.00	\$	\$ 18,982,644.00	\$ 18,982,644.00	\$
Tuition	3,768,912.00		3,768,912.00	3,962,153.77	193,241.77
Other Restricted Miscellaneous Revenues	46,000.00		46,000.00	11,436.12	(34,563.88)
Unrestricted Miscellaneous Revenue	<u>69,998.00</u>		<u>69,998.00</u>	<u>86,380.33</u>	<u>16,382.33</u>
Total - Local Sources	<u>22,867,554.00</u>		<u>22,867,554.00</u>	<u>23,042,614.22</u>	<u>175,060.22</u>
State Sources:					
Extraordinary Aid	188,227.00		188,227.00	314,958.00	126,731.00
Categorical Special Ed. Aid	238,500.00		238,500.00	386,568.00	148,068.00
Categorical Security Aid				77,827.00	77,827.00
Categorical Transportation Aid				12,606.00	12,606.00
Other State Aid - NP Transportation				8,374.83	8,374.83
Other State Aid - Anti-Bullying Prev. Fund				407.00	407.00
On-behalf TPAF Pension Contrib. (non-budgeted)				1,052,375.00	1,052,375.00
On-behalf TPAF Employer FICA Contrib. (non-budgeted)				<u>794,313.55</u>	<u>794,313.55</u>
Total - State Sources	<u>426,727.00</u>		<u>426,727.00</u>	<u>2,647,429.38</u>	<u>2,220,702.38</u>
Federal Sources					
Education Jobs Fund	<u>27,229.00</u>		<u>27,229.00</u>	<u>27,229.00</u>	
Total - Federal Sources	<u>27,229.00</u>		<u>27,229.00</u>	<u>27,229.00</u>	
Total Revenues	<u>23,321,510.00</u>		<u>23,321,510.00</u>	<u>25,717,272.60</u>	<u>2,395,762.60</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Grades 9-12	\$ 8,232,316.00	\$	\$ 8,232,316.00	\$ 8,186,897.36	\$ 45,418.64
Regular Programs - Home Instr.:					
Salaries of Teachers	50,000.00	(7,133.22)	42,866.78	35,148.00	7,718.78
Regular Programs - Undistrib. Instr.:					
Purchased Prof./Educational Services	35,025.00	1,940.22	36,965.22	35,905.85	1,059.37
Purchased Technical Services	33,125.00	1,200.00	34,325.00	30,171.40	4,153.60
Other Purchased Services	56,700.00	9,573.22	66,273.22	60,814.26	5,458.96
General Supplies	534,277.00	188,555.28	722,832.28	562,244.49	160,587.79
Textbooks	41,129.00	4,073.16	45,202.16	37,203.32	7,998.84
Other Objects	10,190.00	100.00	10,290.00	7,595.00	2,695.00
Total Regular Programs	<u>8,992,762.00</u>	<u>198,308.66</u>	<u>9,191,070.66</u>	<u>8,955,979.68</u>	<u>235,090.98</u>
Resource Room/Resource Center:					
Salaries of Teachers	<u>810,086.00</u>	<u>(1.00)</u>	<u>810,085.00</u>	<u>713,078.40</u>	<u>97,006.60</u>
Total Resource Room/Resource Center	<u>810,086.00</u>	<u>(1.00)</u>	<u>810,085.00</u>	<u>713,078.40</u>	<u>97,006.60</u>
Total Special Education	<u>810,086.00</u>	<u>(1.00)</u>	<u>810,085.00</u>	<u>713,078.40</u>	<u>97,006.60</u>
Basic Skills/Remedial:					
Salaries of Teachers	<u>81,342.00</u>		<u>81,342.00</u>	<u>16,268.40</u>	<u>65,073.60</u>
Total Basic Skills/Remedial	<u>81,342.00</u>		<u>81,342.00</u>	<u>16,268.40</u>	<u>65,073.60</u>
Bilingual Education:					
Salaries of Teachers	\$ <u>6,530.00</u>	\$ <u>1.00</u>	\$ <u>6,531.00</u>	\$ <u>6,530.20</u>	\$ <u>0.80</u>
Total Bilingual Education	<u>6,530.00</u>	<u>1.00</u>	<u>6,531.00</u>	<u>6,530.20</u>	<u>0.80</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
School - Sponsored Co/Extracurricular Activities:					
Salaries	\$ 365,972.00	\$ (10,620.00)	\$ 355,352.00	\$ 335,223.67	\$ 20,128.33
Purchased Services	9,000.00	14,169.00	23,169.00	21,700.14	1,468.86
Supplies and Materials	32,023.00	2,995.05	35,018.05	32,440.21	2,577.84
Other Objects	27,100.00	(4,550.92)	22,549.08	17,313.10	5,235.98
Transfer to Cover Deficit (Agency Funds)	480.00		480.00	226.00	254.00
<b>Total School - Sponsored Cocurricular Activities</b>	<b>434,575.00</b>	<b>1,993.13</b>	<b>436,568.13</b>	<b>406,903.12</b>	<b>29,665.01</b>
School - Sponsored Athletics - Instruction:					
Salaries	475,938.00	(458.00)	475,480.00	474,974.50	505.50
Purchased Services	43,500.00	2,458.00	45,958.00	34,931.26	11,026.74
Supplies and Materials	65,222.00	8,496.36	73,718.36	67,637.58	6,080.78
Other Objects	28,000.00	9,121.99	37,121.99	33,407.11	3,714.88
Transfer to Cover Deficit (Agency Funds)	42,000.00		42,000.00	25,000.00	17,000.00
<b>Total School - Sponsored Athletics</b>	<b>654,660.00</b>	<b>19,618.35</b>	<b>674,278.35</b>	<b>635,950.45</b>	<b>38,327.90</b>
<b>Total Instruction</b>	<b>10,979,955.00</b>	<b>219,920.14</b>	<b>11,199,875.14</b>	<b>10,734,710.25</b>	<b>465,164.89</b>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	\$ 325,880.00	\$ (109,001.00)	\$ 216,879.00	\$ 216,879.00	
Tuition to County Vocational School Dist. - Regular	292,410.00	(12,575.00)	279,835.00	279,207.33	627.67
Tuition to CSSD & Regional Day Schools	396,953.00	158,316.00	555,269.00	555,210.00	59.00
Tuition to Private Schools for the Disabled - Within State	803,287.00	(161,199.00)	642,088.00	606,463.92	35,624.08
Tuition to Private Schools for the Disabled, Outside the State	<u>84,291.00</u>	<u>204,159.00</u>	<u>288,450.00</u>	<u>285,380.35</u>	<u>3,069.65</u>
Total Undistrib. Expend. - Instruc.	<u>1,902,821.00</u>	<u>79,700.00</u>	<u>1,982,521.00</u>	<u>1,943,140.60</u>	<u>39,380.40</u>
Attendance and Social Work Services:					
Salaries	<u>24,970.00</u>	<u>39,207.00</u>	<u>64,177.00</u>	<u>24,970.04</u>	<u>39,206.96</u>
Total Attendance and Social Work Serv.	<u>24,970.00</u>	<u>39,207.00</u>	<u>64,177.00</u>	<u>24,970.04</u>	<u>39,206.96</u>
Health Services:					
Salaries	\$ 120,737.00	\$ (6,500.00)	\$ 114,237.00	\$ 108,614.46	\$ 5,622.54
Purchased Profess. and Tech. Serv.		7,870.00	7,870.00	7,742.00	128.00
Other Purchased Services		2,500.00	2,500.00	1,862.50	637.50
Supplies and Materials	<u>3,600.00</u>	<u>(577.32)</u>	<u>3,022.68</u>	<u>3,013.50</u>	<u>9.18</u>
Total Health Services	<u>124,337.00</u>	<u>3,292.68</u>	<u>127,629.68</u>	<u>121,232.46</u>	<u>6,397.22</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Speech, OT, PT & Related Services					
Salaries	80,997.00		80,997.00	74,073.77	6,923.23
Purchased Profess./Educa. Services	<u>27,005.00</u>	<u>22,697.83</u>	<u>49,702.83</u>	<u>36,025.48</u>	<u>13,677.35</u>
Total Speech, OT, PT & Related Services	<u>108,002.00</u>	<u>22,697.83</u>	<u>130,699.83</u>	<u>110,099.25</u>	<u>20,600.58</u>
Other Support Services-Student - Extra Services					
Salaries	92,304.00		92,304.00	90,685.00	1,619.00
Purchased Profess./Educa. Services	183,681.00	20,625.00	204,306.00	187,981.12	16,324.88
Supplies and Materials	<u>12,000.00</u>	<u>(6,915.00)</u>	<u>5,085.00</u>	<u>5,085.00</u>	
Total Other Support Services-Student - Extra Services	<u>287,985.00</u>	<u>13,710.00</u>	<u>301,695.00</u>	<u>283,751.12</u>	<u>17,943.88</u>
Guidance:					
Salaries of Other Professional Staff	\$ 467,220.00	\$ 2,473.00	\$ 469,693.00	\$ 469,444.68	\$ 248.32
Other Purchased Prof. & Tech. Services	7,975.00	(3,636.90)	4,338.10	740.00	3,598.10
Other Purchased Services	10,880.00	(2,484.00)	8,396.00	6,266.26	2,129.74
Supplies and Materials	1,279.00	100.00	1,379.00	1,365.70	13.30
Other Objects	<u>1,800.00</u>	<u>1,416.90</u>	<u>3,216.90</u>	<u>3,216.90</u>	
Total - Guidance	<u>489,154.00</u>	<u>(2,131.00)</u>	<u>487,023.00</u>	<u>481,033.54</u>	<u>5,989.46</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Child Study Teams:					
Salaries of Other Profess. Staff	456,861.00	62,232.00	519,093.00	519,092.92	0.08
Salaries of Secret. & Clerical Assts.	211,281.00	2,660.00	213,941.00	213,940.92	0.08
Purchased Profess./Educa. Services	200.00		200.00	165.00	35.00
Other Purchased Prof. & Tech. Services	4,000.00		4,000.00	2,732.82	1,267.18
Supplies and Materials	4,837.00	(195.00)	4,642.00	3,723.52	918.48
Other Objects	2,735.00	195.00	2,930.00	2,669.50	260.50
Total - Child Study Teams	<u>679,914.00</u>	<u>64,892.00</u>	<u>744,806.00</u>	<u>742,324.68</u>	<u>2,481.32</u>
Improv. of Instruction Services:					
Salaries of Professional Staff	\$ 37,686.00	\$ (6,436.00)	\$ 31,250.00	\$ 28,645.76	\$ 2,604.24
Total Improv. of Instruction Services	<u>37,686.00</u>	<u>(6,436.00)</u>	<u>31,250.00</u>	<u>28,645.76</u>	<u>2,604.24</u>
Educational Media Serv./School Library:					
Salaries	487,418.00	1.00	487,419.00	486,709.54	709.46
Purch. Profess. and Tech. Serv.	2,800.00	(800.00)	2,000.00	2,000.00	
Supplies and Materials	52,150.00	3,130.97	55,280.97	49,325.92	5,955.05
Other Objects	270.00	(1.00)	269.00	269.00	269.00
Total Educa. Media Serv./School Library	<u>542,638.00</u>	<u>2,330.97</u>	<u>544,968.97</u>	<u>538,035.46</u>	<u>6,933.51</u>
Instructional Staff Training Services:					
Purch. Profess. Educ. Serv.	28,500.00	4,138.00	32,638.00	12,552.62	20,085.38
Other Purchased Services	7,667.00	2,670.02	10,337.02	9,376.13	960.89
Total Instr. Staff Training Serv.	<u>36,167.00</u>	<u>6,808.02</u>	<u>42,975.02</u>	<u>21,928.75</u>	<u>21,046.27</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

EXPENDITURES (CONT'D.):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Support Serv. General Administration:					
Salaries	\$ 288,238.00	\$ 5,956.47	\$ 294,194.47	\$ 294,194.47	\$
Legal Services	66,000.00	10,651.44	76,651.44	76,651.44	
Audit Fees	18,156.00	21,844.00	40,000.00	40,000.00	
Other Purch. Professional Services	38,470.00	2,800.00	41,270.00	38,467.50	2,802.50
Communications/Telephone	113,888.00	6,441.09	120,329.09	78,269.72	42,059.37
BOE Other Purchased Services	4,500.00		4,500.00	3,975.78	524.22
Misc. Purchased Services	13,600.00	8,015.21	21,615.21	20,077.47	1,537.74
General Supplies	5,000.00	2,000.00	7,000.00	6,929.05	70.95
Misc. Expenditures	21,950.00	(2,800.00)	19,150.00	10,117.88	9,032.12
BOE Membership Dues and Fees	20,200.00	260.77	20,460.77	19,038.53	1,422.24
<b>Total Support Serv. General Administration</b>	<b>590,002.00</b>	<b>55,168.98</b>	<b>645,170.98</b>	<b>587,721.84</b>	<b>57,449.14</b>
Support Serv. School Administration:					
Salaries of Principals/Asst. Principals	283,420.00	63,676.00	347,096.00	281,865.62	65,230.38
Salaries of Other Professional Staff	168,641.00		168,641.00	168,640.92	0.08
Salaries of Secty. and Clerical Assts.	240,186.00		240,186.00	153,408.31	86,777.69
Purch. Professional & Technical Serv.	250.00		250.00		250.00
Other Purchased Services	6,500.00	120.85	6,620.85	2,041.74	4,579.11
Supplies and Materials	1,000.00		1,000.00	221.00	779.00
Other Objects	7,521.00		7,521.00	4,597.34	2,923.66
<b>Total Support Serv. School Admin.</b>	<b>707,518.00</b>	<b>63,796.85</b>	<b>771,314.85</b>	<b>610,774.93</b>	<b>160,539.92</b>
Central Services:					
Salaries	350,998.00	20,274.00	371,272.00	362,762.59	8,509.41
Purch. Professional Services	11,616.00	59.00	11,675.00	11,675.00	
Purch. Technical Services	15,927.00	22,327.00	38,254.00	16,826.00	21,428.00
Misc. Purchased Services	5,325.00	321.98	5,646.98	4,798.70	848.28
Supplies and Materials	10,000.00	(6,780.98)	3,219.02	3,142.67	76.35
Miscellaneous Expenditures	1,600.00	(610.00)	990.00	990.00	
<b>Total Central Services</b>	<b>395,466.00</b>	<b>35,591.00</b>	<b>431,057.00</b>	<b>400,194.96</b>	<b>30,862.04</b>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Required Maint. For School Facilities:					
Salaries	311,518.00	(36,575.00)	274,943.00	271,300.60	3,642.40
Cleaning, Repair & Maint. Services	81,350.00	156,010.00	237,360.00	204,347.98	33,012.02
General Supplies	90,898.00	(16,733.13)	74,164.87	73,004.72	1,160.15
Total Required Maint. For School Facilities	483,766.00	102,701.87	586,467.87	548,653.30	37,814.57
Custodial Services:					
Salaries	672,142.00	37,577.00	709,719.00	670,893.48	38,825.52
Purch. Professional & Technical Serv.	3,100.00		3,100.00		3,100.00
Other Professional Services	24,500.00		24,500.00	2,999.00	21,501.00
Cleaning, Repair & Maint. Services	78,200.00	(4,903.00)	73,297.00	42,785.85	30,511.15
Other Purchased Property Services	83,305.00		83,305.00	76,623.49	6,681.51
Insurance	136,439.00		136,439.00	122,686.00	13,753.00
General Supplies	79,000.00	90.20	79,090.20	57,799.25	21,290.95
Energy (Natural Gas)	383,209.00	(162,367.00)	220,842.00	53,432.02	167,409.98
Energy (Electricity)	490,000.00		490,000.00	404,911.16	85,088.84
Other Objects	8,100.00	169.99	8,269.99	1,071.45	7,198.54
Total Custodial services	1,957,995.00	(129,432.81)	1,828,562.19	1,433,201.70	395,360.49
Care & Upkeep of Grounds:					
Salaries	64,168.00	(1,002.00)	63,166.00	53,275.39	9,890.61
Cleaning, Repair & Maint. Services	103,500.00	425.00	103,925.00	82,311.87	21,613.13
General Supplies	43,500.00		43,500.00	24,219.49	19,280.51
Total Care & Upkeep of Grounds	211,168.00	(577.00)	210,591.00	159,806.75	50,784.25
Security:					
Purch. Professional & technical Serv.	31,315.00	2,660.00	33,975.00	2,660.00	31,315.00
Total Security	31,315.00	2,660.00	33,975.00	2,660.00	31,315.00
Total Operation & Maint. Of Plant Services	2,684,244.00	(24,647.94)	2,659,596.06	2,144,321.75	515,274.31

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Student Transportation Services:					
Salaries for Pupil Transportation (Other Than Between Home & School)	\$ 149,592.00	\$ (1,748.25)	\$ 147,843.75	\$ 131,336.93	\$ 16,506.82
Cleaning, Repair & Maint. Services	18,000.00	19,018.25	37,018.25	37,017.72	0.53
Contracted Services - Aid in Lieu of Payments - Non-Pub Sch.	24,300.00	3,526.00	27,826.00	27,826.00	
Contracted Services (Between Home & School) - Vendors	381,173.00	2,000.00	383,173.00	361,832.19	21,340.81
Contracted Services (Other Than Between Home & School) - Vendors	48,450.00		48,450.00	38,630.91	9,819.09
Contracted Services (Special Ed. Students) - Joint Agreements	445,933.00	(12,676.00)	433,257.00	356,408.78	76,848.22
General supplies	22,500.00	(120.00)	22,380.00	15,895.51	6,484.49
Total Student Transportation Services	<u>1,089,948.00</u>	<u>10,000.00</u>	<u>1,099,948.00</u>	<u>968,948.04</u>	<u>130,999.96</u>
Unallocated Employee Benefits:					
Social Security Contributions	\$ 283,175.00	\$ (4,458.40)	\$ 278,716.60	\$ 269,749.18	\$ 8,967.42
Other Retirement Contributions	274,737.00	6,692.40	281,429.40	276,065.17	5,364.23
Unemployment Compensation	98,037.00	(20,991.00)	77,046.00	66,503.69	10,542.31
Workmen's Compensation	170,244.00		170,244.00	150,459.00	19,785.00
Health Benefits	2,650,271.00	(10,568.29)	2,639,702.71	2,482,335.72	157,366.99
Tuition Reimbursements	76,507.00	13,408.07	89,915.07	80,513.18	9,401.89
Other Employee Benefits	10,930.00	16,027.00	26,957.00	25,334.00	1,623.00
Total Unallocated Employee Benefits:	<u>3,563,901.00</u>	<u>109.78</u>	<u>3,564,010.78</u>	<u>3,350,959.94</u>	<u>213,050.84</u>
On-behalf TPAF Pension Contrib. (non-budgeted)				1,052,375.00	(1,052,375.00)
On-behalf TPAF Employer FICA Contrib. (non-budgeted)				794,313.55	(794,313.55)
Total On-behalf Contributions				<u>1,846,688.55</u>	<u>(1,846,688.55)</u>
Total Personal Services - Employee Benefits	<u>3,563,901.00</u>	<u>109.78</u>	<u>3,564,010.78</u>	<u>5,197,648.49</u>	<u>(1,633,637.71)</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D.):					
Total Undistributed Expenditures	<u>13,264,753.00</u>	<u>364,090.17</u>	<u>13,628,843.17</u>	<u>14,204,771.67</u>	<u>(575,928.50)</u>
Total Expenditures - Current Expense	<u>24,244,708.00</u>	<u>584,010.31</u>	<u>24,828,718.31</u>	<u>24,939,481.92</u>	<u>(110,763.61)</u>
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	\$ 25,000.00	\$	\$ 25,000.00	\$ 21,884.09	\$ 3,115.91
Undistributed Expenditures:					
Required Maint. For School Fac.		7,497.00	7,497.00	6,267.00	1,230.00
Custodial Services	10,000.00		10,000.00	3,016.00	6,984.00
Student Transportation	<u>85,000.00</u>		<u>85,000.00</u>		<u>85,000.00</u>
Total Equipment	<u>120,000.00</u>	<u>7,497.00</u>	<u>127,497.00</u>	<u>31,167.09</u>	<u>96,329.91</u>
Facilities Acquis. & Constr. Services:					
Other Purch. Profess. and Tech. Serv.	<u>18,814.00</u>		<u>18,814.00</u>	<u>18,814.00</u>	
Total Facil. Acquis. & Constr. Services	<u>18,814.00</u>		<u>18,814.00</u>	<u>18,814.00</u>	
Total Capital Outlay	<u>138,814.00</u>	<u>7,497.00</u>	<u>146,311.00</u>	<u>49,981.09</u>	<u>96,329.91</u>
Total Expenditures	\$ <u>24,383,522.00</u>	\$ <u>591,507.31</u>	\$ <u>24,975,029.31</u>	\$ <u>24,989,463.01</u>	\$ <u>(14,433.70)</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,062,012.00)	(591,507.31)	(1,653,519.31)	727,809.59	2,381,328.90
Other Financing Sources (Uses)					
Operating Transfers In					
Capital Projects Fund-					
Investment Income				2.92	2.92
Total Other Financing Sources (Uses)				2.92	2.92
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,062,012.00)	(591,507.31)	(1,653,519.31)	727,812.51	2,381,331.82
Fund Balances, July 1	4,872,192.60		4,872,192.60	4,872,192.60	
Fund Balances, June 30	\$ 3,810,180.60	\$ (591,507.31)	\$ 3,218,673.29	\$ 5,600,005.11	\$ 2,381,331.82
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserved Excess Surplus-Designated for Subsequent Year Expenditures				\$ 922,019.41	
Reserve for Excess Surplus				1,014,087.92	
Emergency Reserve				250,000.00	
Maintenance Reserve				1,600,000.00	
Capital Reserve				876,103.80	
Committed Fund Balance:					
Year-End Encumbrances				181,192.73	
Assigned Fund Balance:					
Designated for subsequent Year expenditures				158,640.59	
Unassigned Fund Balance				597,960.66	
				5,600,005.11	
Reconciliation to Governmental Funds Statements (GAAP):					
Remaining State Aid Payments not recognized on GAAP basis				(323,332.83)	
Fund Balance per Governmental Funds (GAAP)				\$ 5,276,672.28	

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 COMBINING BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET			BUDGET TRANSFERS			FINAL BUDGET			ACTUAL		
	Operating Funds 11-13	Ed.Jobs Fund 18	Tot. Gen. Fund	Operating Funds 11-13	Ed.Jobs Fund 18	Tot. Gen. Fund	Operating Funds 11-13	Ed.Jobs Fund 18	Tot. Gen. Fund	Operating Funds 11-13	Ed.Jobs Fund 18	Tot. Gen. Fund
REVENUES:												
Local Sources	\$ 22,867,554.00	\$	\$ 22,867,554.00	\$	\$	\$	\$ 22,867,554.00	\$	\$ 22,867,554.00	\$ 23,042,614.22	\$	\$ 23,042,614.22
State Sources	426,727.00		426,727.00				426,727.00		426,727.00	2,647,429.38		2,647,429.38
Federal Sources		27,229.00	27,229.00					27,229.00	27,229.00		27,229.00	27,229.00
<b>Total Revenues</b>	<b>23,294,281.00</b>	<b>27,229.00</b>	<b>23,321,510.00</b>				<b>23,294,281.00</b>	<b>27,229.00</b>	<b>23,321,510.00</b>	<b>25,690,043.60</b>	<b>27,229.00</b>	<b>25,717,272.60</b>
EXPENDITURES:												
Current Expense:												
Regular Instruction	8,992,762.00		8,992,762.00	198,308.66		198,308.66	9,191,070.66		9,191,070.66	8,955,979.68		8,955,979.68
Special Education Instruction	810,086.00		810,086.00	(1.00)		(1.00)	810,085.00		810,085.00	713,078.40		713,078.40
Other Instruction	1,177,107.00		1,177,107.00	21,612.48		21,612.48	1,198,719.48		1,198,719.48	1,065,652.17		1,065,652.17
<b>Total Instruction</b>	<b>10,979,955.00</b>		<b>10,979,955.00</b>	<b>219,920.14</b>		<b>219,920.14</b>	<b>11,199,875.14</b>		<b>11,199,875.14</b>	<b>10,734,710.25</b>		<b>10,734,710.25</b>
Support Services and Undistributed Costs:												
Tuition	1,902,821.00		1,902,821.00	79,700.00		79,700.00	1,982,521.00		1,982,521.00	1,943,140.60		1,943,140.60
Student & Instruction Related Services	2,330,853.00		2,330,853.00	144,371.50		144,371.50	2,475,224.50		2,475,224.50	2,352,021.06		2,352,021.06
School Administrative Services	707,518.00		707,518.00	63,796.85		63,796.85	771,314.85		771,314.85	610,774.93		610,774.93
Other Administrative Services	985,468.00		985,468.00	90,759.98		90,759.98	1,076,227.98		1,076,227.98	987,916.80		987,916.80
Plant Operations and Maintenance	2,657,015.00	27,229.00	2,684,244.00	(24,647.94)		(24,647.94)	2,632,367.06	27,229.00	2,659,596.06	2,117,092.75	27,229.00	2,144,321.75
Pupil Transportation	1,089,948.00		1,089,948.00	10,000.00		10,000.00	1,099,948.00		1,099,948.00	968,948.04		968,948.04
Unallocated Benefits	3,563,901.00		3,563,901.00	109.78		109.78	3,564,010.78		3,564,010.78	5,197,648.49		5,197,648.49
<b>Total Support/Undistributed</b>	<b>13,237,524.00</b>	<b>27,229.00</b>	<b>13,264,753.00</b>	<b>364,090.17</b>		<b>364,090.17</b>	<b>13,601,614.17</b>	<b>27,229.00</b>	<b>13,628,843.17</b>	<b>14,177,542.67</b>	<b>27,229.00</b>	<b>14,204,771.67</b>
<b>Total Expenditures-Current Expense</b>	<b>24,217,479.00</b>	<b>27,229.00</b>	<b>24,244,708.00</b>	<b>584,010.31</b>		<b>584,010.31</b>	<b>24,801,489.31</b>	<b>27,229.00</b>	<b>24,828,718.31</b>	<b>24,912,252.92</b>	<b>27,229.00</b>	<b>24,939,481.92</b>
Capital Outlay	138,814.00		138,814.00	7,497.00		7,497.00	146,311.00		146,311.00	49,981.09		49,981.09
<b>Total Expenditures</b>	<b>24,356,293.00</b>	<b>27,229.00</b>	<b>24,383,522.00</b>	<b>591,507.31</b>		<b>591,507.31</b>	<b>24,947,800.31</b>	<b>27,229.00</b>	<b>24,975,029.31</b>	<b>24,962,234.01</b>	<b>27,229.00</b>	<b>24,989,463.01</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,062,012.00)		(1,062,012.00)	(591,507.31)		(591,507.31)	(1,653,519.31)		(1,653,519.31)	727,809.59		727,809.59
Other Financing Sources (Uses)												
Operating Transfers In										2.92		2.92
<b>Total Other Financing Sources (Uses)</b>										<b>2.92</b>		<b>2.92</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,062,012.00)		(1,062,012.00)	(591,507.31)		(591,507.31)	(1,653,519.31)		(1,653,519.31)	727,812.51		727,812.51
Fund Balances, July 1	4,872,192.60		4,872,192.60				4,872,192.60		4,872,192.60	4,872,192.60		4,872,192.60
Fund Balances, June 30	\$ 3,810,180.60	\$	\$ 3,810,180.60	\$ (591,507.31)	\$	\$ (591,507.31)	\$ 3,218,673.29	\$	\$ 3,218,673.29	\$ 5,600,005.11	\$	\$ 5,600,005.11
Details of Ed Jobs Fund Expended:												
Custodial Services:												
Salaries	\$ 644,913.00	\$ 27,229.00	\$ 672,142.00	\$ 37,577.00	\$	\$ 37,577.00	\$ 682,490.00	\$ 27,229.00	\$ 709,719.00	\$ 643,664.48	\$ 27,229.00	\$ 670,893.48

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
Federal Sources					
Title II, Part A	\$ 14,516.00		\$ 14,516.00	\$ 14,516.00	\$ -
IDEA Part B	<u>176,211.00</u>	<u>3,684.00</u>	<u>179,895.00</u>	<u>179,895.00</u>	<u>-</u>
Total Federal Revenues	<u>190,727.00</u>	<u>3,684.00</u>	<u>194,411.00</u>	<u>194,411.00</u>	<u>-</u>
Total Revenues	<u>190,727.00</u>	<u>3,684.00</u>	<u>194,411.00</u>	<u>194,411.00</u>	<u>-</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	14,516.00		14,516.00	14,516.00	-
Other Purchased Services (400-500 series)	<u>176,211.00</u>	<u>3,684.00</u>	<u>179,895.00</u>	<u>179,895.00</u>	<u>-</u>
Total Instruction	<u>190,727.00</u>	<u>3,684.00</u>	<u>194,411.00</u>	<u>194,411.00</u>	<u>-</u>
Total Expenditures	<u>190,727.00</u>	<u>3,684.00</u>	<u>194,411.00</u>	<u>194,411.00</u>	<u>-</u>
Total Outflows	<u>190,727.00</u>	<u>3,684.00</u>	<u>194,411.00</u>	<u>194,411.00</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED**  
**SUPPLEMENTARY INFORMATION**

NORTHERN HIGHLANDS REGIONAL SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 NOTE TO RSI  
FOR THE YEAR ENDED JUNE 30, 2012

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$25,716,470.62	(C-2)	194,411.00
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized (Net)		0.00		0.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements (Net)		<u>15,533.34</u>		<u>0.00</u>
Total revenues as reported on the statement of revenues, expenditures and change in fund balances - governmental funds	(B-2)	<u><u>25,732,003.96</u></u>	(B-2)	<u><u>194,411.00</u></u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	24,989,463.01	(C-2)	194,411.00
Difference - budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>0.00</u>		<u>0.00</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2)	<u><u>\$24,989,463.01</u></u>	(B-2)	<u><u>194,411.00</u></u>

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES**

**SECTION – D**

**SPECIAL REVENUE FUND**

**SECTION – E**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 SPECIAL REVENUE FUND  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

	I.D.E.A. PART B BASIC <u>2010-2011</u>	TITLE II PART A <u>2010-2011</u>	<u>TOTALS</u> <u>2010-2011</u>
<u>REVENUES</u>			
Federal Sources	\$ <u>179,895.00</u>	\$ <u>14,516.00</u>	<u>194,411.00</u>
Total Revenues	<u>179,895.00</u>	<u>14,516.00</u>	<u>194,411.00</u>
<u>EXPENDITURES</u>			
Instruction:			
Salaries of Teachers		14,516.00	14,516.00
Other Purch. Services (400-500 series)	<u>179,895.00</u>	<u>                    </u>	<u>179,895.00</u>
Total Instruction	<u>179,895.00</u>	<u>14,516.00</u>	<u>194,411.00</u>
Total Expenditures	<u>\$ 179,895.00</u>	<u>\$ 14,516.00</u>	<u>\$ 194,411.00</u>

**CAPITAL PROJECTS FUND**

**SECTION – F**

NORTHERN HIGHLANDS REGIONAL SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
YEAR ENDED JUNE 30, 2012

Exhibit - F-1

<u>ISSUE/PROJECT TITLE</u>	<u>REVISED APPROPRIATION</u>	<u>EXPENDITURES TO DATE</u>		<u>UNEXPENDED BALANCE</u>
		<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	
Construct & Equip Additions & Renovations to Northern Highlands regional High School	\$ 18,047,000.00	\$ 18,046,758.15	\$ -	\$ 241.85
Boiler Replacement & Emergency Generator Installation to Northern Highlands Regional High School	<u>\$ 1,397,000.00</u>	<u>\$ 1,352,483.89</u>	<u>\$ -</u>	<u>\$ 44,516.11</u>
	<u><u>\$ 19,444,000.00</u></u>	<u><u>\$ 19,399,242.04</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 44,757.96</u></u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGE IN FUND BALANCE - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

Revenues and Other Financing Sources	
Local Sources Interest Income	\$ <u>2.92</u>
Total revenues	<u>2.92</u>
Expenditures and Other Financing Uses	
Transfers Out	<u>2.92</u>
Total Financing Uses	<u>2.92</u>
Total Expenditures and Financing Uses	<u>2.92</u>
Excess (deficiency) of revenues over (under) expenditures	-
Fund balance - beginning	<u>44,757.96</u>
Fund balance - ending	<u><u>\$ 44,757.96</u></u>

**PROPRIETARY FUNDS**

**SECTION – G**

**ENTERPRISE FUND**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 ENTERPRISE FUNDS  
JUNE 30, 2012

	MAJOR FUND	NON-MAJOR FUND	TOTAL ENTERPRISE FUND
	FOOD SERVICE	SHARED SERVICES	
<u>ASSETS</u>			
Current assets:			
Cash and Cash Equivalents	\$ 181,248.89	\$ 18,900.16	200,149.05
Accounts Receivable (Net)	2,251.07		2,251.07
Inventories	3,428.15		3,428.15
Total Current Assets	186,928.11	18,900.16	205,828.27
Noncurrent Assets:			
Furniture, Machinery & Equipment	227,410.72		227,410.72
Less Accumulated Depreciation	(159,633.11)		(159,633.11)
Total Noncurrent Assets	67,777.61		67,777.61
Total Assets	254,705.72	18,900.16	273,605.88
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	23,683.29	4,290.33	27,973.62
Participant Refunds Payable			
Deferred Revenue	6,354.54	10,004.16	16,358.70
Total Current Liabilities	30,037.83	14,294.49	44,332.32
<u>NET ASSETS</u>			
Invested in Capital Assets Net of Related Debt	67,777.61		67,777.61
Unrestricted (Deficit)	156,890.28	4,605.67	161,495.95
Total Net Assets	\$ 224,667.89	\$ 4,605.67	229,273.56

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	MAJOR FUND	NON-MAJOR FUND	REGION I				TOTAL ENTERPRISE FUND
			MAJOR FUND	NON-MAJOR FUNDS			
			FOOD SERVICE	SHARED SERVICES	TRANSPORTATION	ADMIN	
Operating Revenues:							
Charges for Services:							
Daily Sales - Non-reimbursable Programs	\$ 693,879.15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 693,879.15
Other Local Revenues				1,824.75			1,824.75
Charges and Fees		113,013.84					113,013.84
Total Operating Revenues	<u>693,879.15</u>	<u>113,013.84</u>		<u>1,824.75</u>			<u>808,717.74</u>
Operating Expenses:							
Cost of Sales	317,823.42						317,823.42
Salaries	201,068.09	85,937.50	39,206.92				326,212.51
Employee Benefits	63,336.28	13,847.33	11,860.05				89,043.66
Insurance	16,527.30						16,527.30
Administrative Expenses	8,539.74						8,539.74
Purchased Services	4,603.35			1,023.77			5,627.12
Contracted Services	19,550.00	10,888.30					30,438.30
Repairs & Maintenance	10,248.48						10,248.48
Miscellaneous	60.00	48.00					108.00
General Supplies	1,878.92	2,292.71					4,171.63
Depreciation	19,527.89						19,527.89
Total Operating Expenses	<u>663,163.47</u>	<u>113,013.84</u>	<u>51,066.97</u>	<u>1,023.77</u>			<u>828,268.05</u>
Operating Income (Loss)	<u>30,715.68</u>	<u>-</u>	<u>(51,066.97)</u>	<u>800.98</u>	<u>-</u>	<u>-</u>	<u>(19,550.31)</u>
Income (Loss) Before Contributions & Transfers	30,715.68		(51,066.97)	800.98			(19,550.31)
Residual Equity Transfer to New Lead Agency			(65,740.78)	(159,009.91)	(18,039.93)	(200.32)	(242,990.94)
Change in Net Assets	30,715.68		(116,807.75)	(158,208.93)	(18,039.93)	(200.32)	(262,541.25)
Total Net Assets—Beginning	<u>193,952.21</u>	<u>4,605.67</u>	<u>116,807.75</u>	<u>158,208.93</u>	<u>18,039.93</u>	<u>200.32</u>	<u>491,814.81</u>
Total Net Assets—Ending	<u>\$ 224,667.89</u>	<u>\$ 4,605.67</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,273.56</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	REGION I							TOTAL ENTERPRISE FUND
	MAJOR FUND	NON-MAJOR FUND	NON-MAJOR FUNDS				I.D.E.A. NON-PUBLIC COORDINATOR	
	FOOD SERVICE	SHARED SERVICES	MAJOR FUND	TRANSPORTATION	ADMIN	SUMMER SCHOOL		
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>								
Receipts from Customers	\$ 693,169.30	\$ 123,018.00	\$ 440,990.71				\$ (14,295.16)	\$ 1,242,882.85
Payments to Employees		(85,937.50)	(39,206.92)					(125,144.42)
Payments for Employee Benefits		(13,847.33)	(11,860.05)					(25,707.38)
Payments to Food Service Mgmt. Co.	(605,602.91)							(605,602.91)
Payments for Services	(10,299.48)	(6,597.97)					(77,536.80)	(94,434.25)
Payments to Suppliers	(6,362.94)	(2,340.71)		(8,322.17)				(17,025.82)
Net Cash Provided by (Used for) Operating Activities	<u>70,903.97</u>	<u>14,294.49</u>	<u>389,923.74</u>	<u>(8,322.17)</u>	<u>-</u>	<u>(14,295.16)</u>	<u>(77,536.80)</u>	<u>374,968.07</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>								
Residual Equity Transfers to New Lead Agency	-		(65,740.78)	(159,009.91)	(18,039.93)	(200.32)		(242,990.94)
Net Cash Provided by (Used for) Non-capital Financing Activities	<u>-</u>	<u>-</u>	<u>(65,740.78)</u>	<u>(159,009.91)</u>	<u>(18,039.93)</u>	<u>(200.32)</u>	<u>-</u>	<u>(242,990.94)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	70,903.97	14,294.49	324,182.96	(167,332.08)	(18,039.93)	(14,495.48)	(77,536.80)	131,977.13
Balances—Beginning of Year	<u>110,344.92</u>	<u>4,605.67</u>	<u>(324,182.96)</u>	<u>167,332.08</u>	<u>18,039.93</u>	<u>14,495.48</u>	<u>77,536.80</u>	<u>68,171.92</u>
Balances—End of Year	<u>181,248.89</u>	<u>18,900.16</u>						<u>200,149.05</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Operating Income (Loss)	<u>30,715.68</u>	<u>-</u>	<u>(51,066.97)</u>	<u>800.98</u>		<u>-</u>		<u>(19,550.31)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities								
Depreciation and Net Amortization	19,527.89							19,527.89
(Increase) Decrease in Accounts Receivable	(758.88)		440,990.71			200.00		440,431.83
(Increase) Decrease in Inventory	1,992.75							1,992.75
Increase (Decrease) in Deferred Revenue	1,541.22	10,004.16						11,545.38
Increase (Decrease) in Accounts Payable	<u>17,885.31</u>	<u>4,290.33</u>		<u>(9,123.15)</u>		<u>(14,495.16)</u>	<u>(77,536.80)</u>	<u>(78,979.47)</u>
Total Adjustments	<u>40,188.29</u>	<u>14,294.49</u>	<u>440,990.71</u>	<u>(9,123.15)</u>	<u>-</u>	<u>(14,295.16)</u>	<u>(77,536.80)</u>	<u>394,518.38</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 70,903.97</u>	<u>\$ 14,294.49</u>	<u>\$ 389,923.74</u>	<u>\$ (8,322.17)</u>	<u>\$ -</u>	<u>\$ (14,295.16)</u>	<u>\$ (77,536.80)</u>	<u>\$ 374,968.07</u>

**INTERNAL SERVICE FUND**

**FIDUCIARY FUNDS**

**SECTION - H**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2012

	<u>Agency Funds</u>		<u>Expendable Trust Fund</u>	
	<u>Student Activity</u>	<u>Payroll Agency</u>	<u>Unemployment Compensation Insurance Employee Benefit Trust Fund</u>	<u>TOTALS</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 312,079.06	\$ 99,140.26	\$ 116,386.20	\$ 527,605.52
Interfund Accounts Receivable		3,074.39		3,074.39
Total Assets	<u>\$ 312,079.06</u>	<u>\$ 102,214.65</u>	<u>\$ 116,386.20</u>	<u>\$ 530,679.91</u>
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities:				
Interfund Accounts Payable	\$	\$	\$ 3,074.39	\$ 3,074.39
Accounts Payable			14,053.21	14,053.21
Payroll Deductions and Withholdings		102,214.65		102,214.65
Due to Student Groups	312,079.06			312,079.06
Total Liabilities	<u>312,079.06</u>	<u>102,214.65</u>	<u>17,127.60</u>	<u>431,421.31</u>
Net Assets:				
Reserved for:				
Unemployment Compensation Insurance			99,258.60	99,258.60
Unreserved				
Total Net Assets			<u>99,258.60</u>	<u>99,258.60</u>
Total Liabilities and Net Assets	<u>\$ 312,079.06</u>	<u>\$ 102,214.65</u>	<u>\$ 116,386.20</u>	<u>\$ 530,679.91</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Insurance Trust Fund	Totals
<u>ADDITIONS:</u>		
Deductions from Employees' Salaries	\$ 31,053.45	\$ 31,053.45
Contributions	18,546.20	18,546.20
Total Additions	49,599.65	49,599.65
<u>DEDUCTIONS:</u>		
Unemployment Benefits	47,890.12	47,890.12
Total Deductions	47,890.12	47,890.12
Change in Net Assets	1,709.53	1,709.53
Net Assets - Beginning	97,549.07	97,549.07
Net Assets - Ending	\$ 99,258.60	\$ 99,258.60

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 STUDENT ACTIVITY AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>BALANCE JUNE 30, 2011</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE JUNE 30, 2012</u>
<u>High School Funds:</u>				
Activity Fund	\$ 274,184.65	\$ 587,553.84	\$ 590,868.10	\$ 270,870.39
Athletic Fund	32,509.04	107,612.14	110,513.39	29,607.79
Cultural Arts Fund	<u>11,600.88</u>			<u>11,600.88</u>
Total Student Activity Funds	<u>\$ 318,294.57</u>	<u>\$ 695,165.98</u>	<u>\$ 701,381.49</u>	<u>\$ 312,079.06</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 PAYROLL AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>BALANCE JUNE 30, 2011</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE JUNE 30, 2012</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ <u>87,323.08</u>	\$ <u>6,388,498.50</u>	\$ <u>6,376,681.32</u>	\$ <u>99,140.26</u>
Total Assets	\$ <u><u>87,323.08</u></u>	\$ <u><u>6,388,498.50</u></u>	\$ <u><u>6,376,681.32</u></u>	\$ <u><u>99,140.26</u></u>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ <u>87,323.08</u>	\$ <u>6,388,498.50</u>	\$ <u>6,376,681.32</u>	\$ <u>99,140.26</u>
Total Liabilities	\$ <u><u>87,323.08</u></u>	\$ <u><u>6,388,498.50</u></u>	\$ <u><u>6,376,681.32</u></u>	\$ <u><u>99,140.26</u></u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 NET PAYROLL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>BALANCE</u> JUNE 30, 2011	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> JUNE 30, 2012
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ -	\$ 9,275,324.64	\$ 9,275,324.64	\$ -
Total Assets	\$ -	\$ 9,275,324.64	\$ 9,275,324.64	\$ -
<u>LIABILITIES</u>				
Accrued Salaries and Benefits	\$ -	\$ 9,275,324.64	\$ 9,275,324.64	\$ -
Total Liabilities	\$ -	\$ 9,275,324.64	\$ 9,275,324.64	\$ -

**LONG-TERM DEBT**

**SECTION - I**

NORTHERN HIGHLANDS REGIONAL SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS  
JUNE 30, 2012

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2011</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2012</u>
			<u>DATE</u>	<u>AMOUNT</u>				
School Bonds of 2003	5/1/2003	\$ 15,462,000	6/15/12	\$ 755,000	3.500%	\$ 755,000.00	\$ 755,000.00	0.00
School Bonds of 2009	4/15/2009	1,397,000	4/15/12	60,000	3.125%			
			2013	65,000	3.125%			
			2014	70,000	3.125%			
			2015	75,000	3.125%			
			2016	85,000	3.250%			
			2017	90,000	3.250%			
			2018	95,000	3.500%			
			2019	107,000	3.625%	647,000.00	60,000.00	587,000.00
- 97 - Refunding School Bonds, Series 2011	3/24/2011	9,580,000	6/15/13	725,000	2.500%			
			2014	745,000	3.000%			
			2015	885,000	2.000%			
			2016	500,000	2.250%			
			2016	405,000	4.000%			
			2017	940,000	4.000%			
			2018	400,000	3.500%			
			2018	580,000	4.000%			
			2019	1,020,000	4.000%			
			2020	565,000	3.000%			
			2020	500,000	4.000%			
			2021	1,110,000	4.250%			
2022	1,155,000	4.000%						
						<u>9,530,000.00</u>		<u>9,530,000.00</u>
						<u>10,932,000.00</u>	<u>\$ 815,000.00</u>	<u>\$ 10,117,000.00</u>
						\$		

NORTHERN HIGHLANDS REGIONAL SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 LONG-TERM DEBT  
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,089,309.00	\$ -	\$ 1,089,309.00	\$ 1,089,309.00	\$ -
Total Local Sources:	1,089,309.00	-	1,089,309.00	1,089,309.00	-
State Aid - Debt Service	27,651.00	-	27,651.00	27,651.00	-
Total - State Sources	27,651.00	-	27,651.00	27,651.00	-
Total Revenues	1,116,960.00	-	1,116,960.00	1,116,960.00	-
EXPENDITURES:					
Regular Debt Service:					
Redemption of Bond Principal	379,305.00		379,305.00	379,303.75	1.25
Bond Interest	815,000.00		815,000.00	815,000.00	-
Total Expenditures	1,194,305.00	-	1,194,305.00	1,194,303.75	1.25
Issuance Costs - 2011 Refunding Bonds					-
Total expenditures	1,194,305.00	-	1,194,305.00	1,194,303.75	1.25
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (77,345.00)	\$ -	\$ (77,345.00)	(\$77,343.75)	\$ 1.25
Fund Balance - Beginning	77,345.48		77,345.48	77,345.48	-
Fund Balance - Ending	\$ 0.48	\$ -	\$ 0.48	\$ 1.73	\$ 1.25

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**STATISTICAL SECTION**

**SECTION – J**

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**Net Assets by Component,**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
*(Unaudited)*

	Fiscal Year Ending June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 4,451,324	\$ 11,197,370	\$ 10,035,666	\$ 7,819,564	\$ 8,157,513	\$ 6,961,436	\$ 5,887,790	\$ (1,267,325)	\$ (12,822,292)	\$ (15,382,002)
Restricted	4,888,161	4,115,506	2,997,450	4,990,975	3,912,913	3,761,823	3,761,479	9,564,955	19,619,773	20,308,133
Unrestricted	(191,440)	(60,940)	431,467	75,075	132,492	108,427	121,681	231,229	427,348	664,517
<b>Total governmental activities net assets</b>	<u>\$ 9,148,045</u>	<u>\$ 15,251,936</u>	<u>\$ 13,464,583</u>	<u>\$ 12,885,614</u>	<u>\$ 12,202,919</u>	<u>\$ 10,831,687</u>	<u>\$ 9,770,949</u>	<u>\$ 8,528,860</u>	<u>\$ 7,224,829</u>	<u>\$ 5,590,648</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 67,778	\$ 87,306	\$ 100,892	\$ 108,896	\$ 67,683	\$ 44,030	\$ 49,916	\$ 51,097	\$ 37,578	\$ 39,948
Restricted				-	-	-	-	-	-	-
Unrestricted	161,496	404,509	322,726	59,208	106,391	135,707	101,311	93,372	71,213	45,732
<b>Total business-type activities net assets</b>	<u>\$ 229,274</u>	<u>\$ 491,815</u>	<u>\$ 423,619</u>	<u>\$ 168,104</u>	<u>\$ 174,074</u>	<u>\$ 179,737</u>	<u>\$ 151,226</u>	<u>\$ 144,469</u>	<u>\$ 108,791</u>	<u>\$ 85,681</u>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 4,519,102	\$ 11,284,675	\$ 10,136,559	\$ 7,928,460	\$ 8,225,196	\$ 7,005,467	\$ 5,937,706	\$ (1,216,228)	\$ (12,784,714)	\$ (15,342,054)
Restricted	4,888,161	4,115,506	2,997,450	4,990,975	3,912,913	3,761,823	3,761,479	9,564,955	19,619,773	20,308,133
Unrestricted	(29,944)	343,570	754,193	134,283	238,883	244,134	222,991	324,600	498,560	710,249
<b>Total district net assets</b>	<u>\$ 9,377,318</u>	<u>\$ 15,743,751</u>	<u>\$ 13,888,202</u>	<u>\$ 13,053,718</u>	<u>\$ 12,376,993</u>	<u>\$ 11,011,424</u>	<u>\$ 9,922,175</u>	<u>\$ 8,673,328</u>	<u>\$ 7,333,619</u>	<u>\$ 5,676,329</u>

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
*(Unaudited)*

	Fiscal Year Ending June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>										
<b>Governmental activities</b>										
<b>Instruction</b>										
Regular	\$ 9,028,083	\$ 8,442,694	\$ 8,909,518	\$ 11,391,705	\$ 11,459,042	\$ 11,586,113	\$ 10,508,778	\$ 9,731,052	\$ 8,959,868	\$ 7,824,111
Special Education	892,973	1,112,774	932,840	1,122,448	1,047,842	965,383	869,417	777,052	780,602	667,276
Other Instruction	1,065,652	1,038,084	1,059,915	1,423,640	1,449,490	1,320,768	1,113,537	1,073,012	1,007,966	942,451
<b>Support Services:</b>										
Tuition	1,943,141	1,382,113	999,285	1,055,507	721,218	682,759	686,787	1,091,820	982,951	793,532
Student & Instruction Related Services	2,371,102	1,890,928	1,906,909	2,386,770	2,268,564	2,259,361	2,292,717	1,959,464	2,120,794	1,975,542
School Administrative Services	638,860	1,010,983	974,212	1,331,807	1,291,174	1,218,928	1,221,544	1,296,870	1,198,336	1,258,468
General Administration	987,917	904,256	837,103	1,086,714	1,143,676	1,081,944	1,244,638	1,342,925	1,111,343	1,621,051
Plant Operations and Maintenance	2,171,079	2,107,380	2,699,922	3,161,556	2,975,870	3,038,130	2,752,051	2,275,568	2,058,494	1,963,560
Pupil Transportation	1,021,777	925,730	1,153,218	1,167,890	939,881	856,117	824,077	800,021	668,444	649,200
Unallocated Benefits	5,246,476	4,764,368	4,769,262							
Interest on long-term debt	345,189	412,891	510,634	488,610	525,166	549,375	592,321	630,944	667,253	180,836
Unallocated Depreciation and Amortization	443,145	411,625								
<b>Total governmental activities expenses</b>	<b>26,155,394</b>	<b>24,403,827</b>	<b>24,752,819</b>	<b>24,616,647</b>	<b>23,821,923</b>	<b>23,558,878</b>	<b>22,105,869</b>	<b>20,978,729</b>	<b>19,556,051</b>	<b>17,876,028</b>
<b>Business-type activities:</b>										
Food service	663,163	645,106	690,666	749,497	668,120	646,853	609,759	508,240	468,034	448,205
Shared Services	113,014	147,196	129,661	129,667	128,225	112,861	112,285	112,861	124,573	105,682
Region I Transportation	51,067	8,641,697	9,025,856							
Region I Administration	1,024	563,526	395,441							
Region I Summer School	-	152,447	190,870							
Region I C.A.P.S. Program	-	257,437	240,964							
Region I Non-Public IDEA Coordinator	-	387,684	349,827							
<b>Total business-type activities expense</b>	<b>828,268</b>	<b>10,795,093</b>	<b>11,023,285</b>	<b>879,164</b>	<b>796,345</b>	<b>759,715</b>	<b>722,043</b>	<b>621,102</b>	<b>592,607</b>	<b>553,887</b>
<b>Total district expenses</b>	<b>\$ 26,983,663</b>	<b>\$ 35,198,920</b>	<b>\$ 35,776,103</b>	<b>\$ 25,495,811</b>	<b>\$ 24,618,268</b>	<b>\$ 24,318,592</b>	<b>\$ 22,827,912</b>	<b>\$ 21,599,831</b>	<b>\$ 20,148,657</b>	<b>\$ 18,429,915</b>

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
*(Unaudited)*

	Fiscal Year Ending June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Operating grants and contributions	2,834,020	2,382,206	2,317,709	3,094,195	3,579,854	3,597,580	3,100,810	2,902,009	3,009,978	1,929,651
<b>Total governmental activities program revenues</b>	<u>2,834,020</u>	<u>2,382,206</u>	<u>2,317,709</u>	<u>3,094,195</u>	<u>3,579,854</u>	<u>3,597,580</u>	<u>3,100,810</u>	<u>2,902,009</u>	<u>3,009,978</u>	<u>1,929,651</u>
<b>Business-type activities:</b>										
Charges for services										
Food service	693,879	651,283	710,337	743,183	659,971	671,479	614,121	542,715	493,212	456,895
Shared Services	113,014	151,801	129,661	129,667	128,225	112,861	112,285	112,861	122,115	98,241
Region I Transportation	-	8,687,087	8,863,173							
Region I Administration	1,825	575,349	544,411							
Region I Summer School	-	152,448	190,870							
Region I C.A.P.S. Program	-	257,637	240,964							
Region I Non-Public IDEA Coordinator	-	387,684	349,827							
<b>Total business type activities program revenues</b>	<u>808,718</u>	<u>10,863,289</u>	<u>11,029,243</u>	<u>872,850</u>	<u>788,196</u>	<u>784,340</u>	<u>726,405</u>	<u>655,576</u>	<u>615,326</u>	<u>555,136</u>
<b>Total district program revenues</b>	<u>\$ 3,642,737</u>	<u>\$ 13,245,495</u>	<u>\$ 13,346,952</u>	<u>\$ 3,967,045</u>	<u>\$ 4,368,050</u>	<u>\$ 4,381,920</u>	<u>\$ 3,827,215</u>	<u>\$ 3,557,586</u>	<u>\$ 3,625,305</u>	<u>\$ 2,484,787</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (23,321,375)	\$ (22,021,621)	\$ (22,435,110)	\$ (21,522,452)	\$ (20,242,070)	\$ (19,961,297)	\$ (19,005,059)	\$ (18,076,720)	\$ (16,546,072)	\$ (15,946,377)
Business-type activities	(19,550)	68,196	5,958	(6,314)	(8,149)	24,625	4,362	34,475	22,720	1,249
<b>Total district-wide net expense</b>	<u>\$ (23,340,925)</u>	<u>\$ (21,953,425)</u>	<u>\$ (22,429,151)</u>	<u>\$ (21,528,767)</u>	<u>\$ (20,250,219)</u>	<u>\$ (19,936,672)</u>	<u>\$ (19,000,697)</u>	<u>\$ (18,042,245)</u>	<u>\$ (16,523,353)</u>	<u>\$ (15,945,128)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes, net	\$ 18,982,644	\$ 18,610,435	\$ 17,735,995	\$ 17,553,841	\$ 16,942,165	\$ 16,298,379	\$ 15,419,993	\$ 14,327,728	\$ 13,443,940	\$ 12,302,648
Taxes levied for debt service	1,089,309	1,251,744	1,512,617	956,905	910,000	891,844	952,252	958,615	933,810	290,479
Federal and State Aid not Restricted	78,234			6,618	228,807	220,129	133,805	133,805	87,205	72,169
Tuition	3,962,154	3,729,413	3,532,996	3,328,176	3,254,642	3,288,700	3,406,576	3,159,429	3,363,241	2,967,865
NJEDA Grants										2,984,005
Investment Earnings				16,291	118,628	189,528	171,614	235,119	187,913	37,533
Miscellaneous income	97,819	217,381	232,471	343,317	159,059	133,455	162,908	144,546	237,696	122,758
<b>Total governmental activities</b>	<u>24,210,160</u>	<u>23,808,974</u>	<u>23,014,078</u>	<u>22,205,148</u>	<u>21,613,301</u>	<u>21,022,035</u>	<u>20,247,148</u>	<u>18,959,241</u>	<u>18,253,806</u>	<u>18,777,457</u>
<b>Business-type activities:</b>										
Investment Earnings				7,371	2,486	3,886	2,396	1,203	391	60
<b>Total business-type activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,371</u>	<u>2,486</u>	<u>3,886</u>	<u>2,396</u>	<u>1,203</u>	<u>391</u>	<u>60</u>
<b>Total district-wide</b>	<u>\$ 24,210,160</u>	<u>\$ 23,808,974</u>	<u>\$ 23,014,078</u>	<u>\$ 22,212,519</u>	<u>\$ 21,615,787</u>	<u>\$ 21,025,921</u>	<u>\$ 20,249,544</u>	<u>\$ 18,960,444</u>	<u>\$ 18,254,196</u>	<u>\$ 18,777,517</u>
<b>Special Item:</b>										
Residual Equity Transfer to New Lead Agency	\$ (242,991)									
<b>Change in Net Assets</b>										
Governmental activities	\$ 888,785	\$ 1,787,353	\$ 578,969	\$ 682,696	\$ 1,371,232	\$ 1,060,738	\$ 1,242,089	\$ 882,521	\$ 1,707,734	\$ 2,831,080
Business-type activities	(262,541)	68,196	5,958	1,057	(5,663)	28,511	6,758	35,678	23,110	1,309
<b>Total district</b>	<u>\$ 626,244</u>	<u>\$ 1,855,549</u>	<u>\$ 584,927</u>	<u>\$ 683,753</u>	<u>\$ 1,365,568</u>	<u>\$ 1,089,249</u>	<u>\$ 1,248,847</u>	<u>\$ 918,199</u>	<u>\$ 1,730,844</u>	<u>\$ 2,832,389</u>

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**Fund Balances, Governmental Funds,**  
**Last Nine Fiscal Years**  
*(modified accrual basis of accounting)*  
*(Unaudited)*

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund									
Reserved/Restricted/Committed	\$ 4,843,401	\$ 4,129,436	\$ 2,938,709	\$ 3,236,604	\$ 3,299,328	\$ 2,976,221	\$ 2,727,772	\$ 2,997,176	\$ 3,131,827
Unreserved/Assigned/Unassigned	433,271	403,891	360,690	409,060	425,033	458,039	470,299	544,861	705,532
Total general fund	<u>\$ 5,276,672</u>	<u>\$ 4,533,326</u>	<u>\$ 3,299,399</u>	<u>\$ 3,645,664</u>	<u>\$ 3,724,361</u>	<u>\$ 3,434,260</u>	<u>\$ 3,198,070</u>	<u>\$ 3,542,037</u>	<u>\$ 3,837,359</u>
All Other Governmental Funds									
Reserved									
Unreserved, reported in:									
Special revenue fund	-	-	-	-	-	-	-	-	-
Capital projects fund	44,758	44,758	138,741	1,770,577	636,696	815,196	1,080,144	6,623,906	16,552,687
Debt service fund	2	77,345	15,235	1	1	1	-	-	1
Total all other governmental funds	<u>\$ 44,760</u>	<u>\$ 122,103</u>	<u>\$ 153,977</u>	<u>\$ 1,770,578</u>	<u>\$ 636,697</u>	<u>\$ 815,197</u>	<u>\$ 1,080,144</u>	<u>\$ 6,623,906</u>	<u>\$16,552,688</u>
Total governmental fund balances	<u>\$ 5,321,432</u>	<u>\$ 4,655,430</u>	<u>\$ 3,453,375</u>	<u>\$ 5,416,242</u>	<u>\$ 4,361,058</u>	<u>\$ 4,249,457</u>	<u>\$ 4,278,215</u>	<u>\$10,165,943</u>	<u>\$20,390,047</u>

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Nine Fiscal Years**  
*(modified accrual basis of accounting)*  
*(Unaudited)*

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>									
Tax levy	\$ 20,071,953	\$ 19,862,179	\$ 19,248,612	\$ 18,999,356	\$ 18,383,814	\$ 17,739,598	\$ 17,011,004	\$ 15,917,287	\$ 15,045,003
Tuition Charges	3,962,154	3,729,413	3,532,996	3,328,176	3,254,642	3,288,700	3,406,576	3,159,429	3,363,241
Interest earnings	-	-	-	16,291	118,628	189,528	171,614	235,119	187,913
Miscellaneous	97,819	217,523	234,020	365,237	159,059	133,455	162,908	144,546	253,266
State sources	2,690,614	1,979,683	2,123,778	2,418,373	3,094,251	3,088,966	2,407,455	2,229,481	2,272,146
Federal sources	221,640	402,523	192,382	186,830	182,761	179,368	188,401	175,389	142,215
<b>Total revenue</b>	<u>27,044,180</u>	<u>26,191,321</u>	<u>25,331,788</u>	<u>25,314,263</u>	<u>25,193,155</u>	<u>24,619,616</u>	<u>23,347,958</u>	<u>21,861,250</u>	<u>21,263,784</u>
<b>Expenditures</b>									
<b>Instruction:</b>									
Regular Instruction	8,970,496	8,389,482	8,733,904	8,868,651	8,226,795	8,210,294	7,924,725	7,462,077	6,726,121
Special Education Instruction	892,973	1,112,774	932,840	897,085	778,420	710,964	673,549	612,806	598,566
Other Instruction	1,065,652	1,038,084	1,059,915	1,137,804	1,069,417	946,381	844,963	823,708	797,732
<b>Undistributed:</b>									
Tuition	1,943,141	1,382,113	999,285	1,055,507	721,218	682,759	686,787	1,091,820	982,951
Student & Instruction Related Services	2,352,021	1,871,845	1,860,111	1,854,688	1,632,308	1,777,718	1,764,145	1,499,505	1,732,888
School Administrative Services	610,775	982,898	970,705	1,000,014	986,715	953,304	1,016,088	1,068,279	942,506
Other Administrative Services	987,917	904,256	837,103	888,672	981,619	920,320	967,740	1,124,914	969,289
Plant Operations and Maintenance	2,144,322	2,074,125	2,587,875	2,679,509	2,649,211	2,691,201	2,469,278	1,971,313	1,862,638
Pupil Transportation	968,948	872,901	926,913	877,588	886,013	798,087	782,652	751,072	635,428
Unallocated Benefits	5,197,648	4,774,958	4,622,806	4,236,835	5,043,149	4,938,517	3,988,171	3,577,132	3,254,998
Capital Outlay	49,981	114,864	1,865,816	699,286	665,040	577,610	6,526,578	10,513,169	2,042,763
<b>Debt Service:</b>									
Interest	379,304	448,402	502,383	495,515	531,649	566,219	602,011	639,560	676,063
Principal	815,000	1,125,000	1,395,000	950,000	910,000	875,000	989,000	950,000	925,000
<b>Total Expenditures</b>	<u>26,378,178</u>	<u>25,091,703</u>	<u>27,294,655</u>	<u>25,641,156</u>	<u>25,081,553</u>	<u>24,648,374</u>	<u>29,235,687</u>	<u>32,085,354</u>	<u>22,146,943</u>
Excess (Deficiency) of revenues over (under) expenditures	666,002	1,099,618	(1,962,867)	(326,893)	111,601	(28,758)	(5,887,729)	(10,224,104)	(883,159)

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**Changes in Fund Balances, Governmental Funds,**  
**Last Nine Fiscal Years**  
*(modified accrual basis of accounting)*  
*(Unaudited)*

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Other Financing sources (uses)</b>									
Bond Proceeds				1,397,000					
NJEDA Grant Proceeds				(14,920)					
Proceeds from refunding		10,248,861							
Payment to Escrow Agent		(10,146,282)							
Transfers in	3	142	400,620	17,176	32,759	66,209	88,480	170,506	167,992
Transfers out	(3)	(142)	(400,620)	(17,176)	(32,759)	(66,209)	(88,480)	(170,506)	(167,992)
<b>Total other financing sources (uses)</b>	-	102,578	-	1,382,080	-	-	-	-	-
<b>Net change in fund balances</b>	<u>666,002</u>	<u>1,202,196</u>	<u>\$ (1,962,867)</u>	<u>\$ 1,055,187</u>	<u>\$ 111,601</u>	<u>\$ (28,758)</u>	<u>\$ (5,887,729)</u>	<u>\$ (10,224,104)</u>	<u>\$ (883,159)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	4.54%	6.30%	7.46%	5.80%	5.90%	5.99%	7.01%	7.37%	7.96%

Source: District records

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**GENERAL FUND OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN FISCAL YEARS**  
*(modified accrual basis of accounting)*  
*(Unaudited)*

FISCAL YEAR ENDED JUNE 30,	TUITION	INTEREST ON INVESTMENTS	RENTALS	REFUND	DONATION	MISCELLANEOUS	TOTAL
2003	\$ 2,967,865.18	\$ 32,856.46	\$ 50,609.93	\$	\$	72,147.86	3,123,479.43
2004	3,363,241.22	19,920.86	74,527.00	31,997.00		146,741.52	3,636,427.60
2005	3,159,428.65	64,612.46	62,439.00			82,106.61	3,368,586.72
2006	3,406,576.39	83,133.99	52,909.00			109,999.22	3,652,618.60
2007	3,288,700.36	123,318.91	52,488.85			80,966.18	3,545,474.30
2008	3,254,642.36	85,868.30	79,935.00			79,123.94	3,499,569.60
2009	3,328,176.04	7,569.28	65,710.00		184,391.66	108,135.42	3,693,982.40
2010	3,532,995.71	0.00	71,030.00			160,820.56	3,764,846.27
2011	3,729,413.46	0.00	87,485.00	86,006.64		25,797.79	3,928,702.89
2012	3,962,153.77	0.00	55,815.00	29,463.35		12,541.02	4,059,973.14

Source: District records.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**Assessed Value and Actual Value of Taxable Property,**  
**Last Ten Fiscal Years**  
(Unaudited)

Exhibit J-6

**ALLENDALE BOROUGH**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities *	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2003	\$ 10,846,400	\$ 1,097,468,500	\$ 1,004,200	\$ 114,407,800	\$ 62,268,000	-	\$ 1,285,994,900	\$ 1,127,698	\$ 1,287,122,598	\$ 1,200,725,176	0.827
2004	9,881,200	1,101,756,500	959,100	104,810,300	60,671,900	-	1,278,079,000	2,293,085	1,280,372,085	1,326,661,957	0.855
2005	9,746,500	1,105,020,600	968,100	103,847,100	60,971,900	-	1,280,554,200	2,713,977	1,283,268,177	1,456,728,229	0.589
2006	10,027,600	1,111,588,700	968,100	93,383,800	63,135,200	-	1,279,103,400	2,684,455	1,281,787,855	1,593,850,526	0.974
2007	19,933,000	1,120,804,400	968,100	90,089,700	63,135,200	-	1,294,930,400	2,589,283	1,297,519,683	1,814,606,498	0.999
2008	21,320,700	1,123,463,200	1,608,100	87,978,700	61,598,800	-	1,295,969,500	2,778,770	1,298,748,270	1,848,980,808	1.015
2009	23,113,900	1,128,523,700	1,608,100	66,594,200	83,003,300	-	1,302,843,200	2,778,770	1,305,621,970	1,895,839,282	1.036
2010	22,862,000	1,136,586,200	1,608,100	66,594,200	83,003,300	-	1,310,653,800	2,304,924	1,312,958,724	1,831,322,056	1.052
2011	21,708,300	1,138,141,600	968,100	67,787,000	83,736,300	-	1,312,341,300	2,944,924	1,315,286,224	1,747,089,290	1.071
2012	26,672,000	1,333,766,900	961,400	82,518,900	90,783,000	-	1,534,702,200	4,104,423	1,538,806,623	1,632,325,403	0.946

Source: Municipal Tax Assessor

**UPPER SADDLE RIVER BOROUGH**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities *	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2003	\$ 21,277,700	\$ 1,727,908,700	\$ -	\$ 196,801,000	\$ 6,217,700	\$ 25,410,000	\$ 1,977,615,100	\$ 1,873,198	\$ 1,979,488,298	\$ 1,985,643,793	0.752
2004	21,871,100	1,761,993,400	-	194,357,200	6,217,700	26,950,000	2,011,389,400	1,687,948	2,013,077,348	2,157,407,939	0.792
2005	25,957,700	1,787,710,600	-	200,068,200	6,217,700	26,950,000	2,046,904,200	1,324,929	2,048,229,129	2,385,778,160	0.796
2006	22,899,600	1,837,003,300	-	205,007,100	6,217,700	26,745,400	2,097,873,100	1,293,223	2,099,166,323	2,649,164,162	0.806
2007	17,674,000	1,891,001,200	-	192,842,800	6,217,700	18,551,000	2,126,286,700	1,559,008	2,127,845,708	2,988,054,255	0.841
2008	18,827,700	1,935,156,800	-	195,207,300	6,217,700	18,551,000	2,173,960,500	1,599,169	2,175,559,669	3,155,404,809	0.858
2009	16,559,700	1,959,049,800	-	194,907,300	6,217,700	18,551,000	2,195,285,500	1,801,944	2,197,087,444	3,208,779,034	0.882
2010	16,017,500	1,969,127,300	-	180,407,600	6,217,700	18,551,000	2,190,321,100	1,890,346	2,192,211,446	3,081,471,003	0.914
2011	16,079,800	1,975,814,000	-	174,353,200	6,217,700	18,551,000	2,191,015,700	1,972,027	2,192,987,727	2,954,810,904	0.931
2012	15,715,400	1,982,729,000	-	171,623,500	6,217,700	18,551,000	2,194,836,600	1,998,282	2,196,834,882	2,920,759,989	0.938

Source: 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 the County Board of Taxation requests Treasury to order a reassessment

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

b Tax rates are per \$100

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
*(rate per \$100 of assessed value)*  
*(Unaudited)*

Exhibit J-7

**Allendale Borough**

Fiscal Year Ended December 31,	Regional School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General Obligation		Total Direct School Tax Rate	Municipality <sup>c</sup>	Local School District		
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>			County <sup>c</sup>		
2003	0.437	0.016	0.453	0.448	0.811	0.198	1.910
2004	0.482	0.048	0.530	0.498	0.807	0.215	2.050
2005	0.527	0.047	0.574	0.535	0.847	0.224	2.180
2006	0.556	0.048	0.604	0.600	0.926	0.230	2.360
2007	0.576	0.047	0.623	0.620	0.952	0.250	2.445
2008	0.610	0.047	0.657	0.656	0.968	0.265	2.546
2009	0.586	0.044	0.630	0.672	1.036	0.280	2.618
2010	0.556	0.069	0.625	0.691	1.052	0.274	2.642
2011	0.576	0.057	0.633	0.691	1.071	0.277	2.672
2012	0.489	0.050	0.539	0.593	0.946	0.233	2.311

Source: Municipal Tax Collector

**Upper Saddle River Borough**

Fiscal Year Ended December 31,	Regional School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General Obligation		Total Direct School Tax Rate	Municipality <sup>c</sup>	Local School District	County <sup>c</sup>	
	Basic Rate <sup>a</sup>	Debt Service <sup>b</sup>					
2003	0.397	0.016	0.413	0.230	0.752	0.215	1.610
2004	0.405	0.049	0.454	0.250	0.792	0.224	1.720
2005	0.425	0.048	0.473	0.270	0.796	0.231	1.770
2006	0.437	0.047	0.484	0.316	0.806	0.224	1.830
2007	0.450	0.047	0.497	0.331	0.841	0.251	1.920
2008	0.448	0.047	0.495	0.344	0.858	0.268	1.965
2009	0.453	0.044	0.497	0.351	0.882	0.281	2.011
2010	0.436	0.069	0.505	0.362	0.914	0.276	2.057
2011	0.479	0.057	0.536	0.370	0.931	0.280	2.117
2012	0.490	0.050	0.540	0.367	0.938	0.293	2.138

**Source: 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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

**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.

**c** Municipality - Includes Open Space and Library Tax, County- Includes Open Space Taxes.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
Principal Property Taxpayers,  
Current Year and Ten Years Ago  
Unaudited**

Exhibit J-8

**Allendale Borough**

	2011			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Allendale Nursing Home	\$ 15,296,900.00	1	1.17%	<b>Information Unavailable</b>		
Allendale Plaza	13,221,400.00	2	1.01%			
Riggs & Co.	12,500,000.00	3	0.95%			
Allendale Associates	11,052,100.00	4	0.84%			
Allendale Associates	7,750,000.00	5	0.59%			
Black Millwork	6,849,500.00	6	0.52%			
Pearl Court Investors	6,657,500.00	7	0.51%			
Allendale Associates	6,579,800.00	8	0.50%			
Allendale Associates	4,772,700.00	9	0.36%			
Allendale Associates	4,414,200.00	10	0.34%			
<b>Total</b>	<b>\$ 89,094,100</b>		<b>6.79%</b>	<b>\$ -</b>		<b>0.00%</b>

Source: Municipal Tax Assessor

**Upper Saddle River Borough**

	2012			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Mack-Cali Realty, LP	\$ 42,367,500	1	1.93%	\$ 65,000,000	1	54.32%
Mountainview Realty, LLC	16,000,000	2	0.73%	26,159,000	2	21.86%
Upper Saddle River Developers, LLC	10,600,600	3	0.48%			
Whitney Associates	8,353,800	4	0.38%	8,353,800	4	6.98%
USR Developers, LLC Pinnacle	7,950,400	5	0.36%	8,150,600	5	6.81%
Pentek Mgmt. Corp.	7,500,000	6	0.34%	12,000,000	3	10.03%
Porven Real Estate, Inc.	6,421,500	7	0.29%			
Upper Saddle River Project LLC	6,071,000	8	0.28%			
Birdie Investments, LLC	5,580,300	9	0.25%			
2 Park Way Assoc., LLC	5,273,200	10	0.24%			
Clinton D. Carlough Properties, LP				6,483,300	6	5.42%
1 Parkway Assoc., LLC				5,883,100	7	4.92%
Rag Realty, LLC				5,648,200	8	4.72%
Orchard Jill Estates, LLC				3,948,000	9	3.30%
Marron & Co., LLC				3,650,000	10	3.05%
<b>Total</b>	<b>\$ 116,118,300</b>		<b>5.29%</b>	<b>\$ 119,663,400</b>		<b>100.00%</b>

Source: Municipal Tax Assessor

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 Total Property Tax Levies and Collections,  
 Last Ten Fiscal Years  
 Unaudited**

**Exhibit J-9**

**Allendale Borough**

**Collected within the Fiscal Year of the Levy <sup>a</sup>**

<u>Fiscal Year Ended December 31,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Amount</u>	<u>Percentage of Levy</u>
2002	23,346,001.00	23,079,825.00	98.86%
2003	24,675,553.00	24,434,815.00	99.02%
2004	26,297,717.00	26,313,860.00	100.06%
2005	N/A	N/A	N/A
2006	30,344,225.00	30,136,502.00	99.32%
2007	31,908,602.00	31,394,966.00	98.39%
2008	33,188,123.00	32,996,853.00	99.42%
2009	34,351,398.26	34,099,258.85	99.27%
2010	34,791,107.08	34,504,736.36	99.18%
2011	35,182,263.33	34,750,583.24	98.77%

**Source: Municipal Tax Collector**

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**Total Property Tax Levies and Collections,**  
**Last Ten Fiscal Years**  
**Unaudited**

**Exhibit J-9**

**Upper Saddle River Borough**

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>	
		Amount	Percentage of Levy
2002	29,593,572.00	29,347,443.00	99.17%
2003	32,163,483.00	31,717,756.00	98.61%
2004	34,975,301.00	34,559,590.00	98.81%
2005	N/A	N/A	N/A
2006	38,844,231.00	38,503,364.00	99.12%
2007	41,371,944.00	40,837,342.00	98.71%
2008	42,973,720.00	42,340,098.00	98.53%
2009	44,327,413.00	43,718,772.00	98.63%
2010	45,328,406.00	44,487,600.00	98.15%
2011	46,633,131.00	46,054,881.00	98.76%

**Source: Municipal Tax Collector**

a - 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 the amount voted upon or certified prior to the end of the school year.

**NORTHERN HIGHLANDS REGIONAL HIGHH SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years (unaudited)**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal	
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Income <sup>a</sup>	Per Capita <sup>a</sup>
2003	18,337,384	-	-	-	-	18,337,384	2.42%	\$1,232
2004	16,766,995	-	-	-	-	16,766,995	2.06%	\$1,122
2005	15,816,000	-	-	-	-	15,816,000	1.85%	\$1,053
2006	14,827,000	-	-	-	-	14,827,000	1.60%	\$993
2007	13,952,000	-	-	-	-	13,952,000	1.39%	\$934
2008	13,042,000	-	-	-	-	13,042,000	1.25%	\$870
2009	13,489,000	-	-	-	-	13,489,000	1.26%	\$894
2010	12,094,000	-	-	-	-	12,094,000	N/A	\$821
2011	10,932,000	-	-	-	-	10,932,000	N/A	\$738
2012	10,117,000	-	-	-	-	10,117,000	N/A	N/A

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

**a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**Unaudited**

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2003	18,337,384		18,337,384	0.57%	\$ 1,232
2004	16,766,995		16,766,995	0.51%	\$ 1,122
2005	15,816,000		15,816,000	0.48%	\$ 1,053
2006	14,827,000		14,827,000	0.45%	\$ 993
2007	13,952,000		13,952,000	0.41%	\$ 934
2008	13,042,000		13,042,000	0.38%	\$ 870
2009	13,489,000		13,489,000	0.26%	\$ 894
2010	12,094,000		12,094,000	0.25%	\$ 821
2011	10,932,000		10,932,000	0.23%	\$ 738
2012	10,117,000		10,117,000	0.22%	\$ 683

**Notes:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.  
**a** See Exhibit NJ J-6 for property tax data.  
**b** Population data can be found in Exhibit NJ J-14.  
 2012 Per Capita calculations utilize 2011 Population data

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2011  
Unaudited**

**Exhibit J-12**

	<u>Allendale Borough</u>	<u>Upper Saddle River Borough</u>
<b>Overlapping Debt of School District:</b>		
Municipal (100%)	13,751,252	12,579,804
Local School (100%)	7,409,000	9,579,749
County of Bergen Share (Statutory Net Debt)	7,042,592	11,910,977
Utility Authority (Share %)	N/A	-
Subtotal, overlapping debt	<u>28,202,844</u>	<u>34,070,530</u>
<b>Northern Highlands Regional District Direct Debt</b>	<u>4,057,491</u>	<u>6,874,509</u>
<b>Total direct and overlapping debt</b>	<u><u>32,260,335</u></u>	<u><u>40,945,040</u></u>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Bergen County Board of Taxation.  
Debt outstanding data provided by each governmental unit.

**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 situated within the District. 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.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
*(Unaudited)*

Exhibit J-13

Legal Debt Margin at December 31, 2011:

Average Equalized Valuation Basis:

<u>State Equalized Values of Taxable Property</u>			
	<u>Allendale Borough</u>	<u>Upper Saddle River Borough</u>	<u>Equalized Valuation Basis</u>
2009	\$ 1,815,809,338	\$ 3,079,805,696	\$ 4,895,615,034
2010	1,738,341,030	2,945,563,609	4,683,904,639
2011	<u>1,718,398,979</u>	<u>2,907,784,605</u>	<u>4,626,183,584</u>
	<u>5,272,549,347</u>	<u>8,933,153,910</u>	<u>14,205,703,257</u>
Average Equalized Valuation of Taxable Property			\$ <u>4,735,234,419</u>
Debt Limit (3% of \$4,735,234,419 )			142,057,033
Total Net School Debt Applicable to Limit:			<u>10,117,000</u>
Legal Debt Margin			<u>131,940,033</u>

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	<u>Fiscal Year</u>									
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Debt Limit-Dec. 31, Prior Year	\$ 142,057,033	146,289,551	\$ 148,653,250	\$ 146,974,225	\$ 146,974,225	\$ 127,027,441	\$ 114,207,508	\$ 103,731,479	\$ 93,899,660	\$ 84,950,934
Total Net School Debt Applicable to Limit	<u>10,117,000</u>	<u>10,932,000</u>	<u>12,094,000</u>	<u>13,489,000</u>	<u>13,042,000</u>	<u>14,827,000</u>	<u>15,816,000</u>	<u>16,766,000</u>	<u>18,337,384</u>	<u>17,691,000</u>
Legal Debt Margin	<u>\$ 131,940,033</u>	<u>135,357,551</u>	<u>\$ 136,559,250</u>	<u>\$ 133,485,225</u>	<u>\$ 133,932,225</u>	<u>\$ 112,200,441</u>	<u>\$ 98,391,508</u>	<u>\$ 86,965,479</u>	<u>\$ 75,562,276</u>	<u>\$ 67,259,934</u>
Net Debt as % of Debt Limit	7.12%	7.47%	8.14%	9.18%	8.87%	11.67%	13.85%	16.16%	19.53%	20.82%

Note: Amounts reported above as "Debt" or "Net Debt" include NHRHSD Debt but exclude local district school debt of the constituent communities, which by statute are reductions to the legal debt limit.

Sources: State Equalized Valuations were obtained from the New Jersey Dept. of Treasury, Division of Taxation

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**  
**Unaudited**

Exhibit J-14

**Allendale Borough**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2002	6,745	348,435,000	52,887	4.20%
2003	6,720	341,866,140	52,713	4.20%
2004	6,702	364,381,056	52,064	3.40%
2005	6,651	379,085,205	55,493	2.50%
2006	6,583	409,494,228	57,821	2.70%
2007	6,557	441,548,250	63,970	3.40%
2008	6,578	456,246,611	68,124	3.10%
2009	6,609	469,934,010	N/A	5.60%
2010	6,512	N/A	N/A	5.80%
2011	6,548	N/A	N/A	5.70%

**Upper Saddle River Borough**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2002	8,043	415,644,240	63,368	3.10%
2003	8,162	415,504,320	63,160	3.00%
2004	8,244	448,581,744	62,381	2.50%
2005	8,365	477,311,784	66,490	4.10%
2006	8,348	519,990,702	69,280	4.30%
2007	8,388	565,729,500	76,647	3.90%
2008	8,412	584,498,993	81,624	5.00%
2009	8,480	602,033,962	N/A	9.00%
2010	8,217	N/A	N/A	9.20%
2011	8,263	N/A	N/A	9.00%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development



**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
Full-time Equivalent District Employees by Function/Program,  
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction										
Teachers	N/A	109.0	112.3	111.7						
Classroom Aides										
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition										
Student & Instruction Related Services								26.3	22.2	22.2
General Administration								2.0	2.0	2.0
School Administrative Services								16.0	14.2	14.2
Business Administrative Services								4.7	3.0	3.0
Administrative Information Technology										
Plant operations and maintenance								22.0	15.9	16.4
Pupil transportation								3.0	2.3	2.3
Total								<u>183.0</u>	<u>171.9</u>	<u>171.8</u>

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Source: District Personnel Records

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**Operating Statistics,**  
**Last Ten Fiscal Years**

Exhibit J-17

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Pupil/Teacher Ratio</u>		<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
					<u>Teaching Staff<sup>b</sup></u>	<u>Senior High School</u>				
2002	1,298	12,367,771	9,528.33	-17.84%	N/A	N/A	996.0	1,238.0	6.31%	124.30%
2003	1,124	11,690,580	10,402.72	9.18%	100	1:7.8	1,123.8	1,077.2	12.83%	95.85%
2004	1,248	10,314,303	8,266.65	-20.53%	128	1:11.0	1,223.2	1,201.9	8.84%	98.26%
2005	N/A	97,660,389	N/A	N/A	140	1:12.0	1,247.7	N/A	2.00%	N/A
2006	N/A	N/A	N/A	N/A	N/A	N/A	1,313.6	N/A	5.28%	N/A
2007	N/A	N/A	N/A	N/A	N/A	N/A	1,265.0	N/A	-3.70%	N/A
2008	1,273	22,974,864	18,047.81	N/A	N/A	N/A	1,280.5	N/A	1.23%	N/A
2009	1,318	23,496,354	17,827.28	-1.22%	173	N/A	1,319.0	N/A	3.01%	N/A
2010	1,313	23,531,456	17,921.90	0.53%	109	1:12.0	1,310.2	1,243.7	-0.67%	94.92%
2011	1,313	22,982,969	17,504.16	-2.33%	112	1:11.7	1,303.6	1,244.9	-0.50%	95.50%
2012	1,350	25,133,893	18,617.70	6.36%	109	1:12.4	1,337.3	1,279.1	2.59%	95.65%

**Sources:** District records

**Note:** Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
School Building Information  
Last Ten Fiscal Years**

<b>District Building</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<u>High School</u>										
Northern Highlands regional High School (1965)										
Square Feet	217,300	217,300	267,300	267,300	267,300	267,300	287,118	287,118	287,118	287,118
Capacity (students)	N/A									
Enrollment	1,130	1,226	1,255	1,308	1,268	1,286	1,318	1,313	1,316	1,346

Number of Schools at June 30, 2012  
 Elementary = 0  
 Middle School = 0  
 Senior High School = 1

**Source:** District Facilities Office

**Note:** Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of alterations and additions. Enrollment is based on the annual October district count.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT**  
**GENERAL FUND**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES

<u>School Facilities*</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2003</u>	<u>2002</u>
High School	\$548,653.00	\$581,002.00	\$565,209.56	\$649,539.93	\$733,922.35	\$868,101.78	\$876,009.55	\$818,048.49	\$277,376.00	\$1,194,572.16
Other Facilities									97,457.00	
Grand Total	<u>\$548,653.00</u>	<u>\$581,002.00</u>	<u>\$565,209.56</u>	<u>\$649,539.93</u>	<u>\$733,922.35</u>	<u>\$868,101.78</u>	<u>\$876,009.55</u>	<u>\$818,048.49</u>	<u>\$374,833.00</u>	<u>\$1,194,572.16</u>

\*School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

Source: District Records

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2012  
UNAUDITED

The District is a member of the Northeast Bergen School Board Insurance Group (NESBIG) and maintains commercial insurance coverages for the various risks to which it is exposed.

The District, through NESBIG, has obtained the following coverage for the 2011/12 fiscal year:

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy – NESBIG		
Policy - Selective Way Insurance Company:		
Property – Blanket Coverage for Buildings and Business Personal Property	\$60,559,925	\$5,000
Flood Coverage (per occurrence & aggregate):		
Outside Hazard Areas	5,000,000	50,000
Totally or Partially in Hazard Area	1,000,000	500,000
Earthquake Coverage (per occurrence & aggregate):	1,000,000	50,000
Extra Expense	5,000,000	
Contractor’s Equipment	5,000/250,000	1,000
Scheduled School Property	100,000	1,000
Business Computer Coverage	2,500,000	1,000
Cameras & AV Equipment	250,000	1,000
Musical & Theatrical Equipment	250,000	1,000
Valuable Papers	5,000,000	1,000
Listed Fine Art	25,000	5,000
Commercial General Liability		
Per Occurrence	1,000,000	
Aggregate	2,000,000	
Employee Benefits Liability		
Per Occurrence	1,000,000	1,000
Aggregate	2,000,000	
Business Automobile Coverage		
Liability & Uninsured Motorist (CSL)	1,000,000	5,000
Medical Expenses – Eligible Passengers	250,000	
Excess Liability Coverage – American Alternatives ins. Co.		
Per Occurrence & Aggregate	9,000,000	10,000
Commercial Crime Coverage – Selective Insurance Co. of America		
Employee Theft		
Per Employee	100,000	5,000
Per Loss	400,000	100,000
Forgery	50,000	1,000
School Board Legal Liability – ACE American Insurance Company		
Per Occurrence & Aggregate	1,000,000	
Deductibles: ELL		5,000
EPL		15,000

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2012  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Commercial Environmental Impairment Liability – American Safety Casualty Insurance company		
Each Incident Limit	1,000,000	15,000
Aggregate per Named Insured	3,000,000	
Aggregate Limit (NESBIG)	20,000,000	
Commercial Umbrella Policy – American Alternative Insurance Company		
Per Occurrence and Aggregate	9,000,000	10,000
NJ CAP Coverage – Fireman’s Fund Indemnity Corp.		
Per Occurrence & Aggregate	50,000,000	
Workers’ Compensation – Star Insurance Co.		
Workers Compensation	Statutory	
Employer Liability – Accident	1,000,000	
Employer Liability – Disease (Per occurrence and policy limit)	1,000,000	
NESBIG Self-Insured Retention		350,000
Excess Workers’ Compensation – Star Insurance Co.		
Per Occurrence & Aggregate	1,000,000	
NESBIG Self-Insured Retention		350,000
Pollution Liability – American Insurance Co.		
Per Occurrence & Aggregate	1,000,000	15,000
Aggregate	3,000,000	
Student/Athletic Accident – Master Policy Monumental Life Insurance Co.		
Disability Per Occurrence	550,000	
Specific Losses	Per Schedule	
Aggregate	5,000,000	
Position Surety Bonds – Western Surety Co.		
Business Administrator	250,000	
Treasurer	250,000	

Source: School Business Administrator

**SINGLE AUDIT SECTION**

**SECTION – K**

**HODULIK & MORRISON, P.A.**  
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NEW JERSEY SOCIETY OF CPA'S  
REGISTERED MUNICIPAL ACCOUNTANTS OF N.J.

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

Honorable President and Members  
of the Board of Education  
Northern Highlands Regional High School District  
County of Bergen, New Jersey

We have audited the financial statements of the Northern Highlands Regional High School District, in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2012, and have issued our report thereon dated August 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Northern Highlands Regional High School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Northern Highlands Regional High School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Northern Highlands Regional High School District's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a significant deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Northern Highlands Regional High School District's financial statements are free of 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 Division of Finance, Department of Education, State of New Jersey.

We noted other matters involving compliance and internal control over financial reporting that we have reported to the Board of Education of the Northern Highlands Regional High School District in a separate *Auditors' Management Report on Administrative Findings* dated August 24, 2012.

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



HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Public School Accountants

Highland Park, New Jersey  
August 24, 2012

**HODULIK & MORRISON, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS  
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JO ANN BOOS, CPA, PSA

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH NEW JERSEY OMB CIRCULAR 04-04**

Honorable President and Members  
of the Board of Education  
Northern Highlands Regional High School District  
County of Bergen, New Jersey

Compliance

We have audited the compliance of the Northern Highlands Regional High School District, in the County of Bergen, State of New Jersey, with the types of compliance requirements described in the New Jersey Compliance Manual "State Grant Compliance Supplement" that are applicable to each of its major state programs for the year ended June 30, 2012. The Northern Highlands Regional High School District's major state programs are identified in the "Summary of Auditor's Results Section" of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Northern Highlands Regional High School District management. Our responsibility is to express an opinion on the Northern Highlands Regional High School District compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Northern Highlands Regional High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Northern Highlands Regional High School District's compliance with those requirements.

In our opinion, the Northern Highlands Regional High School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2012.

#### Internal Control Over Compliance

The management of the Northern Highlands Regional High School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Northern Highlands Regional High School District's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with NJOMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Northern Highlands Regional High School District's internal control over financial reporting.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

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

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

*Hodulik & Morrison, P.A.*

HODULIK & MORRISON, P.A.  
Certified Public Accountants  
Public School Accountants

Highland Park, New Jersey  
August 24, 2012

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Schedule - B

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2011		CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE AT JUNE 30, 2012		MEMO CUMULATIVE TOTAL EXPENDITURES	
				GAAP (ACCOUNTS RECEIVABLE)	MEMO BUDGETARY RECEIVABLE			GAAP (ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE		
State Department of Education:											
Special Education Categorical Aid	12-495-034-5120-089	386,568	7/1/11-6/30/12			386,568.00	(386,568.00)			(386,568.00)	
Security Aid	12-495-034-5120-084	77,827	7/1/11-6/30/12			77,827.00	(77,827.00)			(77,827.00)	
Transportation Aid	12-495-034-5120-014	12,606	7/1/11-6/30/12			12,606.00	(12,606.00)			(12,606.00)	
Extraordinary Aid	11-100-034-5120-473	331,586	7/1/10-6/30/11		331,586.00	331,586.00					
Extraordinary Aid	12-100-034-5120-473	314,958	7/1/11-6/30/12				(314,958.00)		314,958.00	(314,958.00)	
Nonpublic School Transportation	12-495-034-5120-014	8,375	7/1/09-6/30/10				(8,374.83)		8,374.83	(8,374.83)	
Nonpublic School Transportation	11-495-034-5120-014	7,280	7/1/10-6/30/11		7,280.17	7,280.17					
T.P.A.F. Social Security Aid	12-495-034-5095-002	794,314	7/1/11-6/30/12			794,313.55	(794,313.55)			(794,313.55)	
T.P.A.F. Pension Contributions	12-495-034-5095-006	315,715	7/1/11-6/30/12			315,715.00	(315,715.00)			(315,715.00)	
T.P.A.F. Post Retirement Medical	12-495-034-5095-001	702,779	7/1/11-6/30/12			702,779.00	(702,779.00)			(702,779.00)	
T.P.A.F. Non-Contributory Insurance	12-495-034-5095-007	33,881	7/1/11-6/30/12			33,881.00	(33,881.00)			(33,881.00)	
Anti-Bullying Prevention Fund		407				407.00	(407.00)				
Debt Service Aid	12-495-034-5120-017	281,190	7/1/11-6/30/12			27,651.00	(27,651.00)			(27,651.00)	
Total State Financial Assistance					<u>\$ -</u>	<u>338,866.17</u>	<u>\$ 2,213,612.72</u>	<u>\$ (2,198,079.38)</u>	<u>\$ -</u>	<u>\$ 323,332.83</u>	<u>\$ (2,197,672.38)</u>
Less:											
T.P.A.F. Pension Contributions								(315,715.00)			
T.P.A.F. Post Retirement Medical								(702,779.00)			
T.P.A.F. Non-Contributory Insurance								(33,881.00)			
State Expenditures Subject to Single Audit								<u>(\$1,145,704.38)</u>			

Note: See Accompanying Notes to Schedules of Financial Assistance.

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2012

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards and financial assistance include federal and state award activity of the Board of Education of the Northern Highlands Regional High School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements (GASB 34 Model – basic financial statements). All state awards received directly from state agencies, as well as state assistance passed through other government agencies are included on the schedule of expenditures of state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of financial assistance are presented on the budgetary basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts present in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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 special revenue fund accompanying schedules agree with amounts reported in the Board's general-purpose financial statements. The general-purpose financial statements present the special revenue fund on both a GAAP basis and a budgetary basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the special revenue fund. Award and financial assistance revenues are reported in the Board's general-purpose financial statements on a GAAP basis as presented on the following page:

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2012

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 27,229.00	\$ 2,662,962.72	\$ 2,690,191.72
Debt Service Fund	0.00	27,651.00	27,651.00
Special Revenue Fund	<u>194,411.00</u>	<u>0.00</u>	<u>194,411.00</u>
Total Assistance	\$ <u>221,640.00</u>	\$ <u>2,690,613.72</u>	\$ <u>2,912,253.72</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Post-Retirement Medical and Non-Contributory Insurance Premium Contributions represent the amount reported as paid by the state on behalf of the District for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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Section 1 - Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal Control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ Yes  X  No

2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  No

Noncompliance material to basic financial statements noted? \_\_\_\_\_ Yes  X  No

**Federal Awards-NOT APPLICABLE, FEDERAL SINGLE AUDIT NOT REQUIRED**

Internal Control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ No

2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes \_\_\_\_\_ No

Type of auditor's report issued on compliance for major programs: \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance with section.510(a) of Circular A-133? \_\_\_\_\_ Yes \_\_\_\_\_ No

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and B programs: \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes \_\_\_\_\_ No



NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

There were no findings or questioned costs identified in the prior year that required any corrective actions by Management during the current period.