



**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, 2020**

**Northern Highlands Regional
High School District**

Allendale, New Jersey

Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Prepared by

Business Office

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2020**

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INTRODUCTORY SECTION



Northern Highlands Regional High School

298 HILLSIDE AVENUE
ALLENDALE, NEW JERSEY 07401
PHONE (201) 327-8700 FAX (201) 818 3370
www.northernhighlands.org

Dr. Scot Beckerman
Superintendent of Schools

February 3, 2021

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 (the “CAFR”) of the Northern Highlands Regional High School District for the fiscal year ended June 30, 2020 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 CAFR 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 of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

The CAFR 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 basic 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, *Title 2 U.S. Code of Federal regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements* (Uniform Guidance) and New Jersey OMB’s Circular 15-08, “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) for handicapped youngsters. The district completed the 2019-20 fiscal year with an average daily enrollment in-district of 1,406 students, which is an increase of 23 students from the preceding year. In addition to the students on roll at the high school in Allendale, the district is responsible for approximately 59 students that are sent out-of-district to Bergen Academies, Bergen County Vocational schools and special needs placements. The following schedule 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 or to Bergen Academies.

Average Daily Enrollment		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2019-2020	1406	1.66%
2018-2019	1383	1.92%
2017-2018	1357	-0.15%
2016-2017	1359	1.72%
2015-2016	1336	-2.48%

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 flatness in our enrollment during the past five years with an average enrollment of 1,368 students

3. MAJOR INITIATIVES:

We continued our commitment to improving building security by installing fencing and gates with access control at the side entrances to the school, planter bollards in front of entrances as well as Phase II of the door lock project to include offices. In addition, we continued to renovate bathrooms and performed an asbestos abatement project for two classrooms. Air conditioning units were installed in some classrooms and lockdown shades were installed in classrooms and offices. We made site improvements regarding our asphalt circular driveway.

Students continued to score above the state and national average on all standardized tests. 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 345 graduates in the class of 2020, 97.1% (335) are attending college (94.8% and 2.6% at four and two year colleges respectively) and the dropout rate is practically non-existent. NHRHS offers 42 Honors courses and 22 Advanced Placement courses to aid student growth and achievement. In May of 2020, 422 students sat for 770 AP exams in 29 subjects (some of which are not offered as an AP course at Northern Highlands). Eighty-seven percent of the students sitting for the AP exams scored a 3 or above. In addition to these offerings, Northern Highlands also offers a number of courses in which students may earn college credit. Northern Highlands Regional High School students can earn college credit through Advanced Placement testing or by enrolling in either Syracuse University Project Advance (SUPA) or one of our other dual enrollment programs affiliated with Fairleigh Dickinson University, Seton Hall University, Rutgers University, New Jersey Institute of Technology and Bergen Community College. Credits earned are accepted at universities around the nation based on their successful completion of these courses.

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 uncertain levels of state aid funding and continued economic stagnation at the state and local levels, 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, 2020.

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. 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.

Effective July 1, 2016, Valley National Bank became the main depository for district funds. This program meets the G.U.D.P.A. requirements at both financial institutions.

8. 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, 2020 and the amount and percentage of increase (decrease) in relation to the prior year.

Revenues	FY 2019-20 Amount	Percentage of Total	Total Dollar Increase (Decrease) From 2018-19	Percentage Increase (Decrease)
Taxes	\$ 23,823,735	65.8%	\$ 440,379	1.9%
Other Local Sources	291,032	0.8%	(55,659)	(16.1)%
Tuition	5,956,990	16.4%	223,483	3.9%
State Sources	5,815,780	16.1%	(247,573)	(4.1)%
Federal Sources	<u>330,585</u>	<u>0.9%</u>	<u>13,221</u>	<u>4.2%</u>
Totals	<u>\$ 36,218,121</u>	<u>100.0%</u>	<u>\$ 373,850</u>	<u>1.0%</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, 2020 and the amount and percentage of increase (decrease) in relation to the prior year.

<u>Expenditures</u>	FY 2019-20 Amount	Percentage of Total	Total Dollar (Decrease) increase From 2018-19	Percentage (Decrease) Increase
Current Expense	\$32,704,692	94.0%	\$(338,717)	(1.0)%
Capital Outlays	200,772	0.6%	(76,450)	(27.6)%
Special Revenues	330,585	1.0%	5,603	1.7%
Debt Service	<u>1,548,875</u>	<u>4.5%</u>	<u>(254)</u>	<u>0.0%</u>
Totals	<u>\$34,784,923</u>	<u>100.0%</u>	<u>\$(409,818)</u>	<u>(1.2)%</u>

9. DEBT ADMINISTRATION:

As of June 30, 2020 the district had two (2) 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 amounted to \$ 8,805,000. The refunding produced a net present value savings to the district and community of approximately +3.2%. As of June 30, 2020 \$ 2,265,000 remained in principal to be paid. The final payment is scheduled for June 15, 2022.

The second outstanding bond issue is the 2013 school bonds, which were issued on December 10, 2013 in the amount of \$ 2,760,000. As of June 30, 2020, \$ 1,685,000 remained in principal to be paid. The final payment is scheduled for November 15, 2024. These bonds were issued to finance the costs of the roof replacement project, bear interest at rates ranging from 1% to 3%, and mature in annual installments through November 15, 2024. All the District's outstanding bonds have been rated AAA by Standard & Poors. This rating is a "stand alone" rating and does not rely on any credit enhancements from the State of New Jersey.

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.

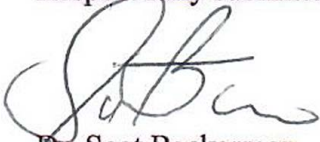
11. OTHER INFORMATION:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Hodulik & Morrison, P.A., a Division of PKF O'Connor Davies, LLP 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 requirements of *Title 2 U.S. Code of Federal regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements* (Uniform Guidance) and New Jersey OMB's Circular 15-08. The auditor's report on the basic 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.

Respect fully submitted,



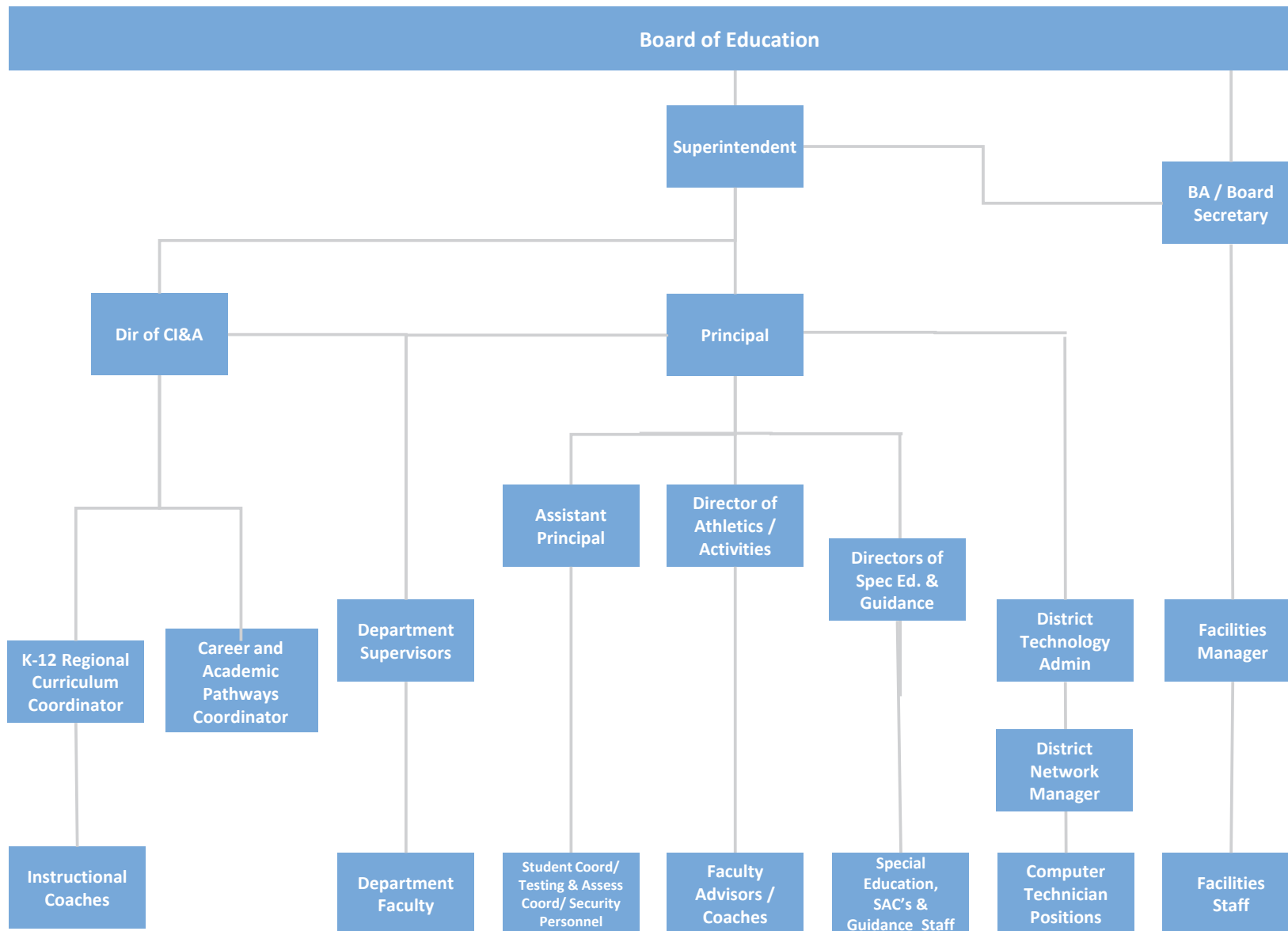
Dr. Scot Beckerman

Superintendent of Schools



Sue Anne Mather

School Business Administrator/Board Secretary



Northern Highlands Regional High School District Organizational Chart (Board Approved 2/27/17, Revised 2/24/20)

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

ROSTER OF OFFICIALS
JUNE 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mrs. Jill Webb, President	2020
Mrs. Christine Ferrarie, Vice President	2022
Mrs. Barbara Garand	2020
Mrs. Anne Goddard	2020
Mrs. Lisa Halperin	2022
Ms. Amy Langevin	2020
Mr. James Mulanaphy	2021
Mrs. Gail Trumbetti	2021
Mr. Robert Wei	2022
Dr. Sheila Yallowitz	2021

Mrs. Emily Kaufman (Saddle River Liaison)

Other Officials

Dr. Scot Beckerman, Superintendent of Schools

Ms. Sue Anne Mather, 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

Plosia Cohen, LLC
Chester Woods
385 Route 24, Suite 3G
Chester, NJ 07930

Labor Relations Attorney

Schenck, Price, Smith & King, LLP
220 Park Avenue
Florham Park, NJ 07932

Audit Firm

Hodulik & Morrison. P.A.
a division of PKF O'Connor Davies, LLP
20 Commerce Drive
Suite 301
Cranford, NJ 07016

Risk Manager

Thomas B. Fallon
16 Rustic Road
Upper Saddle River, NJ 07458

Bond Counsel

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

Official Depository

Valley National Bank
67 Franklin Turnpike
Waldwick, NJ 07463

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Northern Highlands Regional High School District, in the County of Bergen, State of New Jersey (the "District"), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

PKF O'CONNOR DAVIES, LLP
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | www.pkfod.com

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2020 and the respective changes in financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis, as required by New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are also not a required part of the basic financial statements.

The combining and individual fund financial statements, long-term debt schedules, schedule of expenditures of federal awards and schedule of state financial assistance are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual

fund financial statements, long-term debt schedules, schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2021, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

February 3, 2021
Cranford, New Jersey

David J. Gannon

David J. Gannon, CPA
Licensed Public School Accountant, No. 2305

REQUIRED SUPPLEMENTARY INFORMATION

PART I

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
June 30, 2020

This section of the District's annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2020. The focus of the Management Discussion and Analysis (MD&A) is on current year activities, resulting changes and currently known facts. It should be read in conjunction with the transmittal letter at the front of this report and the district's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statement—and Management's Discussion and Analysis*—for State and Local Governments issued June 1999 and amended by GASB Statement No. 37. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

The key financial highlights for the 2019-2020 fiscal year include the following:

The District's Governmental Activities net position increased by \$2,141,368 as reflected in Table 4, Changes in Net Position. This increase is primarily attributable to the excess of debt retirement over depreciation. The district's business-type activity revenues exceeded related expenses by \$26,315. This amount was entirely comprised of net profits from food service operations. The breakdown of these amounts is reflected in Schedule A-2 of the Government-wide Financial Statements. The District's Governmental Funds reported an increase in Fund Balance of \$687,276, to \$6,319,604 at year-end. This increase resulted primarily from expenditure of capital project balances. The revenues, expenses and changes in fund balances for the Governmental Funds are reflected in Exhibit B-2 of the Financial Statements.

The General or operating fund balance was reported for GAAP purposes at \$6,319,604 which represents an increase of \$1,233,445 over the prior year. Of this total, \$1,211,461 of excess surplus was appropriated toward the 2020-2021 budget. \$158,349 of general fund balance was assigned to cover open purchase orders at year-end. Based upon the reduction imposed by S1701 in the calculation of maximum restricted fund balance that the District is allowed to retain, the amount of general fund balance required to be reserved for tax relief in the 2021-2022 budget is \$1,396,289. The unassigned General fund balance is reported at \$633,833. General fund balance is at the maximum permitted under the Department of Education regulations based upon 2% of General fund expenditures, with specified modifications. Total spending for all governmental funds was \$35,509,575. Total revenues were \$36,218,624 resulting in a surplus of revenues over expenditures of \$687,276 for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the district’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the district, reporting the district’s operations in more detail than the government-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the district operated like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationship in which the district acts solely as a trustee or agent for the benefits of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district’s budget for the year. Table - 1 shows how the various parts of this annual report are arranged and related to one another.

Table - 1

Organization of the School District Annual Financial Report

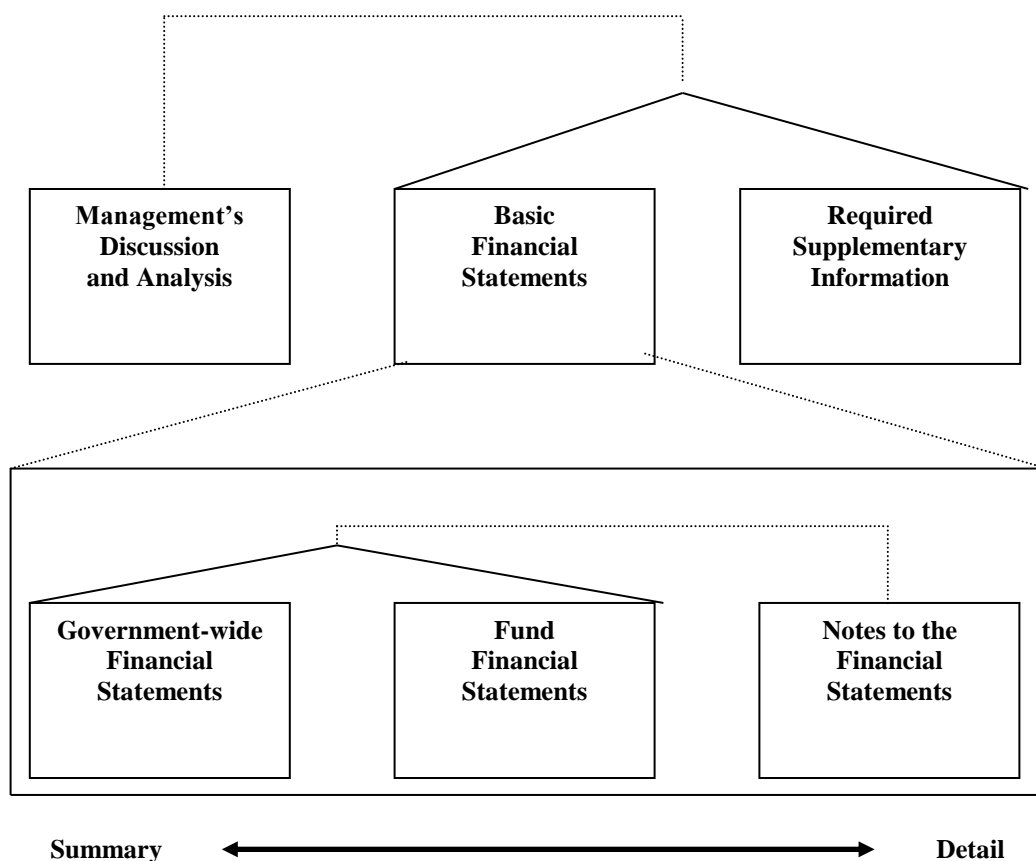


Table - 2 summarizes the major features of the district’s financial statements, including the portion of the district’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents of each of the statements.

Table - 2 Major Features of the Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> Statement of net position Statement of activities 	<ul style="list-style-type: none"> Balance Sheet Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> Statement of net position Statement of Revenues, Expenses and Changes in Net Position Statement of cash flows 	<ul style="list-style-type: none"> Statement of fiduciary net assets Statement of changes in fiduciary net position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liability-ties, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/out-flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and de-dictions during the year, regardless of when cash is received or paid

Government-wide Statements

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

The two government-wide statements report the district's net position and how they have changed. Net position - the difference between the district's assets and deferred outflows and its liabilities and deferred inflows - is one way to measure the district's financial health or position.

- Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider that the school district's goal is to provide services to students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the of the schools to assess the overall health of the district.

In the government-wide financial statements, the district's activities are divided into two categories:

- **Governmental activities:** Most of the district's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- **Business-type activities:** The district charges fees to help it cover the costs of certain services it provides. The district's shared services program and food services are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

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

Proprietary funds: Services for which the district charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The district's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The district may use internal service funds (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The district currently does not utilize internal service funds for financial reporting.

Fiduciary funds: The district is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The district excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The school district's Governmental Activities net position was \$13,944,649 at June 30, 2020. Of this amount, a deficit amount of \$6,349,474 was reported as unrestricted net position, primarily due to GASB Statement No. 68 accounting and reporting requirements for the PERS and TPAF defined benefit pension systems. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the school district's ability to use those net assets for day-to-day operations. The school district's Business-Type Activities net position was \$594,075 at June 30, 2020. Of this amount, \$204,206 was reported as unrestricted net position, with the balance of \$389,869 representing the District's investment in capital assets. Our analysis below focuses on the net position (Table - 3) and change in net position (Table - 4) of the school district's government-wide activities.

Table - 3
Net Position

A. Governmental Activities

	June 30		Amount Difference	% Increase (Decrease)
	2019	2020		
Assets				
Current and other assets	\$ 6,915,922	\$ 6,975,961	\$ 60,039	0.87%
Capital assets	<u>23,099,592</u>	<u>22,813,755</u>	<u>(285,837)</u>	-1.24%
Total Assets	\$ <u>30,015,514</u>	\$ <u>29,789,716</u>	\$ <u>(225,798)</u>	-0.75%
Deferred Outflows of Resources	\$ <u>1,801,699</u>	\$ <u>1,237,220</u>	\$ <u>(564,479)</u>	-31.33%
Total Deferred Outflows of Resources	\$ <u>1,801,699</u>	\$ <u>1,237,220</u>	\$ <u>(564,479)</u>	-31.33%
Liabilities				
Current and other liabilities	\$ 1,645,268	\$ 3,111,101	\$ 1,465,833	89.09%
Long-term liabilities	<u>16,312,915</u>	<u>11,895,963</u>	<u>(4,416,952)</u>	-27.08%
Total Liabilities	\$ <u>17,958,183</u>	\$ <u>15,007,064</u>	\$ <u>(2,951,119)</u>	-16.43%
Deferred Inflows of Resources	\$ <u>2,055,749</u>	\$ <u>2,075,223</u>	\$ <u>19,474</u>	0.95%
Total Deferred Inflows of Resources	\$ <u>2,055,749</u>	\$ <u>2,075,223</u>	\$ <u>19,474</u>	0.95%
Net Position				
Net Investment in capital assets	\$ 13,590,504	\$ 14,766,702	\$ 1,176,198	8.65%
Restricted	4,291,375	5,527,421	1,236,046	28.80%
Unrestricted	<u>(6,078,598)</u>	<u>(6,349,474)</u>	<u>(270,876)</u>	4.46%
Total Net Position	\$ <u>11,803,281</u>	\$ <u>13,944,649</u>	\$ <u>2,141,368</u>	18.14%

B. Business-Type Activities

	June 30		Amount Difference	% Increase (Decrease)
	2019	2020		
Current and other assets	\$ 370,841	\$ 312,246	\$ (58,595)	-15.80%
Capital assets	<u>255,001</u>	<u>389,869</u>	<u>134,867</u>	52.89%
Total Assets	\$ <u>625,842</u>	\$ <u>702,114</u>	\$ <u>76,272</u>	12.19%
Liabilities				
Current and other liabilities	\$ <u>58,082</u>	\$ <u>108,039</u>	\$ <u>49,957</u>	86.01%
Total Liabilities	\$ <u>58,082</u>	\$ <u>108,039</u>	\$ <u>49,957</u>	86.01%
Net Position				
Investment in capital assets	\$ 255,001	\$ 389,869	\$ 134,867	52.89%
Unrestricted	<u>312,759</u>	<u>204,206</u>	<u>(108,553)</u>	-34.71%
Total Net Position	\$ <u>567,760</u>	\$ <u>594,075</u>	\$ <u>26,315</u>	4.63%

Table - 4
Change in Net Position

	<u>Governmental Activities</u>		<u>Amount Difference</u>	<u>Percentage Increase (Decrease)</u>
	<u>2019</u>	<u>2020</u>		
Revenues:				
Program revenue				
Operating Grants and Contributions	\$ 7,980,137	\$ 7,739,861	\$ (240,275)	-3.01%
General revenue				
Local tax levy	23,383,356	23,823,735	440,379	1.88%
Federal and state aid	378,124	204,987	(173,137)	-45.79%
Tuition	5,733,507	5,956,990	223,484	3.90%
Miscellaneous revenues	350,461	291,534	(58,927)	-16.81%
Total revenues	\$ 37,825,585	\$ 38,017,108	\$ 191,523	0.51%
Function/program expense:				
Instruction				
Regular programs	10,777,851	11,066,276	288,425	2.68%
Special programs	1,292,447	1,297,529	5,082	0.39%
Other Instructional programs	1,421,873	1,398,687	(23,186)	-1.63%
Support services				
Student services	3,099,235	3,239,185	139,950	4.52%
Tuition	2,540,260	1,818,857	(721,403)	-28.40%
General administration and				
business services	1,052,613	975,681	(76,932)	-7.31%
School administration	715,612	734,307	18,695	2.61%
Plant services	1,909,415	2,479,681	570,266	29.87%
Pupil transportation	1,385,248	1,288,232	(97,016)	-7.00%
Unallocated benefits	10,380,057	10,287,339	(92,718)	-0.89%
Unallocated depreciation and amortization	1,065,157	1,004,790	(60,367)	-5.67%
Interest on long-term debt	318,572	274,289	(44,282)	-13.90%
Total expenses	\$ 35,958,339	\$ 35,864,853	\$ (93,486)	-0.26%
Transfers (From) or To	(6,931)	(10,886)	(3,955)	57.06%
Increase (Decrease) net position	\$ 1,860,314	\$ 2,141,368	\$ 281,054	15.11%

Table - 4
Change in Net Position

	<u>Business-Type Activities</u>		<u>Amount Difference</u>	<u>Percentage Increase (Decrease)</u>
	<u>2019</u>	<u>2020</u>		
Revenues:				
Program revenue				
Charges for Services	\$ 1,289,785	\$ 880,641	\$ (409,144)	-31.72%
Miscellaneous revenues		15,000	15,000	100.00%
Total revenues	\$ 1,289,785	\$ 895,641	\$ (394,144)	-44.01%
Business-Type Activities:				
Food Service	914,751	776,437	(138,313)	-15.12%
Shared Services Program	241,162	103,775	(137,387)	-56.97%
Total expenses	\$ 1,155,913	\$ 880,212	\$ (275,700)	-23.85%
Transfers (From) or To	6,931	10,886	3,955	57.06%
Increase (Decrease) net position	\$ 140,803	\$ 26,315	\$ (114,489)	-81.31%

As we noted earlier, the school district uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the school district is being accountable for the resources provided to it, and also, gives more insight into the school district's overall financial health.

As the school district completed this year, our governmental funds reported a combined fund balance of \$6,319,604, which is an increase of \$687,276 from last year. This amount includes the general fund (increase of \$1,233,445), capital projects fund (decrease of \$546,169), and debt service fund (unchanged). The primary reasons for the increase/decrease are:

1. Favorable budget variances of the general fund balance, and contributions to capital and maintenance reserve accounts.
2. Use of capital reserves to finance capital projects without the need for debt issuances.
3. Expenditures of funds to complete capital projects.

General Fund Budgetary Highlights

Over the course of the year, the school district revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. Budget changes/transfers are approved by the Board of Education throughout the year. Although the district's projected budget for the general fund anticipated that revenues and expenditures would be roughly equal, the actual results for the year show a surplus. Actual revenues reflect a positive variance of \$4.97 million. This is due primarily to the State reimbursement/on behalf payments in the amount of \$4.61 million for TPAF pension, post retirement and social security contributions. This is always a non-budgeted item that the State (and GAAP) requires to be included in the final audited financial statements.

Actual expenditures reflect a negative variance of \$1.78 million even though all budget categories show a positive variance. This again is primarily due to the State requirement to include TPAF pension and post retirement and social security contributions in the audit.

Exhibit C-1 provides a breakdown of the budget line items included in the District's approved 2019-20 budget and the variances in actual revenues and expenditures. Revenue realization for the 2019-20 school year was positive for governmental activities when compared to the 2018-19 school year. A conversion schedule from the budgetary basis to the GAAP basis follows. As shown in Table 4 (GAAP Basis), the Tax needed to support the District's budget increased by 2.0% for the 2019-20 school year. The largest non-tax revenue of the District during the year continues to be tuition payments, which amounted to \$5.96 million or 3.9 % more than the preceding year. The favorable variance of \$171,325 resulted in an excess of actual tuition paying students over budgeted attendance and represented the single largest favorable revenue budget variance from local sources. Additionally, the District realized \$139,197 and \$3,834 more on a budgetary basis than anticipated for Extraordinary Aid and Categorical Transportation Aid respectively. Table – 5 compares governmental fund type revenues and expenditures for the current and prior year.

Table - 5
Governmental Fund Type Revenues and Expenditures

	Year Ended June 30		\$	Increase (Decrease)
	2019	2020		%
Revenue by Source:				
Local Tax Levy	\$ 23,383,356	\$ 23,823,735	\$ 440,379	1.9%
Tuition Charges	5,733,507	5,956,990	223,484	3.9%
Other Local Sources	365,461	291,534	(73,927)	-20.2%
Total Local Sources	29,482,324	30,072,259	589,935	2.0%
State Sources	6,063,353	5,815,780	(247,573)	-4.1%
Federal Sources	317,365	330,585	13,220	4.2%
Total Revenues	\$ 35,863,042	\$ 36,218,624	\$ 355,582	1.0%
Function/Program Expenditures:				
Instruction				
Regular programs	\$ 10,797,638	\$ 11,050,209	\$ 252,571	2.3%
Special programs	1,399,621	1,414,256	14,635	1.0%
Other Instructional programs	1,421,873	1,393,549	(28,324)	-2.0%
Support services				
Student services	3,085,209	3,134,656	49,447	1.6%
Tuition	2,540,260	1,818,857	(721,403)	-28.4%
Instructional staff support				
General administration and business services	1,167,747	1,039,616	(128,131)	-11.0%
School administration	699,479	714,693	15,214	2.2%
Plant services	2,574,612	2,745,123	170,511	6.6%
Student transportation	1,401,194	1,290,533	(110,661)	-7.9%
Unallocated benefits	8,280,759	8,433,784	153,025	1.8%
Debt Service				
Principal	1,327,000	1,375,000	48,000	3.6%
Interest and Other Charges	222,129	173,875	(48,254)	-21.7%
Capital Outlay	2,618,412	936,310	(1,682,102)	-64.2%
Total	\$ 37,535,932	\$ 35,520,462	\$ (2,015,471)	-5.4%

The Cost of Governmental Funds Activities (see Table 5, above) this year was \$35.52 million or a 5.4% decrease from the preceding year. The primary drivers for this decrease were capital outlay costs, which decreased by \$1,682,102, support services costs for tuition, which decreased by \$721,403, and increased employee benefit costs of \$153,025. The reported increase in unallocated employee benefits is entirely attributable to an increase in the contributions made by the State of New Jersey into the Teachers' Pension and Annuity Fund and the State Health Benefits Fund on-behalf of the District as required by the state constitution. That increase is also reflected in the year-to-year increase in state aid revenues.

Increased costs were funded by increases in property tax and tuition revenues. As shown on the Statement of Activities (financial statement A-2) our taxpayers ultimately financed \$23.8 million of those activities through property taxes, which reflect only a 2.0 % increase over the prior year. As shown above, \$5.8 million of the revenues, which support governmental activities, were received from the State of New Jersey. Of that amount \$4.61 million represents on-behalf contributions for the district's (employer)

share of TPAF (Teachers' Pension & Annuity Fund) pension, retiree health benefits and employer social security and Medicare contributions as prescribed by state statute.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the school district reported \$38,299,659 invested in a broad range of capital assets, including land, buildings, building improvements, other improvements, vehicles, furniture and equipment. This amount represents a net increase (including additions, trade-ins and retirements) of \$910,490 from the prior year. Table-6 details the composition of capital assets at June 30th of the current and prior year and the net changes for the current year.

Table - 6
Governmental Activity Capital Assets at Year-End

	<u>FY 2019</u>	<u>FY 2020</u>	<u>Increase</u>
Land	\$ 850,560	\$ 850,560	\$ -
Land Improvements	2,072,835	2,285,331	212,496
Buildings and Improvements	30,664,164	30,919,503	255,339
Furniture, Equipment and Vehicles	3,801,610	4,244,265	442,655
Total	<u>\$ 37,389,169</u>	<u>38,299,659</u>	<u>\$ 910,490</u>

Long-Term Debt

At the end of this year, the school district had \$3,950,000 in bonds (Type II debt) outstanding versus \$5,325,000 last year – a decrease of 25.82%. The summary of year-end long-term debt and changes for the 2019-2020 school year is as follows:

Table - 7
Outstanding Long-Term Debt at Year-End

	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2019</u>	<u>2020</u>	<u>(Decrease)</u>
School Serial Bonds Payable	\$ 5,325,000	\$ 3,950,000	\$ (1,375,000)
Other Long Term Debt:			
Net Pension Liability	5,973,637	5,421,112	(552,525)
Compensated Absences Payable	410,326	493,429	83,103
Obligations Under Capital Lease	4,553,702	4,077,266	(476,436)
Unamortized Premium on Bonds	50,250	25,670	(24,580)
Total	<u>\$ 16,312,915</u>	<u>\$ 13,967,477</u>	<u>\$ (2,345,438)</u>

FACTORS AFFECTING THE DISTRICT'S FUTURE

The FY 19-20 operating budget was framed in static economic conditions that are considered "the new normal". 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 an operating budget local levy increase of only 2.00%

In 2010 the district established a Maintenance Reserve account in addition to the previously established Capital Reserve account in order to address both maintenance and capital projects that the district has listed in its Long Range Facility Plan. 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 maintenance needs of the district. Since 2010, the district has supplemented both the Capital Reserve account, Maintenance and Emergency Reserve accounts, and has appropriated, \$3,707,861 for capital, maintenance and emergency projects, including \$207,000 during 2019-20, without the need to issue debt instruments or increase property taxes to provide funding. The Board also set aside additional funds in the amount of \$1,524,653 into its Capital, Maintenance and Emergency reserves at June 30, 2020 for future projects. The district has \$ 2.920 million in reserves as of June 30, 2020. In consideration of the aforementioned reserves, the Northern Highlands Regional High School Board of Education remains financially prudent and proactive in terms of both the maintenance of our facility as well as providing for adequate funding to address these maintenance and capital needs.

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 questions about this report or wish to request additional financial information, contact Sue Anne Mather, Business Administrator/Board Secretary, at Northern Highlands Regional High Board of Education, 298 Hillside Avenue, Allendale, New Jersey 07401.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SECTION - A

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 6,722,527.89	\$ 301,542.01	\$ 7,024,069.90
Receivables, Net	253,288.53	10.15	253,298.68
Internal Balances	144.86	(144.86)	
Inventory		10,838.22	10,838.22
Capital Assets, (Note 4):	22,813,755.09	389,868.51	23,203,623.60
Total Assets	29,789,716.37	702,114.03	30,491,830.40
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension deferrals	1,231,337.00		1,231,337.00
Deferred Amount on Refinancing	5,882.81		5,882.81
Total Deferred Outflows of Resources	1,237,219.81	-	1,237,219.81
<u>LIABILITIES</u>			
Accounts Payable	983,966.32	2,271.03	986,237.35
Accrued Interest Payable	55,620.58		55,620.58
Unearned Revenue		105,768.28	105,768.28
Noncurrent Liabilities (Note 5):			
Due Within One Year	2,071,514.10		2,071,514.10
Due Beyond One Year	6,474,850.82		6,474,850.82
Net Pension Liability	5,421,112.00		5,421,112.00
Total liabilities	15,007,063.82	108,039.31	15,115,103.13
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Deferrals	2,075,223.00		2,075,223.00
Total Deferred Inflows of Resources	2,075,223.00	-	2,075,223.00
<u>NET POSITION</u>			
Net investment in capital assets	14,766,701.98	389,868.51	15,156,570.49
Restricted for:			
Other Purposes	5,527,420.97		5,527,420.97
Unrestricted (Deficit)	(6,349,473.59)	204,206.21	(6,145,267.38)
Total Net Position	\$ 13,944,649.36	\$ 594,074.72	\$ 14,538,724.08

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, 2020

Functions/Programs	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		TOTAL
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 11,066,275.91	\$ -	\$ -	\$ (11,066,275.91)	\$ -	\$ (11,066,275.91)
Special Education	1,297,528.89	-	828,724.00	(468,804.89)	-	(468,804.89)
Other Instruction	1,398,687.32	-	-	(1,398,687.32)	-	(1,398,687.32)
Support Services:						
Tuition	1,818,857.36	-	-	(1,818,857.36)	-	(1,818,857.36)
Student & Instruction Related Services	3,239,185.02	-	25,256.56	(3,213,928.46)	-	(3,213,928.46)
School Administrative Services	734,307.30	-	-	(734,307.30)	-	(734,307.30)
General and Business Administrative Services	975,680.96	-	-	(975,680.96)	-	(975,680.96)
Plant Operations and Maintenance	2,479,680.55	-	77,671.00	(2,402,009.55)	-	(2,402,009.55)
Pupil Transportation	1,288,232.17	-	276,050.00	(1,012,182.17)	-	(1,012,182.17)
Unallocated Benefits	10,287,338.50	-	6,411,952.84	(3,875,385.66)	-	(3,875,385.66)
Interest on Long-Term Debt	274,289.36	-	120,207.00	(154,082.36)	-	(154,082.36)
Unallocated Depreciation and Amortization	1,004,790.00	-	-	(1,004,790.00)	-	(1,004,790.00)
Total Governmental Activities	<u>35,864,853.34</u>	<u>-</u>	<u>7,739,861.40</u>	<u>(28,124,991.94)</u>	<u>-</u>	<u>(28,124,991.94)</u>
Business-Type Activities:						
Food Service	776,437.07	776,865.70	-	-	428.63	428.63
Shared Services	103,775.10	103,775.10	-	-	-	-
Total Business-Type Activities	<u>880,212.17</u>	<u>880,640.80</u>	<u>-</u>	<u>-</u>	<u>428.63</u>	<u>428.63</u>
Total Primary Government	<u>\$ 36,745,065.51</u>	<u>\$ 880,640.80</u>	<u>\$ 7,739,861.40</u>	<u>(28,124,991.94)</u>	<u>428.63</u>	<u>(28,124,563.31)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				22,395,067.00	-	22,395,067.00
Taxes Levied for Debt Service				1,428,668.00	-	1,428,668.00
Federal and State Aid not Restricted				204,987.00	-	204,987.00
Tuition				5,956,990.48	-	5,956,990.48
Investment Earnings				117,176.90	-	117,176.90
Miscellaneous Income				174,356.86	15,000.00	189,356.86
Total General Revenues				<u>30,277,246.24</u>	<u>15,000.00</u>	<u>30,292,246.24</u>
Transfers				<u>(10,886.20)</u>	<u>10,886.20</u>	<u>-</u>
Change in Net Position				<u>2,141,368.10</u>	<u>26,314.83</u>	<u>2,167,682.93</u>
Net Position—Beginning				<u>11,803,281.26</u>	<u>567,759.89</u>	<u>12,371,041.15</u>
Net Position—Ending				<u>\$ 13,944,649.36</u>	<u>\$ 594,074.72</u>	<u>\$ 14,538,724.08</u>

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, 2020

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 6,722,527.77	\$	\$	\$ 0.12	\$ 6,722,527.89
Interfund Receivable	28,116.39				28,116.39
Receivables from Other Governments	218,031.00	17,731.56			235,762.56
Other Accounts Receivable	7,286.00				7,286.00
Total Assets	<u>\$ 6,975,961.16</u>	<u>\$ 17,731.56</u>	<u>\$ -</u>	<u>\$ 0.12</u>	<u>\$ 6,993,692.84</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 643,935.90	\$	\$	\$	\$ 643,935.90
Interfund Payable	12,421.42	17,731.56			30,152.98
Total Liabilities	<u>656,357.32</u>	<u>17,731.56</u>	<u>-</u>	<u>-</u>	<u>674,088.88</u>
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	1,396,289.01				1,396,289.01
Excess Surplus - Prior Year - Designated for Subsequent Year Expenditures	1,211,460.72				1,211,460.72
Emergency Reserve	199,575.00				199,575.00
Maintenance Reserve	543,429.00				543,429.00
Capital Reserve	730,317.24				730,317.24
Capital Reserve - Designated for Subsequent Year Expenditures	1,446,350.00				1,446,350.00
Assigned to:					
Year End Encumbrances	158,349.43				158,349.43
Debt Service				0.12	0.12
Unassigned:					
General Fund	<u>633,833.44</u>				<u>633,833.44</u>
Total Fund Balances	<u>6,319,603.84</u>	<u>-</u>	<u>-</u>	<u>0.12</u>	<u>6,319,603.96</u>
Total Liabilities and Fund Balances	<u>\$ 6,975,961.16</u>	<u>\$ 17,731.56</u>	<u>\$ -</u>	<u>\$ 0.12</u>	<u>\$ 6,993,692.84</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, 2020

Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:		
Total Fund Balances reported on Governmental Funds Balance Sheet (B-1)	\$	6,319,603.96
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 \$38,299,659.09 and the accumulated depreciation is \$15,485,904.00. (Note 4)		22,813,755.09
Long-term liabilities, including Bonds Payable, Capital Lease Obligations, and the value of compensated absences earned but unused are not due and payable in the current period and therefore are not reported as liabilities in the funds. (Note 5)		(8,520,695.41)
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.		(55,620.58)
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 position and amortized over the life of the bonds. The carrying value of bond premiums is \$668,860.70 and the accumulated amortization is \$643,191.19.		(25,669.51)
The Net Pension Liability, and associated Deferred Inflows and Outflows of Resources of the District relating to its participation in the PERS system are not recognized in the funds using the current financial resources measurement focus, but are recognized in the statement of net position using the economic resources measurement focus. The decrease in net position is \$6,592,607.		
The carrying amounts of the individual components are as follows:		
Deferred Outflows of Resources:		
Change in Pension Assumptions		541,318.00
Difference in Pension Experience		97,302.00
Difference in Pension Earnings		-
Change in Proportion/Proportionate Share		265,108.00
Pension Payment Subsequent to Measurement Date		327,609.00
Accounts Payable for Pension Expense		(327,609.00)
Net Pension Liability		(5,421,112.00)
Deferred Inflows of Resources:		
Change in Pension Assumptions		(1,881,651.00)
Change in Pension Proportion		(84,050.00)
Difference in Pension Experience		(23,948.00)
Difference in Pension Earnings		(85,574.00)
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 position and amortized over the life of the Bonds. The Deferred Amount from Refunding is \$529,282 and accumulated amortization is \$523,400.		5,882.81
		<u>5,882.81</u>
Net position of governmental activities	\$	<u>13,944,649.36</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, 2020

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Local Tax Levy	\$ 22,395,067.00	\$ -	\$ -	\$ 1,428,668.00	\$ 23,823,735.00
Tuition	5,956,990.48				5,956,990.48
Other Local Sources	291,031.51		502.25		291,533.76
State Sources	5,695,572.84			120,207.00	5,815,779.84
Federal Sources		330,584.56			330,584.56
Total Revenues	34,338,661.83	330,584.56	502.25	1,548,875.00	36,218,623.64
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	11,050,209.06				11,050,209.06
Special Education Instruction	1,113,084.00	301,172.00			1,414,256.00
Other Instruction	1,393,549.33				1,393,549.33
Support Services and Undistributed Costs:					
Tuition	1,818,857.36				1,818,857.36
Student & Instruction Related Services	3,109,399.79	25,256.56			3,134,656.35
School Administrative Services	714,693.27				714,693.27
Other Administrative Services	1,039,615.91				1,039,615.91
Plant Operations and Maintenance	2,745,122.95				2,745,122.95
Pupil Transportation	1,290,532.77				1,290,532.77
Unallocated Benefits	8,429,627.50	4,156.00			8,433,783.50
Debt Service:					
Principal				1,375,000.00	1,375,000.00
Interest				173,875.00	173,875.00
Capital Outlay	200,771.50		735,538.57		936,310.07
Total Expenditures	32,905,463.44	330,584.56	735,538.57	1,548,875.00	35,520,461.57
Excess (Deficiency) of Revenues over Expenditures	1,433,198.39	-	(735,036.32)	-	698,162.07
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	7,153.78		196,021.25		203,175.03
Transfers out	(206,907.45)		(7,153.78)		(214,061.23)
Total Other Financing Sources and Uses	(199,753.67)	-	188,867.47	-	(10,886.20)
Net Change in Fund Balances	1,233,444.72	-	(546,168.85)	-	687,275.87
Fund Balance—Beginning	5,086,159.12	-	546,168.85	0.12	5,632,328.09
Fund Balance—Ending	\$ 6,319,603.84	\$ -	\$ -	\$ 0.12	\$ 6,319,603.96

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 BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds (from B-2)		\$ 687,275.87
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
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. This is the amount by which depreciation exceeded capital outlays in the period.		
	Depreciation expense	\$ (1,196,327.00)
	Capital outlays	<u>910,490.07</u>
		(285,836.93)
The repayment of the principal of long-term debt, including capital lease obligations, consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.		
		1,851,436.00
Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.		
	Amortization of Premium on Bonds	24,580.05
	Amortization of Deferred Accounting Loss	<u>(965.02)</u>
		23,615.03
In the statement of activities, interest on long-term debt/capital leases is accrued, regardless of when due. In the governmental funds, interest is reported when due.		
		3,052.13
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).		
		(83,103.00)
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		
	Pension expense	<u>(55,071.00)</u>
Change in net position of governmental activities (A-2)		<u><u>\$ 2,141,368.10</u></u>

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

PROPRIETARY FUNDS

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES		
	MAJOR FUND	NON-MAJOR FUND	TOTAL ENTERPRISE FUND
	FOOD SERVICE	SHARED SERVICES	
<u>ASSETS</u>			
Current assets:			
Cash and Cash Equivalents	\$ 242,599.54	\$ 58,942.47	\$ 301,542.01
Accounts Receivable (Net)	10.15		10.15
Inventories	10,838.22		10,838.22
Total Current Assets	<u>253,447.91</u>	<u>58,942.47</u>	<u>312,390.38</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	655,124.51		655,124.51
Less Accumulated Depreciation	<u>(265,256.00)</u>		<u>(265,256.00)</u>
Total Noncurrent Assets	<u>389,868.51</u>	-	<u>389,868.51</u>
Total Assets	<u>643,316.42</u>	<u>58,942.47</u>	<u>702,258.89</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	2,271.03		2,271.03
Interfund Loans Payable	144.86		144.86
Unearned Revenue	<u>51,455.38</u>	<u>54,312.90</u>	<u>105,768.28</u>
Total Current Liabilities	<u>53,871.27</u>	<u>54,312.90</u>	<u>108,184.17</u>
<u>NET POSITION</u>			
Investment in Capital Assets	389,868.51		389,868.51
Unrestricted	<u>199,576.64</u>	<u>4,629.57</u>	<u>204,206.21</u>
Total Net Position	<u>\$ 589,445.15</u>	<u>\$ 4,629.57</u>	<u>\$ 594,074.72</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 CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES		
	MAJOR FUND	NON-MAJOR FUND	TOTAL ENTERPRISE FUND
	FOOD SERVICE	SHARED SERVICES	
Operating Revenues:			
Charges for Services:			
Daily Sales - Non-reimbursable Programs	\$ 776,865.70	\$	\$ 776,865.70
Charges and Fees		103,775.10	103,775.10
Total Operating Revenues	776,865.70	103,775.10	880,640.80
Operating Expenses:			
Cost of Sales	359,519.98		359,519.98
Salaries	213,248.71	85,837.72	299,086.43
Employee Benefits	70,477.83	10,755.37	81,233.20
Insurance	20,423.16		20,423.16
Administrative Expenses	9,066.66		9,066.66
Purchased Services	5,095.64		5,095.64
Contracted Services		4,125.00	4,125.00
Repairs & Maintenance	11,922.79		11,922.79
Travel		230.88	230.88
Miscellaneous		686.62	686.62
General Supplies	10,118.46	2,139.51	12,257.97
Management Fee	28,327.84		28,327.84
Depreciation	48,236.00		48,236.00
Total Operating Expenses	776,437.07	103,775.10	880,212.17
Operating Income	428.63	-	428.63
Other Financing Sources:			
Refund of Prior Period Expense	15,000.00	-	15,000.00
Operating Transfers In	10,886.20	-	10,886.20
Total Other Financing Sources	25,886.20	-	25,886.20
Change in Net Position	26,314.83	-	26,314.83
Total Net Position—Beginning	563,130.32	4,629.57	567,759.89
Total Net Position—Ending	\$ 589,445.15	\$ 4,629.57	\$ 594,074.72

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES		
	MAJOR FUND	NON-MAJOR FUND	TOTAL ENTERPRISE FUND
	FOOD SERVICE	SHARED SERVICES	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from Customers	\$ 802,336.54	\$ 151,781.23	\$ 954,117.77
Payments to Employees	(3,630.00)	(85,837.72)	(89,467.72)
Payments for Employee Benefits		(10,755.37)	(10,755.37)
Payments to Food Service Mgmt. Co.	(712,378.63)		(712,378.63)
Payments for Services	(11,922.79)	(20,640.00)	(32,562.79)
Payments to Suppliers	(14,193.46)	(3,057.20)	(17,250.66)
Net Cash Provided by Operating Activities	<u>60,211.66</u>	<u>31,490.94</u>	<u>91,702.60</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Refund of Prior Period Expense	15,000.00		15,000.00
Interfund Loans	(625.07)		(625.07)
Operating Transfers In	10,886.20	-	10,886.20
Net Cash Provided by Non-capital Financing Activities	<u>25,261.13</u>	<u>-</u>	<u>25,261.13</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Purchases of capital assets	(183,103.43)	-	(183,103.43)
Net Cash (Used For) Capital And Related Financing Activities	<u>(183,103.43)</u>	<u>-</u>	<u>(183,103.43)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(97,630.64)	31,490.94	(66,139.70)
Balances—Beginning of Year	<u>340,230.18</u>	<u>27,451.53</u>	<u>367,681.71</u>
Balances—End of Year	<u>\$ 242,599.54</u>	<u>\$ 58,942.47</u>	<u>\$ 301,542.01</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 428.63	\$ -	\$ 428.63
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	48,236.00		48,236.00
Decrease in Accounts Receivable	26.34		26.34
(Increase) in Inventory	(7,715.41)		(7,715.41)
Increase in Unearned Revenue	25,444.50	31,490.94	56,935.44
(Decrease) in Accounts Payable	(6,208.40)		(6,208.40)
Total Adjustments	<u>59,783.03</u>	<u>31,490.94</u>	<u>91,273.97</u>
Net Cash Provided by Operating Activities	<u>\$ 60,211.66</u>	<u>\$ 31,490.94</u>	<u>\$ 91,702.60</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 POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Agency Funds	Expendable Trust Funds Employee Benefit Trust Fund
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 581,906.41	\$ 108,155.98
Interfund Accounts Receivable	10,098.84	2,322.58
Total Assets	\$ 592,005.25	110,478.56
<u>LIABILITIES</u>		
Liabilities:		
Interfund Accounts Payable	\$ 6,336.25	3,903.72
Payroll Deductions and Withholdings	150,111.88	
Due to Student Groups	435,557.12	
Total Liabilities	\$ 592,005.25	3,903.72
<u>NET POSITION</u>		
Reserved for:		
Unemployment Compensation Insurance		106,574.84
Total Net Position	\$ -	\$ 106,574.84

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 POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

		Expendable Trust Funds
		<u>Employee Benefit Trust Fund</u>
<u>ADDITIONS:</u>		
Deductions from Employees' Salaries	\$	49,951.81
Federal Cares Act Contributions		2,322.58
Total Additions		<u>52,274.39</u>
 <u>DEDUCTIONS:</u>		
Unemployment Benefits		<u>57,091.17</u>
Total Deductions		<u>57,091.17</u>
Change in Net Position		<u>(4,816.78)</u>
Net Position - Beginning		<u>111,391.62</u>
Net Position - Ending	\$	<u><u>106,574.84</u></u>

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

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) of the Board of Education (Board) of the Northern Highlands Regional High School District (District) report information on all of the nonfiduciary activities of the primary government only. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The District is not financially accountable for any legally separate component units, and no component units have been included in the government-wide financial statements.

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

B. 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 a Regional Type II district located in the County of Bergen, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of ten members, including a member from the Borough of Ho-Ho-Kus, elected to staggered three-year terms. The Board of Education 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 1,398 students in grades 9-12 for the 2019-2020 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.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. Any remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

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.

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 State of New Jersey Aid, 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. These resources can be transferred from and to Current Expense by board resolution.

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

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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

D. Basis of Presentation - Fund Financial Statements (Cont'd.)

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. State Aid in the form of Economic Development Authority Grants under EFCFA are also financial resources of this fund.

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.

The District reports the following proprietary funds:

Food Service Fund – The Food Service Enterprise Fund is used to account for the activities of the cafeteria operations of the District. The Food Service Fund is considered a major fund of the District.

Shared Services Fund – The Shared Services Enterprise Fund is used to account for the costs and related contributions for multi-district services for which the Northern Highlands Regional High School District serves as the lead agency.

The District also reports the following fiduciary fund types:

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.

Interfund Activity - During the course of its normal operations, the District will have activity between funds (interfund activity) for various purposes. Any residual interfund balances at year-end are reported as interfund accounts receivable/payable. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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

D. Basis of Presentation - Fund Financial Statements (Cont'd.)

Balances between funds included within governmental activities (the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, any interfund balances between business-type (enterprise) funds are eliminated so that only the net amount is included as internal balances in the business-type activities columns.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting refers to the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the fiscal period that the taxes are levied by the municipality(s) within which the District is domiciled. 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 recognizes the entire approved tax levy as revenue in the fiscal period for which they were levied. The District is entitled to receive moneys under an established payment schedule and any unpaid amount is considered to be an "accounts receivable". Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. State categorical aid and extraordinary aid revenues are recognized as District revenue during the fiscal period in which they are appropriated by the State of New Jersey.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual basis accounting.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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

E. Measurement Focus and Basis of Accounting (Cont'd.)

Exceptions to this general rule include debt service, for which interest and principal expenditures in the Debt Service Fund are recognized on their due dates, and expenditures relating to compensated absences, claims and judgments, which are recorded in the period when payment becomes due. Capital asset acquisitions are recorded as expenditures in the governmental funds and are not capitalized. The issuance of long-term debt for capital purposes and capital lease obligations incurred to acquire general capital assets are reported as "other financing sources".

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. Entitlements are recorded as revenue when all eligibility requirements, including timing of funding appropriations, are met, subject to the 60-day availability requirement for collection.

Interest and tuition revenues are considered susceptible to accrual and have been recognized as revenues of the current fiscal period, subject to availability. Expenditure driven grant revenues are recorded as qualifying expenditures are incurred and all other eligibility requirements have been met, subject to availability requirements. All other revenue items are considered measurable and available only when cash is received by the District.

The District's proprietary funds, employee benefit trust fund and private purpose scholarship trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

F. Budgets/Budgetary Control:

Annual budgets are adopted for the general, special revenue and debt service funds using a regulatory basis of accounting which differs from generally accepted accounting principles in one material respect; Budgetary revenues for certain nonexchange state aid transactions are recognized for budgetary purposes in the fiscal period prior to the period in which the state recognizes expenditures/expenses.

The amounts of the adjustments needed to reconcile the budgetary basis to the GAAP based fund financial statements is set forth in the explanation of differences schedules which follow.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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

F. Budgets/Budgetary Control (Cont'd):

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. Pursuant to changes in the Local District School Budget Law, statutorily conforming base budgets of Districts with annual school elections held in November (The District has chosen this option) are no longer required to be presented to the voters for approval 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. New Jersey statutes place limits on the Board's ability to increase budgeted expenditures through the appropriation of previously undesignated fund balance and requires the District to obtain additional approvals when budgetary transfers, measured using the advertised budgetary account totals rather than line-item totals, exceed certain thresholds or are proposed for transfer from operating line-items to capital outlay line items.

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 certain state aid payments 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.

Appropriations in the general and debt service funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances, for which the contracted performance is expected during the subsequent budget cycle, are legally restricted at year-end and are automatically re-appropriated and become part of the subsequent years' budget pursuant to state regulations.

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.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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

G. 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, which are generally based on quoted market prices.

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.

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 amended 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.

H. Tuition Revenue

Tuition revenues for the fiscal year 2019-2020 were based on contractual per pupil rates established by and between the sending and receiving districts. These rates are not subject to change except through amendatory contracts.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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

I. 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. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond June 30, 2020 are recorded as prepaid items in both the government-wide and fund financial statements.

J. 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.

K. Capital Assets:

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value on the date of donation. The District maintains a threshold level of \$2,000.00 or more of initial, individual cost 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 purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

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

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 statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	5-20 Years
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**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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

L. 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 in the government-wide financial statements 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. Changes in the value of compensated absences earned and unused is more fully detailed in Note 5.

M. Pensions

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

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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

N. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recorded as an outflow of resources (expenditure/expense) until that time. The District is reporting five items in this category; The Deferred Amount on Refunding, and Pension related items including the Change in Pension Assumptions, Difference in Pension Experience, Change in Proportion/Proportionate Share and the amounts of pension payments made by the District subsequent to the pension measurement date.

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding bonds. The pension related deferred outflows represent future outflows of resources resulting from changes in actuarial assumptions used in the valuation of the pension liability, differences between actual and anticipated pension experience, and the change in the District's proportionate share of the net pension obligation of the system. Deferred outflows for Subsequent Pension Payments reflects payments made by the District to the pension system subsequent to the date of the most recent measurement date, which was June 30, 2019.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents the acquisition of net position that applies to a future period(s) and will not be recorded as an inflow of resources (revenue) until that time. The District is reporting four pension related items in this category, the Change in Pension Proportion, the Difference in Pension Earnings, the Difference in Pension Experience and the Change in Pension Assumptions. These items represent the favorable impact of a decline in the District's proportionate share of system wide net pension liability and the favorable impact of changes in actuarial assumptions, and better-than expected investment earnings and pension experience used in the valuation of the pension liability, respectively.

O. Unearned Revenue/Advances from Grantors:

Unearned revenue represents cash advances received relating to services (expenditures/expenses) that will be provided in a subsequent fiscal period. Similarly, for expenditure-driven grants, amounts advanced to the District in excess of the amounts expended and earned are recorded as advances from grantors.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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

P. Other Post-Employment Benefits:

Pursuant to State Statute, the State Health Benefits Local Education Retirees Employees' Plan was established to oversee the funding and payment of post-employment medical benefits for eligible LEA employees. This plan is a multi-employer defined benefit OPEB Plan that is administered on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75. The Plan is a "Special Funding Situation" as defined in GASB Statement No. 75 as the State of New Jersey is solely responsible for funding the Plan's obligations (net of employee contributions). Accordingly, no net OPEB liability is reported on the District's Statement of Net Position. In the Statement of Activities, the District reports an annual OPEB expense and a corresponding revenue, equal to the allocated expense of the District as reported by the State.

Q. Net Position Flow Assumption (Government-Wide and Proprietary Fund Financial Statements)

Periodically, the District may fund outlays for a particular purpose from both restricted resources, such as bond referendum proceeds and/or grant proceeds, and unrestricted resources. To determine the amounts of net position- restricted and unrestricted that should be reported in the government-wide and proprietary fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied. In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted net position prior to applying unrestricted net position to fund acquisition costs.

R. Fund Balance Flow Assumption (Governmental Fund Financial Statements)

Periodically, the District may fund outlays for a particular purpose from both restricted resources and unrestricted resources (the total of the committed, assigned and unassigned fund balance). To determine the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made to establish the order in which resources are considered to be applied.

In the absence of specific grant compliance requirements to the contrary, the District policy is to utilize all amounts of available restricted fund balance prior to applying any component of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, with unassigned fund balance applied last.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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

S. Fund Balance Policies:

Fund balance of the governmental funds is reported in various categories based upon the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through actions to transfer amounts to legally restricted reserve accounts (capital, maintenance and emergency reserves), or actions to commit or assign fund balance.

The committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the Board of Education. Commitments of fund balance remain in place until the committed fund balance is fully depleted or an amendatory action is taken by the Board of Education.

Assignments of fund balance are made by the Board of Education for specific purposes that do not the criteria to be classified as committed. The Board of education also assigns fund balance when it appropriates unrestricted/unassigned fund balance to bridge a gap between estimated revenue and appropriations in the subsequent year budget. Unlike commitments, assignments are generally temporary in nature, and additional actions of the Board are generally not required to remove an assignment, whereas an action of the Board is essential to the modification or elimination of an unexpended committed fund balance.

T. Government-Wide Financial Statement Classifications

1. Program Revenues – Amounts reported as program revenues include a) charges to customers or applicants who purchase, use or benefit from goods services or privileges provided by a given function or segment and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.
2. General Revenues – all taxes, including those designated for specific purposes such as debt service, are reported as general revenues. All other resources, including internally dedicated resources, unrestricted entitlements, and investment income are reported as general revenues.
3. Capital Assets – In the statement of net position, capital assets are reported, net of accumulated depreciation as assets of the governmental activities and business-type activities.
4. Long-term Debt - In the statement of net position, long-term debt is reported as a component of long-term liabilities of the governmental activities and business-type activities.
5. Net Investment in Capital Assets – In the statement of Net Position, the net undepreciated value of capital assets, less the value of outstanding debt issued to purchase acquire or build those capital assets, is reported as Net Investment in Capital assets as a component of net position for the governmental activities and business-type activities.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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

U. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and products in connection with the primary purpose or function for which the fund was established. The District's Food Service proprietary fund reports operating revenues from the sales of lunches and a la carte items, and operating expenses include the costs of sales (food, supplies and labor), administrative costs and depreciation on capital assets. Revenues earned through the District's participation in the National School Lunch Program (NSLP) would be classified as nonoperating revenues, notwithstanding the limitations on the pricing of Type A student lunches that is required for program participation. The district does not participate in the NSLP.

V. Recently Issued Accounting Pronouncements to be implemented in Future Years

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Due to the COVID-19 pandemic, the effective date has been postponed by one year. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Due to the COVID-19 pandemic, the effective date has been postponed by eighteen months. Management has not determined the impact of the Statement on the financial statements.

W. 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, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and any such differences may be material (See Note 17)

X. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2020 through February 3, 2021, the date that the financial statements were issued, for possible disclosure and recognition in the accompanying financial statements, and no items have come to the attention of the District which would require disclosure or recognition.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Operating cash accounts are held in the District’s name by one institution. At June 30, 2020 the carrying amount of the District’s bank balance was \$7,874,438.90.

The District 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>7,912,427.97</u>
Total Deposits	\$ <u>8,162,427.97</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. At June 30, 2020, the District’s carrying amount of deposits was \$7,874,438.90. Based upon NJGUDPA, as of June 30, 2020, \$178,954.84 of the Board’s bank balance of \$8,162,427.97 was exposed to custodial risk. (See Note 1-G. relating to statutory mitigation of custodial risk in the event of a bank failure).

Pursuant to GASB Statement No. 40, “Deposit and Investment Risk Disclosures” (“GASB 40”), the District’s operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution’s trust department or agent but not in the government’s name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District’s deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 3. CAPITAL ASSETS AND DEPRECIATION

The governmental fund balance sheet includes a reconciliation between fund balance- total governmental funds and net positioned-governmental activities as reported in the District-wide statement of net position. One item of that reconciliation explains that capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. An addition to the fund balance - total governmental funds is made to reflect the carrying value of the District's capital assets at year-end in the District-wide financial statements, which consisted of:

Total capital assets at cost	\$ 38,299,659.09
Less: accumulated depreciation	<u>(15,485,904.00)</u>
Government Activities Capital Assets, Net	<u><u>\$ 22,813,755.09</u></u>

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 850,560.00	\$ -	\$ -	\$ 850,560.00
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>850,560.00</u>	<u>-</u>	<u>-</u>	<u>850,560.00</u>
Land Improvements	2,072,834.79	212,496.00		2,285,330.79
Building and Building Improvements	30,664,164.00	255,339.07		30,919,503.07
Machinery, Equipment, Furniture & Vehicles	<u>3,801,610.23</u>	<u>442,655.00</u>	<u>-</u>	<u>4,244,265.23</u>
Totals at Historical Cost	<u>36,538,609.02</u>	<u>910,490.07</u>	<u>-</u>	<u>37,449,099.09</u>
Less Accumulated Depreciation For:				
Land Improvements	(630,588.00)	(92,929.00)		(723,517.00)
Building and Building Improvements	(10,433,121.00)	(911,861.00)		(11,344,982.00)
Machinery, Equipment, Furniture & Vehicles	<u>(3,225,868.00)</u>	<u>(191,537.00)</u>	<u>-</u>	<u>(3,417,405.00)</u>
Total Accumulated Depreciation	<u>(14,289,577.00)</u>	<u>(1,196,327.00)</u>	<u>-</u>	<u>(15,485,904.00)</u>
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	<u>22,249,032.02</u>	<u>(285,836.93)</u>	<u>-</u>	<u>21,963,195.09</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 23,099,592.02</u></u>	<u><u>\$ (285,836.93)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 22,813,755.09</u></u>
Business-type Activities				
Equipment	472,021.08	183,103.43		655,124.51
Less Accumulated Depreciation for:				
Equipment	<u>(217,020.00)</u>	<u>(48,236.00)</u>	<u>-</u>	<u>(265,256.00)</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 255,001.08</u></u>	<u><u>\$ 134,867.43</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 389,868.51</u></u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 27,194.00
Student & Instr. Related services	91,273.00
School Administrative Services	49,935.00
Plant Operations & Maintenance	28,130.00
Pupil Transportation	28,845.00
Unallocated	<u>970,950.00</u>
Total depreciation expense	<u><u>\$ 1,196,327.00</u></u>

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 4 : LONG-TERM LIABILITIES

The governmental fund balance sheet includes a reconciliation between fund balance- total governmental funds and net position governmental activities as reported in the District-wide statement of net position. One item of that reconciliation explains that long-term liabilities, including bonds and judgments payable, are not due and payable in the current period and therefore are not reported liabilities in the governmental funds. A deduction to the fund balance - total governmental funds is made to reflect the carrying value of the District's long-term liabilities at year-end in the governmental activities of the District-wide financial statements.

Long-term debt liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$ 5,325,000.00	\$ _____	\$ 1,375,000.00	\$ 3,950,000.00	\$ 1,420,000.00
Total Bonds Payable	<u>5,325,000.00</u>	<u> </u>	<u>1,375,000.00</u>	<u>3,950,000.00</u>	<u>1,420,000.00</u>
Other Liabilities:					
Obligations Under Capital Lease	4,553,702.41		476,436.00	4,077,266.41	583,595.00
Compensated Absences Payable	<u>410,326.00</u>	<u>87,626.00</u>	<u>4,523.00</u>	<u>493,429.00</u>	<u>49,342.90</u>
Total Other Liabilities	<u>4,964,028.41</u>	<u>87,626.00</u>	<u>480,959.00</u>	<u>4,570,695.41</u>	<u>632,937.90</u>
Subtotal Bonds and Other Liabilities	10,289,028.41	87,626.00	1,855,959.00	8,520,695.41	2,052,937.90
Bond Premiums/(Discount)	50,249.57		24,580.06	25,669.51	18,576.20
Net Pension Liability (PERS)	<u>5,973,637.00</u>	<u> </u>	<u>552,525.00</u>	<u>5,421,112.00</u>	<u> </u>
 Total Liabilities	 <u>\$ 16,312,914.98</u>	 <u>\$ 87,626.00</u>	 <u>\$ 2,433,064.06</u>	 <u>\$ 13,967,476.92</u>	 <u>\$ 2,071,514.10</u>

The District expects to liquidate the compensated absences, capital leases and net pension liabilities with payments made from the District's general fund and the bonds payable from the debt service fund.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 4. LONG-TERM LIABILITIES (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.

a.) 2011 Refunding School Bonds, originally issued March 24, 2011 in the amount of \$9,580,000. The outstanding balance of this issue at June 30, 2020 was \$2,265,000, which is payable in annual installments due December 15, 2020 through December 15, 2022 at interest rates ranging from 4.000% to 4.250%.

b.) 2013 School Bonds, originally issued December 10, 2013 in the amount of \$2,760,000. The outstanding balance of this issue at June 30, 2020 was \$1,685,000, which is payable in annual installments due November 15, 2020 through November 15, 2024 at interest rates ranging from 2.000% to 3.000%.

Principal and interest due on bonds outstanding as at June 30, 2020 is as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,420,000.00	\$ 224,875.00	\$ 1,644,875.00
2022	1,480,000.00	124,175.00	1,604,175.00
2023	340,000.00	24,912.50	364,912.50
2024	350,000.00	16,050.00	366,050.00
2025	<u>360,000.00</u>	<u>5,400.00</u>	<u>365,400.00</u>
	<u>\$ 3,950,000.00</u>	<u>\$395,412.50</u>	<u>\$ 4,345,412.50</u>

B. Bonds Authorized But Not Issued -- As of June 30, 2020, the District had no authorized but not issued bonds.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 4. LONG-TERM LIABILITIES (CONT'D.)

C. Other Authorized Debt for Capital Leases

During the 2016-17 fiscal year, the District entered into Lease-Purchase Agreements for a School Bus, Transportation and Maintenance Vehicles, Phone System, Athletic Lighting and Sound System and Energy Savings Improvement Program. During the 2017-18 fiscal year, the District entered into a Lease-Purchase Agreement for Field Lighting Improvements for the amount of \$121,000. A summary of the Lease Purchase Agreements in effect during the current fiscal year and year-end status is as follows:

<u>Purpose</u>	<u>Date of Lease</u>	<u>Amount of Lease</u>	<u>Balance End Of Year</u>	<u>Interest Rate</u>	<u>Final Payment</u>
Acquis. of Sch. Bus	11/29/2016	\$ 107,388	\$ 22,059	2.803%	12/22/2020
Acquis. of Vehicles	6/30/2017	104,795	18,178	2.594%	6/30/2021
Phone System	2/17/2017	207,800	41,433	2.399%	2/17/2021
Lighting/Sound	5/12/2017	475,000	192,784	2.990%	7/15/2021
ESIP	12/22/2016	4,031,000	3,511,000	2.418%	7/22/2032
Lighting Program	4/2/2018	121,000	37,684	2.630%	7/15/2021
Comp. Equip. & Veh.	5/20/2019	<u>321,000</u>	<u>254,128</u>	2.492%	7/15/2023
		<u>\$ 5,368,163</u>	<u>\$ 4,077,266</u>		

Principal and interest due on capital lease obligations outstanding as at June 30, 2020 is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 489,761	\$ 96,120	\$ 585,881
2022	391,315	85,158	476,473
2023	318,294	75,760	394,054
2024	287,896	68,222	356,118
2025	234,000	61,248	295,248
2026	246,000	55,505	301,505
2027	259,000	49,460	308,460
2028	272,000	43,125	315,125
2029	286,000	36,476	322,476
2030	300,000	29,451	329,451
2031	315,000	22,076	337,076
2032	330,000	14,399	344,399
2033	<u>348,000</u>	<u>4,207</u>	<u>352,207</u>
	<u>\$4,077,266</u>	<u>\$641,207</u>	<u>\$4,718,473</u>

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION PLANS

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System 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 Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION PLANS (CONT'D.)

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS are 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the 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 Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2020, the State of New Jersey contributed \$2,626,738 to the TPAF for normal costs of pension on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$941,932 during the year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included as both revenues and expenditures in the government-wide and fund financial statements.

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2020, 2019, and 2018 was \$292,652, \$293,828 and \$303,021, respectively, equal to the required contributions for each year.

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

School Board Contributions are due and payable in the fiscal period subsequent to the plan year for which the contributions requirements were calculated.

The vesting and benefit provisions are set by N.J.S.A. 43:15. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) (CONT'D).

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 with 25 or more years of service credit and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with his/her respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the School Board reported a liability of \$5,421,112 for its proportionate share of the net pension liability. The net pension liability was determined by actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the Boards proportion was 0.0300863950%, which was a decrease of 0.000252803% from its proportion measure as of June 30, 2018.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

For the year ended June 30, 2020, the Board recognized PERS pension expenses of \$351,017 in its governmental activities. At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Changes in Assumptions	\$ 541,318	\$ 1,881,651
Changes in Pension Proportion	265,108	84,000
Difference Projected vs. Actual Earnings	-	85,574
Difference Projected vs. Actual Experience	97,302	23,948
District contributions subsequent to the measurement date	327,609	
 Total	 \$1,231,337	 2,075,223

The \$327,609 of deferred outflows of resources resulting from the Boards contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense by PERS as follows:

Year ending <u>June 30,</u>	
2021	\$ (69,344)
2022	(416,668)
2023	(426,796)
2024	(234,268)
2025	(24,418)
Total	\$(1,171,495)

Actuarial Assumptions - The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation	2.75%
Wage	3.25%
Salary Increases: Through 2026	2.00-6.00% Based on years of service
Thereafter	3.00-7.00% Based on years of service
Investment rate of return	7.00%

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION PLANS (CONT'D)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION PLANS (CONT'D)

Description of Plans (Cont'd)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2019 are summarized in the following table:

2020		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. treasuries	5.00%	2.86%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	<u>100%</u>	

Discount Rate – The discount rate used to measure the pension liabilities of PERS was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION PLANS (CONT'D)

Description of Plans (Cont'd)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CONT'D)

Sensitivity of Collective Net Pension Liability to Changes in the Discount Rate – the following presents the collective net pension liability of PERS participating employers, as well as the District's attributed share of that liability, as of June 30, 2019, calculated using the discount rates as disclosed above as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease (<u>5.28%</u>)	At current discount rate (<u>6.28%</u>)	At 1% increase (<u>7.28%</u>)
State	\$27,475,719,181	\$23,012,420,340	\$20,102,167,445
Local	<u>22,918,608,260</u>	<u>18,143,832,135</u>	<u>14,102,406,763</u>
PERS Plan Total	<u>\$49,394,327,441</u>	<u>\$41,156,252,475</u>	<u>\$34,222,574,208</u>
Northern Highlands	<u>\$6,847,745</u>	<u>\$5,421,112</u>	<u>\$4,218,971</u>

Components of Net Pension Liability – The components of the collective net pension liability for PERS, including the State of New Jersey, at June 30, 2019 is as follows:

	State	Local	Total
Total Pension Liability	\$39,512,766,255	\$41,491,463,886	\$71,004,230,141
Plan Fiduciary Net Position	<u>6,500,345,915</u>	<u>23,347,631,751</u>	<u>29,847,977,666</u>
Net Pension Liability	<u>\$23,012,420,340</u>	<u>\$18,143,832,135</u>	<u>\$41,156,252,475</u>

Collective balances of the local group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 3,149,522,616
Deferred inflows of resources	7,645,087,574
Net pension liability	18,143,832,135
District's proportion	0.0300863950%

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION PLANS (CONT'D)

Description of Plans (Cont'd)

Collective pension expense for the plan for the measurement period ended June 30, 2019 is \$974,471,686.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2019, 2018, 2017, 2016, 2015 and 2014 is 5.21, 5.63, 5.48, 5.57 and 5.72 years, respectively.

B. TEACHERS PENSION AND ANNUITY FUND – SPECIAL FUNDING SITUATION

The Teachers' Pension and Annuity Fund is a cost-sharing, multiple employer defined benefit pension plan with a special funding situation as defined in GASB Statement No. 68, by which the State of New Jersey (State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the TPAF Plan are as follows:

Plan Membership and Contributing Employers- Substantially all teachers or members of the professional staff of Local Education Agencies that are certified by the State Board of Examiners, and Employees of the Department of Education who have titles that are unclassified, professional and certified are enrolled in the TPAF.

In addition to the State, who is the sole payer of regular employer contributions to the fund, TPAF's contributing employers include boards of education who elected to participate in the Early Retirement Incentive Program (ERIP) and are legally responsible to continue to pay towards their incurred liability.

Vesting Provisions - The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION PLANS (CONT'D)

Description of Plans (Cont'd)

B. TEACHERS PENSION AND ANNUITY FUND (CONT'D.)

The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65.

Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Special Funding Situation – Employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, the local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION PLANS (CONT'D):

B. TEACHERS PENSION AND ANNUITY FUND (CONT'D)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The State of New Jersey is solely responsible for funding the normal pension obligations of the TPAF, including 100% of the obligations of LEAs within the State. Accordingly, the District does not report TPAF pension liabilities or deferred inflows and outflows of financial resources in its financial statements. Payments made by the State to the TPAF “on-behalf” of the LEAs are reported to the LEAs and reported as TPAF pension expenditures/expenses as made.

At June 30, 2019, the TPAF reported a net pension liability of \$61,370,943,870 for its Non-State Employer Member Group. The proportionate share of the State of New Jersey’s the net pension liability for the Non Employer Member Group that is attributable to the District was \$72,996,028, or 0.1189423263%.

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.

Actuarial Assumptions- The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.55%
Thereafter	based on years of service 2.75 – 5.65%
Investment rate of return	based on years of service 7.00%

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION PLANS (CONT'D):

B. TEACHERS PENSION AND ANNUITY FUND (CONT'D)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Discount Rate – The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 70% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION PLANS (CONT'D):

B. TEACHERS PENSION AND ANNUITY FUND (CONT'D)

Return on Investments - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) was determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

2019		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	100.00%	

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION PLANS (CONT'D):

B. TEACHERS PENSION AND ANNUITY FUND (CONT'D)

Sensitivity of Net Pension Liability to Changes in the Discount Rate - the following presents the net pension liability of TPAF as of June 30, 2019 calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease <u>(4.60%)</u>	At current Discount rate <u>(5.60%)</u>	At 1% Increase <u>(6.60%)</u>
State's proportionate share of the net pension liability associated with the District	\$86,078,474	\$72,996,028	\$62,141,730

Components of Net Pension Liability – The components of the net pension liability for TPAF, including the State of New Jersey, at June 30, 2019 is as follows:

Total pension liability	\$ 84,215,846,719
Plan fiduciary net position	<u>22,696,734,276</u>
Net pension liability	<u>\$ 61,519,112,443</u>
Plan fiduciary net position as a percentage of the total pension liability	26.95%

Additional Information – Collective balances at June 30, 2019 were as follows:

Collective Deferred Outflows of Resources	\$ 10,129,162,237
Collective Deferred Inflows of Resources	17,736,240,054
State's Total Non-employer Net Pension Liability	61,519,112,443
District's Proportion	0.1189423263%

Collective pension expense for the plan for the measurement period ended June 30, 2019 is \$3,628,861,805.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2019, 2018, 2017, 2016, 2015 and 2014 is 8.04, 8.29, 8.30, 8.30, 8.30 and 8.50 years, respectively.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 5. PENSION PLANS (CONT'D):

C: DEFINED CONTRIBUTION RETIREMENT PLAN

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary. Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

For the year ended June 30, 2020 the Board's total payroll for all employees was \$15,428,525. Total DCRP covered payroll was \$294,692. Covered payroll refers to all compensation paid by the Board to active employees covered by the Plan. Board and employee contributions to the DCRP for the year ended June 30, 2020 were \$8,841 and \$16,208, respectively.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 6. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan:

Plan Description

The District contributes to the New Jersey State Health Benefits Program (the “SHBP”), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers’ Pensions and Annuity Fund (TPAF) and the Public Employees’ Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. 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 changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State’s contributions to the SHBP for post-retirement benefits on behalf of the District for the years ended June 30, 2020, 2019, and 2018 were \$991,938, \$1,083,319, and \$1,130,048, respectively, which equaled the required contributions for each year.

As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity.

The State is also responsible for the cost attributable P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

6. POST-RETIREMENT BENEFITS (CONT'D)

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The State provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Total OPEB Liability

The nonemployer OPEB liability from New Jersey's plan is \$41,729,081,045.

The following members were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2018</u>
Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	<u> -</u>
Total Plan Members	364,943

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2019 was \$36,697,428, or 0.09%. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

6. POST-RETIREMENT BENEFITS (CONT'D)

Inflation rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 3.05% based on years of service	2.00 - 6.00% based on years of service
Thereafter	1.55 - 3.05% based on years of service	3.00 - 7.00% based on years of service

Actuarial Assumptions and Other Inputs

Preretirement mortality rates were based on the Pub-2010 Headcount-Weighted Healthy Employee Male/Female mortality improvement projections from the central year using the MP-2019 scale. Postretirement mortality rates were based in the Pub-2010 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2019 scale. Disability mortality was based on the MP-2019 Headcount-Weighted Disabled

Male/Female mortality table with fully generational improvements projections from the central year using the MP-2019 scale. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the actuarial experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Healthcare Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rate for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For Medicare Part B reimbursement, the trend rate is 5.0%.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

6. POST-RETIREMENT BENEFITS (CONT'D)

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the Total Nonemployer OPEB Liability

The following represents the change in the State's proportionate share of the OPEB liability associated with the District:

Balance at June 30, 2019	\$	39,712,038
Increased by:		
Service cost		1,526,971
Interest cost		1,574,999
Changes in Assumptions		547,162
Member contributions		33,393
		43,394,563
Decreased by:		
Differences between expected and actual experience		5,570,633
Member contributions		1,126,502
		6,697,135
Balance at June 30, 2020	\$	36,697,428

The State's proportionate share of deferred outflows and inflows of resources associated with the District at June 30, 2019 was \$1,719,091 and \$16,679,533, respectively.

The following represents sensitivity of the State's proportionate share of the net OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate:

	1% Decrease <u>(2.50%)</u>	At Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 43,354,164	\$ 36,697,428	\$ 31,409,682

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

6. POST-RETIREMENT BENEFITS (CONT'D)

The following presents the State's proportionate share of the net OPEB liability associated with the District calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 30,237,045	\$ 36,697,428	\$ 45,249,649

OPEB Expense and Deferred Outflows of resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$119,721 for OPEB expenses incurred by the State. Collective balances of the Education Group at June 30, 2019 are as follows:

Deferred outflows of resources	\$ 1,921,145,183
Deferred inflows of resources	\$ 20,887,639,826
Collective OPEB expense	\$ 1,015,664,874

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.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 7. RISK MANAGEMENT (continued)

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 two years:

<u>Fiscal Year</u>	<u>Other Contrib.</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$ -0-	\$ 20,499	\$ 7,608	\$ 93,686
2018-2019	-0-	21,739	4,033	111,392
2019-2020	2,323	49,952	57,091	106,575

NOTE 8. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 28,116.39	\$ 12,421.42
Special Revenue Fund		17,731.56
Food Service Fund		144.86
Trust and Agency Funds	<u>12,421.42</u>	<u>10,239.77</u>
Total	<u>\$ 40,537.81</u>	<u>\$ 40,537.81</u>

The interfund payable in the Special Revenue Fund represents a short term loan until grant reimbursements are received. The interfund payable in the trust & agency fund resulted from additional amounts due from the general fund. All interfunds are expected to be liquidated within one year.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 9. FUND BALANCE APPROPRIATED

General Fund - Of the \$6,398,644.84 General Fund balance at June 30, 2020 (Budgetary Basis), \$158,349.43 is assigned for amounts encumbered at June 30, 2020, for which the contracted goods or services had not been delivered or rendered; \$1,211,460.72 which represents prior year excess surplus utilized in the 20-21 budget, and \$1,446,350.00 which represents a withdrawal from capital reserve included in the 20-21 budget. Additional restricted reserves of \$730,317.24, \$543,429.00 and \$199,575.00 have been established by the Board of Education for Capital, Maintenance, and Emergency Reserves, respectively. Unassigned General Fund Balance was \$712,874.44. Lastly, \$1,396,289.01 represents current year excess surplus that must be included in the 2021-2022 budget.

On a GAAP basis, the total General Fund balance on a budgetary basis must be reduced by \$79,041.00 of state aid that was realized as revenue on the budgetary basis but is not permitted under with generally accepted accounting principles due to timing differences creating a lack of symmetry between the period of District revenue recognition and the fiscal period in which state appropriations for these revenues become operative.

Capital Projects Fund – At June 30, 2020, the Capital Projects Fund reported a fund balance of \$0. These amounts restricted to funding authorized capital project costs.

NOTE 10. 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, 2020, calculated on a budgetary basis pursuant to statute, is \$2,607,749.73, and is comprised of \$1,396,289.01 that was appropriated as part of the 2020-21 school budget, and \$1,211,460.72, which represents the minimum amount of fund balance that must be appropriated as part of the 2021-22 school budget.

NOTE 11. 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

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 11. CAPITAL RESERVE ACCOUNT (continued)

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.

At June 30, 2020, after a withdrawal of \$207,000 and a deposit of \$1,522,627.99, the balance in the Capital Reserve Account was \$2,176,667.24, of which, \$1,446,350.00 is designated for expenditures in the 2020-21 Budget.

NOTE 12. 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, 2020 is as follows:

Emergency Reserve: A balance of \$249,550.00 existed at June 30, 2019. During the year, the Board of Education approved a withdrawal from the Emergency Reserve of \$50,000.00. An additional \$25.00 of investment earnings were credited to this account, resulting in an ending balance of \$199,575.00. This amount is within the statutory maximum established by N.J.S.A. 18A:7F-41c(1) of the greater of \$250,000.00 or one-percent (1%) of the District's general fund budget.

Maintenance Reserve: A balance of \$753,279.00 existed at June 30, 2019. Of this total, \$211,850.00 was appropriated by Board resolution during the school year to fund eligible projects. An additional \$2,000.00 of investment earnings were credited to this account. The year-end Maintenance Reserve balance was \$543,429.00.

NOTE 13. OPERATING LEASES

On March 30, 2016, the District entered into a lease agreement to finance its One-to-One Program. The lease "principal" amount of \$1,299,998 was based on the acquisition price of electronic tablets for distribution to every student. The term of the lease is 39.5 months. The interest component of the scheduled payments is based upon an interest rate of 1.26%.

The schedule of future rental payments and optional prepayment prices, which are available to the District only on scheduled lease payment dates, as of June 30, 2020 is as follows:

<u>Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Rental Payment</u>
7/15/20	<u>\$302,999.23</u>	<u>\$3,870.82</u>	<u>\$306,870.05</u>
Totals	<u>\$302,999.23</u>	<u>\$3,870.82</u>	<u>\$306,870.05</u>

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 13. OPERATING LEASES (continued)

On April 2, 2018 the District entered into a lease agreement with TD Equipment Finance Inc. to finance the acquisition of computers and peripheral equipment for instructional purposes. The lease "principal" amount of \$470,000.00 represents the estimated acquisition price of the equipment. The term of the lease is 15.5 months. The interest component of the scheduled payments is based upon an interest rate of 2.472. A principal payment of \$225,000 was due upon the execution of the lease agreement.

The schedule of future rental payments and optional prepayment prices, which are available to the District only on scheduled lease payment dates, as of June 30, 2020 is as follows:

<u>Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Rental Payment</u>
7/15/20	\$ <u>146,211.78</u>	\$ <u>3,614.04</u>	\$ <u>149,825.32</u>
Totals	\$ <u>146,211.78</u>	\$ <u>3,614.04</u>	\$ <u>149,825.32</u>

On April 2, 2018 the District entered into a lease agreement with TD Equipment Finance Inc. to finance the acquisition of computers and peripheral equipment for instructional purposes. The lease "principal" amount of \$509,000.00 represents the estimated acquisition price of the equipment. The term of the lease is 51.5 months. The interest component of the scheduled payments is based upon an interest rate of 2.63%. A principal payment of \$109,071.43 was due upon the execution of the lease agreement.

The schedule of future rental payments and optional prepayment prices, which are available to the District only on scheduled lease payment dates, as of June 30, 2020 is as follows:

<u>Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total Rental Payment</u>
7/15/20	\$153,515.79	\$4,164.64	\$157,680.43
7/15/21	<u>5,009.46</u>	<u>31.48</u>	<u>5,040.94</u>
Totals	\$ <u>158,525.25</u>	\$ <u>4,196.12</u>	\$ <u>162,721.37</u>

NOTE 14. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 14. TAX ABATEMENTS (continued)

76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

The Division of Local Government Services, in the Department of Community Affairs, State of New Jersey, requires each municipality to submit annually a "User Friendly Budget", which, among other disclosures, includes a listing of all properties which have been granted tax abatements, including assessed values and any In-Lieu-Of-Tax-Payments made to the municipality. The User-Friendly Budgets for the District's member communities reported no tax abatements granted for calendar year 2020.

NOTE 15. CONTINGENT LIABILITIES

At June 30, 2020, there was no litigation pending for which an unfavorable outcome with a material adverse impact on the net position of the District was anticipated.

No events have occurred subsequent to the close of the fiscal year that require disclosure herein.

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2020 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Department of Health and Human Services declared a public health emergency for the United States and, on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus

Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

NOTE 15. CONTINGENT LIABILITIES (continued)

In New Jersey, Governor Murphy declared a state of emergency on March 9, 2020, and has since issued multiple Executive Orders regarding the Pandemic. The District expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of the Pandemic. The Pandemic has negatively affected travel, commerce and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. The District cannot reasonably predict how long the Pandemic in New Jersey is expected to last, how the outbreak may impact the financial condition or operations of the District, any unexpected deferrals of tax payments, and/or state or federal aid to the District or the costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs of the District.

NOTE 16. TRANSFERS

The following presents a reconciliation of transfers during the 2020 fiscal year:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 7,153.78	\$ 206,907.45
Capital Projects Fund	196,021.25	7,153.78
Food Service Fund	<u>10,886.20</u>	<u> </u>
Total	<u>\$ 214,061.23</u>	<u>\$ 214,061.23</u>

During the 2020 fiscal year, the transfer from the capital projects fund to the general fund represents interest revenue. The transfer from the general fund to the capital projects fund represents monies being transferred to complete projects that were approved during the budget process. The transfer from the general fund to the food service fund was for the funding of the operating deficit.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

SECTION - C

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 22,395,067.00	\$	\$ 22,395,067.00	\$ 22,395,067.00	\$
Tuition-Individuals	274,664.00		274,664.00	314,463.00	39,799.00
Tuition-LEAs	5,511,001.00		5,511,001.00	5,642,527.48	131,526.48
Interest Earned on Capital Reserve Funds				11,649.24	11,649.24
Interest Earned on Maintenance Reserve Funds				2,000.00	2,000.00
Interest Earned on Emergency Reserve Funds				25.00	25.00
Unrestricted Miscellaneous Revenue	249,311.00		249,311.00	277,357.27	28,046.27
Total - Local Sources	28,430,043.00	-	28,430,043.00	28,643,088.99	213,045.99
State Sources:					
Extraordinary Aid	75,000.00		75,000.00	214,197.00	139,197.00
Categorical Special Ed. Aid	527,552.00		527,552.00	527,552.00	
Categorical Security Aid	77,671.00		77,671.00	77,671.00	
Categorical Transportation Aid	272,216.00		272,216.00	272,216.00	
Nonpublic Transportation				3,834.00	3,834.00
Non-Budgeted State "On-Behalf" Revenues:					
TPAF Pension Contribution				2,626,738.00	2,626,738.00
TPAF OPEB Contribution				991,938.00	991,938.00
TPAF NCGI & LTDI Contributions				48,705.00	48,705.00
TPAF Reimbursed Employer FICA Contribution				941,931.84	941,931.84
Total - State Sources	952,439.00	-	952,439.00	5,704,782.84	4,752,343.84
Total Revenues	29,382,482.00	-	29,382,482.00	34,347,871.83	4,965,389.83

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<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	\$ 10,058,958.00	\$ (112,925.00)	\$ 9,946,033.00	\$ 9,549,641.24	\$ 396,391.76
Regular Programs - Home Instr.:					
Salaries of Teachers	55,000.00		55,000.00	43,140.00	11,860.00
Regular Programs - Undistrib. Instr.:					
Purchased Prof./Educational Services	46,100.00	4,005.00	50,105.00	25,604.18	24,500.82
Purchased Technical Services	61,700.00	6,539.80	68,239.80	62,049.80	6,190.00
Other Purchased Services	806,731.00	2,607.08	809,338.08	785,867.41	23,470.67
General Supplies	571,519.00	45,478.60	616,997.60	527,466.45	89,531.15
Textbooks	39,940.00	4,081.41	44,021.41	42,860.19	1,161.22
Other Objects	18,645.00	(1,002.50)	17,642.50	13,579.79	4,062.71
Total Regular Programs	<u>11,658,593.00</u>	<u>(51,215.61)</u>	<u>11,607,377.39</u>	<u>11,050,209.06</u>	<u>557,168.33</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,128,080.00	-	1,128,080.00	1,113,084.00	14,996.00
Total Resource Room/Resource Center	<u>1,128,080.00</u>	<u>-</u>	<u>1,128,080.00</u>	<u>1,113,084.00</u>	<u>14,996.00</u>
Total Special Education	<u>1,128,080.00</u>	<u>-</u>	<u>1,128,080.00</u>	<u>1,113,084.00</u>	<u>14,996.00</u>
Basic Skills/Remedial:					
Salaries of Teachers	66,828.00	-	66,828.00	48,974.00	17,854.00
Total Basic Skills/Remedial	<u>66,828.00</u>	<u>-</u>	<u>66,828.00</u>	<u>48,974.00</u>	<u>17,854.00</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

EXPENDITURES:	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
School - Sponsored Cocurricular/Extracurricular Activities:					
Salaries	\$ 411,748.00	\$ (529.20)	\$ 411,218.80	\$ 360,894.75	\$ 50,324.05
Purchased Services	17,200.00	7,722.48	24,922.48	9,198.82	15,723.66
Supplies and Materials	34,310.00	(7,468.78)	26,841.22	17,981.91	8,859.31
Other Objects	<u>32,700.00</u>	<u>(4,931.22)</u>	<u>27,768.78</u>	<u>12,367.78</u>	<u>15,401.00</u>
 Total School - Sponsored Cocurricular Activities	 <u>495,958.00</u>	 <u>(5,206.72)</u>	 <u>490,751.28</u>	 <u>400,443.26</u>	 <u>90,308.02</u>
 School - Sponsored Athletics - Instruction:					
Salaries	659,278.00	(10,000.00)	649,278.00	638,762.00	10,516.00
Purchased Services	189,735.00	1,891.68	191,626.68	174,277.32	17,349.36
Supplies and Materials	81,500.00	1,108.23	82,608.23	65,100.81	17,507.42
Other Objects	26,000.00		26,000.00	22,991.94	3,008.06
Transfer to Cover Deficit (Agency Funds)	<u>46,000.00</u>	<u>(3,000.00)</u>	<u>43,000.00</u>	<u>43,000.00</u>	
 Total School - Sponsored Athletics	 <u>1,002,513.00</u>	 <u>(10,000.09)</u>	 <u>992,512.91</u>	 <u>944,132.07</u>	 <u>48,380.84</u>
 Total Instruction	 <u>14,351,972.00</u>	 <u>(66,422.42)</u>	 <u>14,285,549.58</u>	 <u>13,556,842.39</u>	 <u>728,707.19</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<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	\$ 564,882.00	\$ (134,000.89)	\$ 430,881.11	\$ 390,738.40	\$ 40,142.71
Tuition to County Vocational School Dist. - Regular	257,958.00	(11,964.00)	245,994.00	237,060.00	8,934.00
Tuition to County Vocational School Dist. - Special	58,896.00	-	58,896.00	58,896.00	
Tuition to CSSD & Regional Day Schools	104,480.00	23,700.00	128,180.00	107,267.78	20,912.22
Tuition to Private Schools for the Disabled - Within State	1,443,183.00	(24,614.11)	1,418,568.89	842,072.18	576,496.71
Tuition to Private Schools for the Disabled, Outside the State	92,444.00	90,379.00	182,823.00	182,823.00	
Total Undistrib. Expend. - Instruc.	<u>2,521,843.00</u>	<u>(56,500.00)</u>	<u>2,465,343.00</u>	<u>1,818,857.36</u>	<u>646,485.64</u>
Attendance and Social Work Services:					
Salaries	65,449.00	-	65,449.00	65,448.96	0.04
Total Attendance and Social Work Serv.	<u>65,449.00</u>	<u>-</u>	<u>65,449.00</u>	<u>65,448.96</u>	<u>0.04</u>
Health Services:					
Salaries	101,995.00		101,995.00	98,825.00	3,170.00
Purchased Profess. and Tech. Serv.	14,000.00		14,000.00	14,000.00	
Other Purchased Services	750.00		750.00	-	750.00
Supplies and Materials	6,400.00		6,400.00	4,949.91	1,450.09
Other Objects	500.00		500.00	447.50	52.50
Total Health Services	<u>123,645.00</u>	<u>-</u>	<u>123,645.00</u>	<u>118,222.41</u>	<u>5,422.59</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<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	\$ 102,970.00	\$ -	\$ 102,970.00	\$ 102,970.00	\$ -
Purchased Profess./Educa. Services	109,900.00	-	109,900.00	34,267.50	75,632.50
	<u>212,870.00</u>	<u>-</u>	<u>212,870.00</u>	<u>137,237.50</u>	<u>75,632.50</u>
Total Speech, OT, PT & Related Services					
Other Support Services-Student - Extra Serices					
Salaries	118,533.00	-	118,533.00	98,410.00	20,123.00
Purchased Profess./Educa. Services	265,000.00	-	265,000.00	206,689.71	58,310.29
Supplies and Materials	5,000.00	-	5,000.00	-	5,000.00
Other Objects	1,000.00	-	1,000.00	-	1,000.00
	<u>389,533.00</u>	<u>-</u>	<u>389,533.00</u>	<u>305,099.71</u>	<u>84,433.29</u>
Total Other Support Services- Student - Extra Services					
Guidance:					
Salaries of Other Professional Staff	777,212.00	-	777,212.00	768,697.00	8,515.00
Other Purchased Prof. & Tech. Services	300.00	-	300.00	-	300.00
Other Purchased Services	4,700.00	2,179.00	6,879.00	4,245.69	2,633.31
Supplies and Materials	6,208.00	(2,179.00)	4,029.00	3,160.82	868.18
Other Objects	2,945.00	-	2,945.00	1,675.00	1,270.00
	<u>791,365.00</u>	<u>-</u>	<u>791,365.00</u>	<u>777,778.51</u>	<u>13,586.49</u>
Total - Guidance					

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

EXPENDITURES (CONT'D.):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Child Study Teams:					
Salaries of Other Profess. Staff	\$ 611,315.00	\$ (1,597.50)	\$ 609,717.50	\$ 601,088.42	\$ 8,629.08
Salaries of Secret. & Clerical Assts.	202,296.00		202,296.00	202,295.76	0.24
Misc. Purchased Services	1,620.00	582.00	2,202.00	2,087.54	114.46
Supplies and Materials	6,458.00	(82.00)	6,376.00	3,069.44	3,306.56
Other Objects	3,287.00		3,287.00	1,888.00	1,399.00
Total - Child Study Teams	<u>824,976.00</u>	<u>(1,097.50)</u>	<u>823,878.50</u>	<u>810,429.16</u>	<u>13,449.34</u>
Improv. of Instruction Services:					
Salaries of Professional Staff	42,075.00	107,925.00	150,000.00	150,000.00	
Salaries of Other Professional Staff	131,432.00	4,878.65	136,310.65	125,216.19	11,094.46
Salaries of Secty. and Clerical Assts.	6,475.00	121.35	6,596.35	6,596.35	
Other Purchased Services		250.00	250.00	59.02	190.98
General Supplies	1,000.00		1,000.00	859.68	140.32
Other Objects	375.00		375.00	228.88	146.12
Total Improv. of Instruction Services	<u>181,357.00</u>	<u>113,175.00</u>	<u>294,532.00</u>	<u>282,960.12</u>	<u>11,571.88</u>
Educational Media Serv./School Library:					
Salaries	508,738.00	25,000.00	533,738.00	494,011.86	39,726.14
Purch. Profess. and Tech. Serv.	75,877.00	(25,000.00)	50,877.00	50,877.00	
Supplies and Materials	52,678.00	(500.00)	52,178.00	42,778.21	9,399.79
Other Objects	380.00	-	380.00	315.00	65.00
Total Educa. Media Serv./School Library	<u>637,673.00</u>	<u>(500.00)</u>	<u>637,173.00</u>	<u>587,982.07</u>	<u>49,190.93</u>
Instructional Staff Training Services:					
Purch. Profess. Educ. Serv.	30,470.00	2,599.11	33,069.11	12,643.11	20,426.00
Other Purchased Services	21,355.00	(1,620.10)	19,734.90	11,598.24	8,136.66
Supplies and Materials	3,000.00	(3,000.00)			
Total Instr. Staff Training Serv.	<u>54,825.00</u>	<u>(2,020.99)</u>	<u>52,804.01</u>	<u>24,241.35</u>	<u>28,562.66</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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	\$ 271,143.00	\$ -	\$ 271,143.00	\$ 270,908.59	\$ 234.41
Legal Services	75,000.00	22,134.00	97,134.00	81,347.42	15,786.58
Audit Fees	22,000.00	276.00	22,276.00	276.00	22,000.00
Other Purch. Professional Services	58,000.00	40,949.00	98,949.00	91,357.95	7,591.05
Communications/Telephone	82,800.00	(8,046.14)	74,753.86	67,402.95	7,350.91
BOE Other Purchased Services	4,000.00	2,050.00	6,050.00	4,711.70	1,338.30
Misc. Purchased Services	20,625.00	1,837.35	22,462.35	16,241.64	6,220.71
General Supplies	2,500.00	1,346.86	3,846.86	1,741.33	2,105.53
Misc. Expenditures	6,200.00	-	6,200.00	6,127.00	73.00
BOE Membership Dues and Fees	17,000.00	(2,946.86)	14,053.14	12,566.60	1,486.54
Total Support Serv. General Administration	559,268.00	57,600.21	616,868.21	552,681.18	64,187.03
Support Serv. School Administration:					
Salaries of Principals/Asst. Principals	326,324.00	19,999.00	346,323.00	326,323.92	19,999.08
Salaries of Other Professional Staff	183,500.00	20,000.00	203,500.00	183,499.92	20,000.08
Salaries of Secty. and Clerical Assts.	185,592.00	30,316.75	215,908.75	200,223.51	15,685.24
Purch. Professional & Technical Serv.	200.00	(200.00)	-	-	-
Other Purchased Services	3,500.00	(188.00)	3,312.00	458.42	2,853.58
Supplies and Materials	250.00	-	250.00	-	250.00
Other Objects	3,800.00	388.00	4,188.00	4,187.50	0.50
Total Support Serv. School Admin.	703,166.00	70,315.75	773,481.75	714,693.27	58,788.48

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<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.):					
Central Services:					
Salaries	\$ 491,282.00	\$ 20,000.00	\$ 511,282.00	\$ 464,507.77	\$ 46,774.23
Purch. Professional Services	18,500.00	10,000.00	28,500.00	10,016.09	18,483.91
Purch. Technical Services	7,500.00	4,565.00	12,065.00	7,565.00	4,500.00
Other Purchased Services	800.00	10,000.00	10,800.00	395.30	10,404.70
Supplies and Materials	4,500.00	7,817.00	12,317.00	3,210.57	9,106.43
Miscellaneous Expenditures	1,240.00	-	1,240.00	1,240.00	-
Total Central Services	<u>523,822.00</u>	<u>52,382.00</u>	<u>576,204.00</u>	<u>486,934.73</u>	<u>89,269.27</u>
Required Maint. For School Facilities:					
Salaries	343,846.00	(58,708.00)	285,138.00	277,152.29	7,985.71
Cleaning, Repair & Maint. Services	636,000.00	(88,755.79)	547,244.21	425,248.95	121,995.26
General Supplies	54,000.00	36,641.90	90,641.90	73,896.62	16,745.28
Total Required Maint. For School Facilities	<u>1,033,846.00</u>	<u>(110,821.89)</u>	<u>923,024.11</u>	<u>776,297.86</u>	<u>146,726.25</u>
Custodial Services:					
Salaries	713,488.00	(52,982.00)	660,506.00	657,832.48	2,673.52
Purch. Professional & Technical Serv.	15,000.00	(4,009.00)	10,991.00	4,645.20	6,345.80
Cleaning, Repair & Maint. Services	83,692.00	1,828.98	85,520.98	60,382.39	25,138.59
Lease Purchase Payments-ESIP	288,523.00	(2,326.25)	286,196.75	286,196.12	0.63
Other Purchased Property Services	110,374.00	(333.00)	110,041.00	102,074.43	7,966.57
Insurance	167,984.00	755.00	168,739.00	168,739.00	-
General Supplies	54,683.00	24,880.91	79,563.91	60,221.29	19,342.62
Energy (Natural Gas)	160,000.00	(4,193.78)	155,806.22	136,241.90	19,564.32
Energy (Electricity)	225,000.00	(13,000.00)	212,000.00	186,908.00	25,092.00
Other Objects	7,540.00	-	7,540.00	6,258.11	1,281.89
Total Custodial Services	<u>1,826,284.00</u>	<u>(49,379.14)</u>	<u>1,776,904.86</u>	<u>1,669,498.92</u>	<u>107,405.94</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Care & Upkeep of Grounds:					
Salaries	\$ 49,761.00	\$ 67,164.00	\$ 116,925.00	\$ 112,281.41	\$ 4,643.59
Cleaning, Repair & Maint. Services	132,000.00	(19,534.42)	112,465.58	98,938.82	13,526.76
General Supplies	35,750.00	7,534.42	43,284.42	36,337.89	6,946.53
Total Care & Upkeep of Grounds	217,511.00	55,164.00	272,675.00	247,558.12	25,116.88
Security:					
Purch. Professional & Technical Serv.	45,000.00	2,900.00	47,900.00	46,827.75	1,072.25
General Supplies	7,500.00	(2,900.00)	4,600.00	3,691.30	908.70
Other Objects	1,500.00		1,500.00	1,249.00	251.00
Total Security	54,000.00	-	54,000.00	51,768.05	2,231.95
Total Operation & Maint. Of Plant Services	3,131,641.00	(105,037.03)	3,026,603.97	2,745,122.95	281,481.02
Student Transportation Services:					
Salaries for Pupil Transportation (Other Than Between Home & School)	298,830.00	(599.55)	298,230.45	257,297.64	40,932.81
Cleaning, Repair & Maint. Services	39,300.00	14,479.00	53,779.00	49,116.72	4,662.28
Lease Purchase Payments-School Buses	45,953.00	(720.20)	45,232.80	45,232.32	0.48
Contracted Services - Aid in Lieu of Payments - Non-Pub Sch.	74,000.00	(15,000.00)	59,000.00	38,253.00	20,747.00
Contracted Services (Other Than Between Home & School) - Vendors	42,745.00		42,745.00	29,303.50	13,441.50
Contracted Services (Regular Students) - ESCs & CTSA	395,800.00	71,314.00	467,114.00	420,281.89	46,832.11
Contracted Services (Special Ed. Students) - ESCs & CTSA	548,500.00	(1,400.25)	547,099.75	437,439.05	109,660.70

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D.):					
Undistributed Expenditures (Cont'd.):					
Student Transportation Services (Cont'd.):					
General supplies	\$ 500.00	\$ 715.55	\$ 1,215.55	\$ 1,215.45	\$ 0.10
Transportation supplies	13,000.00		13,000.00	7,052.15	5,947.85
Other Objects	5,117.00	265.00	5,382.00	5,341.05	40.95
Total Student Transportation Services	<u>1,463,745.00</u>	<u>69,053.55</u>	<u>1,532,798.55</u>	<u>1,290,532.77</u>	<u>242,265.78</u>
Unallocated Employee Benefits:					
Social Security Contributions	330,000.00	(16,538.75)	313,461.25	300,022.54	13,438.71
Other Retirement Contributions-PERS	355,000.00	(11,991.75)	343,008.25	302,822.89	40,185.36
Unemployment Compensation	50,500.00	(33,673.50)	16,826.50	471.00	16,355.50
Workmen's Compensation	67,000.00	5,748.00	72,748.00	72,748.00	
Health Benefits	3,436,575.00	(86,441.50)	3,350,133.50	3,014,641.43	335,492.07
Tuition Reimbursements	61,000.00	9,879.00	70,879.00	69,878.92	1,000.08
Other Employee Benefits	75,000.00	(4,740.20)	70,259.80	59,729.88	10,529.92
Total Unallocated Employee Benefits:	<u>4,375,075.00</u>	<u>(137,758.70)</u>	<u>4,237,316.30</u>	<u>3,820,314.66</u>	<u>417,001.64</u>
On-behalf TPAF Pension					
Contrib. (non-budgeted)				2,626,738.00	(2,626,738.00)
On-behalf TPAF OPEB					
Contrib. (non-budgeted)				991,938.00	(991,938.00)
On-behalf TPAF NCGI					
Contrib. (non-budgeted)				48,705.00	(48,705.00)
On-behalf TPAF Employer					
FICA Contrib. (non-budgeted)				941,931.84	(941,931.84)
Total On-behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,609,312.84</u>	<u>(4,609,312.84)</u>
Total Personal Services - Employee Benefits	<u>4,375,075.00</u>	<u>(137,758.70)</u>	<u>4,237,316.30</u>	<u>8,429,627.50</u>	<u>(4,143,606.20)</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Undistributed Expenditures	\$ 16,560,253.00	\$ 59,612.29	\$ 16,619,865.29	\$ 19,147,849.55	\$ (2,527,984.26)
Total Expenditures - Current Expense	<u>30,912,225.00</u>	<u>(6,810.13)</u>	<u>30,905,414.87</u>	<u>32,704,691.94</u>	<u>(1,799,277.07)</u>
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	62,000.00	1,950.00	63,950.00	63,950.00	
Undistributed Expenditures:					
General Administration		3,250.00	3,250.00	3,250.00	
Required Maintenance		6,000.00	6,000.00	6,000.00	
Care and Upkeep of Grounds		5,000.00	5,000.00		5,000.00
Student Transportation		64,980.00	64,980.00	64,980.00	
Total Equipment	<u>62,000.00</u>	<u>81,180.00</u>	<u>143,180.00</u>	<u>138,180.00</u>	<u>5,000.00</u>
Facilities Acquis. & Constr. Services:					
Architect/Engineer Fees		30,463.50	30,463.50	20,296.50	10,167.00
Construction Services		16,475.00	16,475.00	16,475.00	
Assessment for Debt Service-SDA Funding	<u>25,820.00</u>		<u>25,820.00</u>	<u>25,820.00</u>	
Total Facil. Acquis. & Constr. Services	<u>25,820.00</u>	<u>46,938.50</u>	<u>72,758.50</u>	<u>62,591.50</u>	<u>10,167.00</u>
Total Capital Outlay	<u>87,820.00</u>	<u>128,118.50</u>	<u>215,938.50</u>	<u>200,771.50</u>	<u>15,167.00</u>
Total Expenditures	<u>31,000,045.00</u>	<u>121,308.37</u>	<u>31,121,353.37</u>	<u>32,905,463.44</u>	<u>(1,784,110.07)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,617,563.00)</u>	<u>(121,308.37)</u>	<u>(1,738,871.37)</u>	<u>1,442,408.39</u>	<u>3,181,279.76</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources (Uses)					
Operating Transfers In/(out):					
Transfer to Cover Deficit-Enterprise Fund	\$ (4,500.00)	\$ (6,386.20)	\$ (10,886.20)	\$ (10,886.20)	\$ -
Transfers from Capital Projects Fund				7,153.78	7,153.78
Transfer To Capital Projects Fund	<u>(207,000.00)</u>		<u>(207,000.00)</u>	<u>(196,021.25)</u>	<u>10,978.75</u>
Total Other Financing Sources (Uses)	<u>(211,500.00)</u>	<u>(6,386.20)</u>	<u>(217,886.20)</u>	<u>(199,753.67)</u>	<u>18,132.53</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,829,063.00)	(127,694.57)	(1,956,757.57)	1,242,654.72	3,199,412.29
Fund Balances, July 1	<u>5,155,990.12</u>		<u>5,155,990.12</u>	<u>5,155,990.12</u>	
Fund Balances, June 30	<u>\$ 3,326,927.12</u>	<u>\$ (127,694.57)</u>	<u>\$ 3,199,232.55</u>	<u>\$ 6,398,644.84</u>	<u>\$ 3,199,412.29</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus-Designated for Subsequent Year Expenditures				\$ 1,211,460.72	
Excess Surplus - Current Year				1,396,289.01	
Emergency Reserve				199,575.00	
Maintenance Reserve				543,429.00	
Capital Reserve				730,317.24	
Capital Reserve-Designated for Subsequent Year Expenditures				1,446,350.00	
Assigned Fund Balance:					
Year-End Encumbrances				158,349.43	
Unassigned Fund Balance				<u>712,874.44</u>	
				\$ 6,398,644.84	
Reconciliation to Governmental Funds Statements (GAAP):					
Remaining State Aid Payments not recognized as Revenue on GAAP basis				(79,041.00)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 6,319,603.84</u>	

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Federal Sources					
Title I	\$ 64,500.00	\$ 12,943.00	\$ 77,443.00	\$ 77,443.00	\$
IDEA Part B	183,000.00	52,410.00	235,410.00	235,410.00	
CARES Act		17,731.56	17,731.56	17,731.56	
Total Federal Revenues	<u>247,500.00</u>	<u>83,084.56</u>	<u>330,584.56</u>	<u>330,584.56</u>	<u>-</u>
Total Revenues	<u>247,500.00</u>	<u>83,084.56</u>	<u>330,584.56</u>	<u>330,584.56</u>	<u>-</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers		25,340.00	25,340.00	25,340.00	
Other Purchased Services (400-500 series)	183,000.00	52,410.00	235,410.00	235,410.00	
General Supplies	64,500.00	(24,078.00)	40,422.00	40,422.00	
Total Instruction	<u>247,500.00</u>	<u>53,672.00</u>	<u>301,172.00</u>	<u>301,172.00</u>	<u>-</u>
Support Services					
Salaries of Other Professional Staff		7,325.00	7,325.00	7,325.00	
Personal Services - Employee Benefits		4,156.00	4,156.00	4,156.00	
General Supplies		17,931.56	17,931.56	17,931.56	
Total Support Services	<u>-</u>	<u>29,412.56</u>	<u>29,412.56</u>	<u>29,412.56</u>	<u>-</u>
Total Expenditures	<u>247,500.00</u>	<u>83,084.56</u>	<u>330,584.56</u>	<u>330,584.56</u>	<u>-</u>
Total Outflows	<u>247,500.00</u>	<u>83,084.56</u>	<u>330,584.56</u>	<u>330,584.56</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 – PART II**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTE TO RSI
 FOR THE YEAR ENDED JUNE 30, 2020

Note A - 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 basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 34,347,871.83	(C-2) \$ 330,584.56
Difference - budget to GAAP:		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements (Net)	<u>(9,210.00)</u>	<u> </u>
Total revenues as reported on the statement of revenues, expenditures and change in fund balances - governmental funds	(B-2) \$ <u>34,338,661.83</u>	(B-2) \$ <u>330,584.56</u>
Other Financing Sources/(Uses):		
Actual amounts (budgetary basis) "other financing sources" (uses) from the budgetary comparison schedule	(C-1) \$ <u>(199,753.67)</u>	(C-2) \$ <u> </u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	(B-2) \$ <u>(199,753.67)</u>	(B-2) \$ <u> </u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule	(C-1) <u>32,905,463.44</u>	(C-2) <u>330,584.56</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) \$ <u>32,905,463.44</u>	(B-2) \$ <u>330,584.56</u>

REQUIRED SUPPLEMENTARY INFORMATION

PART III

**SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR PENSIONS (GASB 68)**

SECTION – L

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

	Last 10 Fiscal Years*						
	June 30,						
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
District's Proportion of the Net Pension Liability	0.027593%	0.027183%	0.027787%	0.028334%	0.030562%	0.030339%	0.030086%
District's Proportionate Share of the Net Pension Liability	\$5,273,555	\$5,089,475	\$6,237,685	\$8,391,578	\$7,114,388	\$5,973,637	\$5,421,112
District's Covered-Employee Payroll	\$1,933,533	\$1,972,993	\$1,989,773	\$2,105,101	\$2,131,220	\$2,128,261	\$2,179,300
District's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	272.74%	257.96%	313.49%	398.63%	333.82%	280.68%	248.75%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	48.72%	42.59%	38.21%	31.20%	48.10%	53.60%	56.27%

* Amounts presented for each fiscal year were determined as of June 30.

* Amounts presented for each fiscal year were determined as of June 30.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information are available.

See Notes to Required Supplementary Information

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

	Last 10 Fiscal Years*						
	June 30,						
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually Required Contribution	\$ 207,907	\$ 224,096	\$ 238,896	\$ 287,566	\$ 300,132	\$ 303,021	\$ 293,828
Contribution in Relation to Contractually Required Contribution	<u>\$ (207,907)</u>	<u>\$ (224,096)</u>	<u>\$ (238,896)</u>	<u>\$ (287,566)</u>	<u>\$ (300,132)</u>	<u>\$ (303,021)</u>	<u>\$ (293,828)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Proportionate Share of the Payroll	\$ 1,933,533	\$ 1,922,993	\$ 1,989,773	\$ 2,105,101	\$ 2,131,220	\$ 2,128,261	\$ 2,179,300
Contributions as a percentage of Covered Employee Payroll	10.75%	11.65%	12.01%	13.66%	14.08%	14.24%	13.48%

* Amounts presented for each fiscal year were determined as of June 30.

* Amounts presented for each fiscal year were determined as of June 30.

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 However, until a full ten-year trend is compiled, governments should present information for
 those years for which information are available.

See Notes to Required Supplementary Information

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND

	Last 10 Fiscal Years*						
	<u>2014</u>	<u>2015</u>	<u>2016</u>	June 30, <u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Proportion of the Non-State Employer Group Net Pension Liability attributable to the District	0.1106917%	0.1087819%	0.1299872%	0.1869112%	0.1144267%	0.1159936%	0.1189423%
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group	\$55,942,720	\$58,140,363	\$69,473,929	\$90,962,890	\$77,150,635	\$73,792,615	\$72,996,028
District's Covered-Employee Payroll	\$10,332,929	\$11,201,093	\$12,838,035	\$12,688,907	\$13,122,191	\$13,308,192	\$13,249,225
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group as a percentage of the District's Covered-Employee Payroll	541.40%	519.06%	541.16%	716.87%	587.94%	554.49%	550.95%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	33.76%	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

* Amounts presented for each fiscal year were determined as of June 30.

* Amounts presented for each fiscal year were determined as of June 30.
 This schedule is presented to illustrate the requirement to show information for ten years.
 However, until a full ten-year trend is compiled, governments should present information for
 those years for which information are available.

Note: Percentages shown are Plan-wide, and include NPL and PFNP
 data that include employees of the State of New Jersey.

See Notes to Required Supplementary Information

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

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
JUNE 30, 2020**

NOTE 1. CHANGES IN BENEFITS AND ASSUMPTIONS

The following information is as abstracted from the State of New Jersey, Division of Pension and Benefits, Financial Statements and Supplementary Schedules report as of June 30, 2019, dated March 27, 2020. This information pertains to the RSI schedules of changes in net pension liability contained in that report.

PERS

Changes in benefit terms: None

Changes in assumptions:

For 2019, the discount rate changed to 6.28% and the long-term expected rate of return remained at the prior-year rate of 7.0%. Demographic assumptions were unchanged.

For 2018, the discount rate changed to 5.66% and the long-term expected rate of return remained at the prior-year rate of 7.0%. Demographic assumptions were unchanged.

For 2017, the discount rate changed to 5.00%, the long-term expected rate of return changed to 7.00%. Demographic assumptions were unchanged.

For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%. Demographic assumptions were revised in accordance with the results of the July 1, 2011 – June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter.

For 2015, the discount rate changed to 4.90% and the long-term expected rate of return remained unchanged at 7.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually,

For 2014, the discount rate was 5.39% and the long-term expected rate of return was 7.90%.

TPAF

Changes in benefit terms: None

Changes in assumptions:

For 2019, the discount rate was changed to 5.60%. There were no changes to the long-term expected rate of return and no changes to demographic assumptions.

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

**NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
JUNE 30, 2020**

NOTE 1. CHANGES IN BENEFITS AND ASSUMPTIONS (Cont'd.)

TPAF (Cont'd.)

For 2018, the discount rate was changed to 4.86%. There were no changes to the long-term expected rate of return and no changes to demographic assumptions.

For 2017, the discount rate was changed to 4.25%, the long-term expected rate of return changed to 7.00%, There were no changes to demographic assumptions.

For 2016, the discount rate change to 3.22%, the long-term expected rate of return changed to 7.65%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012-June 30, 2015 experience study.

For 2015, the discount rate was changed to 4.13%. There were no changes to the long-term expected rate of return and no changes to demographic assumptions.

For 2014, the discount rate was 4.68% and the long-term expected rate of return was 7.90%.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR OPEB (GASB 75) (NEW)**

SECTION – M

Northern Highlands Regional School District
 Required Supplementary Information
 Schedule of the State's Proportionate Share of the OPEB Liability Associated With the District
 And Changes in the Total OPEB Liability and Related Ratios
 State Health Benefit Local Education Retired Employees Plan

Last Ten Fiscal Years*

	Year Ended June 30, 2018	Year Ended June 30, 2019	Year Ended June 30, 2020
State's proportion of the OPEB Liability associated with the District -	0.08%	0.09%	0.09%
District's proportionate share of the OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the OPEB liability associated with the District	\$ 45,383,564	\$ 39,712,038	\$ 36,697,428
Total proportionate share of the OPEB liability associated with the District	<u>\$ 45,383,564</u>	<u>\$ 39,712,038</u>	<u>\$ 36,697,428</u>
Beginning Balance	\$ 48,909,665	\$ 45,383,564	\$ 39,712,038
Increased by:			
Service cost	\$ 2,067,846	\$ 1,710,659	\$ 1,526,971
Interest cost	1,438,533	1,667,784	1,574,999
Changes of assumptions			547,162
Member contributions	<u>38,707</u>	<u>36,700</u>	<u>33,393</u>
	3,545,086	3,415,143	3,682,525
Decreased by:			
Diff. between expected and actual exp.		(3,467,628)	(5,570,633)
Changes of assumptions	(6,020,007)	(4,557,155)	
Gross benefit payments	<u>(1,051,180)</u>	<u>(1,061,886)</u>	<u>(1,126,502)</u>
	\$ (7,071,187)	\$ (9,086,669)	\$ (6,697,135)
Balance	<u>\$ 45,383,564</u>	<u>\$ 39,712,038</u>	<u>\$ 36,697,428</u>
Covered by employee payroll	\$ 15,417,637	\$ 15,634,774	\$ 15,723,217
Total OPEB liability as a percentage of covered employee payroll.	294.36%	254.00%	233.40%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

See Notes to Required Supplementary Information

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

NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
JUNE 30, 2020

NOTE 1. SPECIAL FUNDING SITUATION

The State of New Jersey, a non-employer contributing entity, is the only entity that has a legal obligation to make contributions to OPEB for qualified retired SHBLEREP participants. Accordingly, proportionate share information of the Net OPEB Liability is not reflected in the District's financial statements.

NOTE 2. CHANGES IN ASSUMPTIONS

For 2019, the discount rate changed to 3.50% from 3.87% in 2018. For pre-Medicare PPO and HMO medical benefits, the initial trend rate changed to 5.7% from 5.8%. For prescription drug benefits, the initial trend rate changed to 7.5% from 8.0%. Demographic assumptions remained unchanged and are consistent with the assumptions used in the pension plan valuations.

For 2018, the discount rate changed to 3.87% from 3.58% in 2017. For pre-Medicare PPO and HMO medical benefits, the initial trend rate changed to 5.8% from 5.9%. For prescription drug benefits, the initial trend rate changed to 8.0% from 10.5%. Demographic assumptions remained unchanged and are consistent with the assumptions used in the pension plan valuations.

For 2017, the discount rate changed to 3.58% from 2.85%. Demographic assumptions remained unchanged and are consistent with the assumptions used in the pension plan valuations.

SUPPLEMENTARY INFORMATION

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, 2020

	I.D.E.A. PART B BASIC <u>2019-20</u>	TITLE I <u>2019-20</u>	CARES ACT <u>2019-20</u>	TOTALS <u>2019-20</u>
<u>REVENUES</u>				
Federal Sources	\$ 235,410.00	\$ 77,443.00	\$ 17,731.56	\$ 330,584.56
Total Revenues	<u>235,410.00</u>	<u>77,443.00</u>	<u>17,731.56</u>	<u>330,584.56</u>
<u>EXPENDITURES</u>				
Instruction:				
Salaries of Teachers	-	25,340.00	-	25,340.00
Other Purch. Services (400-500 series)	235,410.00	-	-	235,410.00
General Supplies	-	40,422.00	-	40,422.00
Total Instruction	<u>235,410.00</u>	<u>65,762.00</u>	<u>-</u>	<u>301,172.00</u>
Support Services:				
Salaries of Other Prof. Staff	-	7,325.00	-	7,325.00
Personal Services - Empl. Benefits	-	4,156.00	-	4,156.00
Supplies and Materials	-	200.00	17,731.56	17,931.56
Total Support Services	<u>-</u>	<u>11,681.00</u>	<u>17,731.56</u>	<u>29,412.56</u>
Total Expenditures	<u>\$ 235,410.00</u>	<u>\$ 77,443.00</u>	<u>\$ 17,731.56</u>	<u>\$ 330,584.56</u>

CAPITAL PROJECTS FUND

SECTION - F

NORTHERN HIGHLANDS REGIONAL SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2020

Exhibit - F-1

<u>ISSUE/PROJECT TITLE</u>	<u>APPROVAL DATE</u>	<u>REVISED APPROPRIATION</u>	<u>EXPENDITURES</u>		<u>UNEXPENDED BALANCE</u>
			<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>	
Energy Savings Improvement Program	12/22/2016	\$ 4,024,673.37	\$ 3,805,831.15	\$ 218,842.22	\$ -
Vehicles and Computer Equipment	5/19/2019	320,675.10	-	320,675.10	-
Paving, Sidewalk & Field Upgrades	7/1/2019	196,021.25		196,021.25	
		<u>\$ 4,541,369.72</u>	<u>\$ 3,805,831.15</u>	<u>\$ 735,538.57</u>	<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, 2020

Revenues:	
Transfers from Capital Reserve	\$ 196,021.25
Interest Income	<u>502.25</u>
Total Revenues	<u>196,523.50</u>
Expenditures:	
Purchased Professional and Technical Services	17,673.22
Non-Instructional Equipment	521,844.10
Construction Services	<u>196,021.25</u>
Total Expenditures	<u>735,538.57</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(539,015.07)</u>
Other Financing Sources/(Uses):	
Transfers Out	<u>(7,153.78)</u>
Total Other Financing Sources/(Uses)	<u>(7,153.78)</u>
Net Change in Fund Balance	(546,168.85)
Fund Balance - Beginning	<u>546,168.85</u>
Fund Balance - Ending	<u><u>\$ -</u></u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
 AND PROJECT STATUS - BUDGETARY BASIS
 ENERGY SAVINGS IMPROVEMENT PROGRAM (ESIP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Proceeds-Lease/Purchase Agreement	\$ 4,031,000.00	\$ (6,326.63)	\$ 4,024,673.37	\$ 4,024,673.37
Total Revenues & Other Financing Sources	<u>4,031,000.00</u>	<u>(6,326.63)</u>	<u>4,024,673.37</u>	<u>4,024,673.37</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	154,759.15	17,673.22	172,432.37	172,432.37
Equipment purchases	3,650,047.00	201,169.00	3,851,216.00	3,851,216.00
Miscellaneous	1,025.00		1,025.00	1,025.00
Total expenditures	<u>3,805,831.15</u>	<u>218,842.22</u>	<u>4,024,673.37</u>	<u>4,024,673.37</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>225,168.85</u>	\$ <u>(225,168.85)</u>	<u>-</u>	<u>-</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$4,031,000.00			
Authorized Costs Cancelled	(\$6,326.63)			
Revised Authorized Cost	\$4,024,673.37			
Percentage Increase over Original Authorized Cost	-0.16%			
Percentage completion	100%			
Original target completion date	2018-19			

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
 AND PROJECT STATUS - BUDGETARY BASIS
 VEHICLES AND COMPUTER EQUIPMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Proceeds-Lease/Purchase Agreement	\$ 321,000.00	\$ (324.90)	\$ 320,675.10	\$ 320,675.10
Total Revenues & Other Financing Sources	<u>321,000.00</u>	<u>(324.90)</u>	<u>320,675.10</u>	<u>320,675.10</u>
 Expenditures and Other Financing Uses				
Equipment purchases	<u> </u>	<u>320,675.10</u>	<u>320,675.10</u>	<u>320,675.10</u>
Total Expenditures	<u>-</u>	<u>320,675.10</u>	<u>320,675.10</u>	<u>320,675.10</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ 321,000.00</u>	 <u>\$ (321,000.00)</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$321,000.00
Authorized Costs Cancelled	(\$324.90)
Revised Authorized Cost	\$320,675.10

Percentage Increase over Original

Authorized Cost	-0.10%
Percentage completion	100%
Original target completion date	2019-20

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
 AND PROJECT STATUS - BUDGETARY BASIS
 PAVING, SIDEWALKS AND FIELD UPGRADES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$	\$ 196,021.25	\$ 196,021.25	\$ 196,021.25
Transfer from Capital Outlay				
Total Revenues & Other Financing Sources	-	196,021.25	196,021.25	196,021.25
Expenditures and Other Financing Uses				
Construction Services		196,021.25	196,021.25	196,021.25
Total expenditures	-	196,021.25	196,021.25	196,021.25
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -

Additional project information:

Project Number	N/A	
Grant Date	N/A	
Bond Authorization Date	N/A	
Bonds Authorized	N/A	
Bonds Issued	N/A	
Original Authorized Cost	\$207,000.00	
Authorized Costs Cancelled	(10,978.75)	
Revised Authorized Cost	\$196,021.25	

Percentage Increase over Original

Authorized Cost	-5.30%	
Percentage completion	100%	
Original target completion date	2019-20	

FIDUCIARY FUNDS

SECTION – H

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDING JUNE 30, 2020

	Agency Funds				Expendable Trust Funds		Unemployment Compensation Insurance Trust Fund		TOTALS
	Student Activity	Payroll Agency	Net Payroll	Total Agency Funds					
<u>ASSETS</u>									
Cash and Cash Equivalents	\$ 435,889.51	\$ 145,832.27	\$ 184.63	\$ 581,906.41	\$	108,155.98	\$	690,062.39	
Interfund Accounts Receivable		10,098.84		10,098.84		2,322.58		12,421.42	
Total Assets	\$ 435,889.51	\$ 155,931.11	\$ 184.63	\$ 592,005.25	\$	110,478.56	\$	702,483.81	
<u>LIABILITIES</u>									
Liabilities:									
Interfund Accounts Payable	\$ 332.39	\$ 5,819.23	\$ 184.63	\$ 6,336.25	\$	3,903.72	\$	10,239.97	
Payroll Deductions and Withholdings		150,111.88		150,111.88				150,111.88	
Due to Student Groups	435,557.12			435,557.12				435,557.12	
Total Liabilities	\$ 435,889.51	\$ 155,931.11	\$ 184.63	\$ 592,005.25	\$	3,903.72	\$	595,908.97	
<u>NET POSITION</u>									
Reserved for:									
Unemployment Compensation Insurance						106,574.84		106,574.84	
Total Net Position					\$	106,574.84	\$	106,574.84	

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

		<u>Expendable Trust Fund</u> Unemployment Compensation <u>Insurance Trust Fund</u>
<u>ADDITIONS:</u>		
Deductions from Employees' Salaries	\$	49,951.81
Federal CARES Act Contributions		<u>2,322.58</u>
Total Additions		<u>52,274.39</u>
<u>DEDUCTIONS:</u>		
Unemployment Benefits		<u>57,091.17</u>
Total Deductions		<u>57,091.17</u>
Change in Net Position		<u>(4,816.78)</u>
Net Position - Beginning		<u>111,391.62</u>
Net Position - Ending	\$	<u><u>106,574.84</u></u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 STUDENT ACTIVITY AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2020

<u>High School Funds:</u>	<u>BALANCE JUNE 30, 2019</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE JUNE 30, 2020</u>
Assets:				
Cash-Activity Fund	\$ 437,750.68	\$ 680,104.10	\$ 722,196.79	\$ 395,657.99
Cash-Athletic Fund	36,474.80	145,953.24	142,196.52	40,231.52
Cash-Cultural Arts Fund	<u>11,622.48</u>	<u>39.80</u>	<u>11,662.28</u>	<u>-</u>
Total Assets	<u>\$ 485,847.96</u>	<u>\$ 826,097.14</u>	<u>\$ 876,055.59</u>	<u>\$ 435,889.51</u>
Liabilities:				
Interfund Loans	\$ 1,118.92	\$ 9,430.77	\$ 10,217.30	\$ 332.39
Due to Student Groups	<u>484,729.04</u>	<u>816,666.37</u>	<u>865,838.29</u>	<u>435,557.12</u>
	<u>\$ 485,847.96</u>	<u>\$ 826,097.14</u>	<u>\$ 876,055.59</u>	<u>\$ 435,889.51</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 PAYROLL AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>BALANCE JUNE 30, 2019</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE JUNE 30, 2020</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 146,979.24	\$ 8,735,868.76	\$ 8,737,015.73	\$ 145,832.27
Interfund Account Receivable	<u>3,178.47</u>	<u>20,197.68</u>	<u>13,277.31</u>	<u>10,098.84</u>
Total Assets	<u>\$ 150,157.71</u>	<u>\$ 8,756,066.44</u>	<u>\$ 8,750,293.04</u>	<u>\$ 155,931.11</u>
<u>LIABILITIES</u>				
Interfund Accounts Payable	\$ 9,794.13	\$ 17,866.03	\$ 21,840.93	\$ 5,819.23
Payroll Deductions and Withholdings	<u>140,363.58</u>	<u>8,738,200.41</u>	<u>8,728,452.11</u>	<u>150,111.88</u>
Total Liabilities	<u>\$ 150,157.71</u>	<u>\$ 8,756,066.44</u>	<u>\$ 8,750,293.04</u>	<u>\$ 155,931.11</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 NET PAYROLL FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>BALANCE JUNE 30, 2019</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE JUNE 30, 2020</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,013.94	\$ 10,211,106.47	\$ 10,211,935.78	\$ 184.63
Total Assets	<u>\$ 1,013.94</u>	<u>\$ 10,211,106.47</u>	<u>\$ 10,211,935.78</u>	<u>\$ 184.63</u>
<u>LIABILITIES</u>				
Accrued Salaries and Benefits	\$	\$ 10,204,537.61	\$ 10,204,537.61	\$
Interfund Accounts Payable	<u>1,013.94</u>	<u>6,568.86</u>	<u>7,398.17</u>	<u>184.63</u>
Total Liabilities	<u>\$ 1,013.94</u>	<u>\$ 10,211,106.47</u>	<u>\$ 10,211,935.78</u>	<u>\$ 184.63</u>

LONG-TERM DEBT

SECTION – I

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
JUNE 30, 2020

<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, 2019</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2020</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Refunding School Bonds, Series 2011	3/24/2011	\$ 9,580,000	2021	\$ 1,110,000	4.250%	\$ 3,330,000.00	\$ 1,065,000.00	\$ 2,265,000.00
			2022	1,155,000	4.000%			
School Bonds, Series 2013	12/10/2013	2,760,000	2020	310,000	2.000%	<u>1,995,000.00</u>	<u>310,000.00</u>	<u>1,685,000.00</u>
			2021	325,000	2.000%			
			2022	340,000	2.125%			
			2023	350,000	3.000%			
			2024	360,000	3.000%			
						<u>\$ 5,325,000.00</u>	<u>\$ 1,375,000.00</u>	<u>\$ 3,950,000.00</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2020

PURPOSE	DATE OF LEASE	AMOUNT OF LEASE	ANNUAL MATURITIES		INTEREST RATE	BALANCE	RETIRED	BALANCE
			DATE	AMOUNT		JUNE 30, 2019		JUNE 30, 2020
Acquisition of School Bus	11/29/2016	\$ 107,388	12/22/2020	\$ 22,059	2.803%	\$ 43,515.80	\$ 21,457.00	\$ 22,058.80
Acquisition of Vehicles	6/30/2017	104,795	2021	18,178	2.594%	35,896.14	17,718.00	18,178.14
Phone System	2/17/2017	207,800	2/17/2021	41,433	2.399%	81,896.19	40,463.00	41,433.19
Athletic Lighting & Sound System	5/12/2017	475,000	7/15/2020 2021	95,391 97,393	2.990% 2.990%	286,213.80	93,430.00	192,783.80
Energy Savings Improvement Program (ESIP)	12/22/2016	4,031,000	7/22/2020	105,000	2.418%	3,711,000.00	200,000.00	3,511,000.00
			1/22/2021	110,000	2.418%			
			7/22/2021	115,000	2.418%			
			1/22/2022	115,000	2.418%			
			7/22/2022	134,000	2.418%			
			1/22/2023	120,000	2.418%			
			7/22/2023	117,000	2.418%			
			1/22/2024	105,000	2.418%			
			7/22/2024	114,000	2.418%			
			1/22/2025	120,000	2.418%			
			7/22/2025	121,000	2.418%			
			1/22/2026	125,000	2.418%			
			7/22/2026	129,000	2.418%			
			1/22/2027	130,000	2.418%			
			7/22/2027	135,000	2.418%			
			1/22/2028	137,000	2.418%			
			7/22/2028	141,000	2.418%			
1/22/2029	145,000	2.418%						
7/22/2029	150,000	2.418%						
1/22/2030	150,000	2.418%						
7/22/2030	160,000	2.418%						
1/22/2031	155,000	2.418%						
7/22/2031	165,000	2.418%						
1/22/2032	165,000	2.418%						
7/22/2032	348,000	2.418%						
Field Lighting Program	4/2/2018	121,000	7/15/2020 7/15/2021	36,494 1,191	2.630% 2.630%	74,180.00	36,496.00	37,684.00
Computer Equipment and Vehicles	5/20/2019	321,000	7/15/2020 7/15/2021 7/15/2022 7/15/2023	61,206 62,731 64,294 65,896	2.492% 2.492% 2.492% 2.492%	321,000.00	66,872.00	254,128.00
						<u>\$ 4,553,701.93</u>	<u>\$ 476,436.00</u>	<u>\$ 4,077,265.93</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,428,668.00	\$ -	\$ 1,428,668.00	\$ 1,428,668.00	\$ -
Total Local Sources:	1,428,668.00	-	1,428,668.00	1,428,668.00	-
State Aid - Debt Service	120,207.00	-	120,207.00	120,207.00	-
Total - State Sources	120,207.00	-	120,207.00	120,207.00	-
Total Revenues	1,548,875.00	-	1,548,875.00	1,548,875.00	-
EXPENDITURES:					
Regular Debt Service:					
Redemption of Bond Principal	1,375,000.00		1,375,000.00	1,375,000.00	-
Bond Interest	173,875.00		173,875.00	173,875.00	-
Total expenditures	1,548,875.00	-	1,548,875.00	1,548,875.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	-
Fund Balance - Beginning	0.12		0.12	0.12	-
Fund Balance - Ending	\$ 0.12	\$ -	\$ 0.12	\$ 0.12	\$ -

STATISTICAL SECTION

SECTION – J

Financial Trends

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

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ 14,766,702	\$ 13,590,504	\$ 9,967,207	\$ 8,956,894	\$ 8,241,669	\$ 5,526,137	\$ 3,134,243	\$ 4,926,221	\$ 4,451,324	\$ 11,197,370
Restricted	5,527,421	4,291,375	6,031,608	7,104,851	4,225,527	6,704,426	7,309,947	5,134,626	4,888,161	4,115,506
Unrestricted	<u>(6,349,474)</u>	<u>(6,078,598)</u>	<u>(6,055,847)</u>	<u>(6,422,279)</u>	<u>(5,531,838)</u>	<u>(5,856,167)</u>	<u>(5,054,280)</u>	<u>(20,374)</u>	<u>(191,440)</u>	<u>(60,940)</u>
Total governmental activities net position/net assets	<u>\$ 13,944,649</u>	<u>\$ 11,803,281</u>	<u>\$ 9,942,968</u>	<u>\$ 9,639,466</u>	<u>\$ 6,935,359</u>	<u>\$ 6,374,396</u>	<u>\$ 5,389,910</u>	<u>\$ 10,040,473</u>	<u>\$ 9,148,045</u>	<u>\$ 15,251,936</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 389,869	\$ 255,001	\$ 232,078	\$ 198,488	\$ 215,405	\$ 186,767	\$ 174,398	\$ 69,499	\$ 67,778	\$ 87,306
Unrestricted	204,206	312,759	194,878	154,756	71,767	87,153	76,045	174,308	161,496	404,509
Total business-type activities net position/net assets	<u>\$ 594,075</u>	<u>\$ 567,760</u>	<u>\$ 426,956</u>	<u>\$ 353,243</u>	<u>\$ 287,172</u>	<u>\$ 273,920</u>	<u>\$ 250,442</u>	<u>\$ 243,808</u>	<u>\$ 229,274</u>	<u>\$ 491,815</u>
District-wide										
Invested in capital assets, net of related debt	\$ 15,156,570	\$ 13,845,505	\$ 10,199,285	\$ 9,155,382	\$ 8,457,075	\$ 5,712,904	\$ 3,308,641	\$ 4,995,720	\$ 4,519,102	\$ 11,284,675
Restricted	5,527,421	4,291,375	6,031,608	7,104,851	4,225,527	6,704,426	7,309,947	5,134,626	4,888,161	4,115,506
Unrestricted	<u>(6,145,267)</u>	<u>(5,765,839)</u>	<u>(5,860,969)</u>	<u>(6,267,524)</u>	<u>(5,460,071)</u>	<u>(5,769,014)</u>	<u>(4,978,235)</u>	<u>153,934</u>	<u>(29,944)</u>	<u>343,570</u>
Total district net position/net assets	<u>\$ 14,538,724</u>	<u>\$ 12,371,041</u>	<u>\$ 10,369,924</u>	<u>\$ 9,992,709</u>	<u>\$ 7,222,531</u>	<u>\$ 6,648,316</u>	<u>\$ 5,640,353</u>	<u>\$ 10,284,280</u>	<u>\$ 9,377,318</u>	<u>\$ 15,743,751</u>

Source: CAFR Schedule A-1 and District records.

Note: Reflects Implementation of GASB 68 for 2014 and subsequent years

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

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities										
Instruction										
Regular	\$ 11,066,276	\$ 10,777,851	\$ 10,791,398	\$ 10,254,647	\$ 10,337,685	\$ 9,601,302	\$ 9,390,888	\$ 8,942,244	\$ 9,028,083	\$ 8,442,694
Special Education	1,297,529	1,292,447	1,283,361	1,148,455	1,131,261	1,057,063	991,092	984,493	892,973	1,112,774
Other Instruction	1,398,687	1,421,873	1,284,903	1,276,370	1,223,796	1,175,972	1,160,116	1,044,036	1,065,652	1,038,084
Support Services:										
Tuition	1,818,857	2,540,260	2,209,640	2,761,568	2,659,553	2,489,421	2,414,524	2,002,365	1,943,141	1,382,113
Student & Instruction Related Services	3,239,185	3,099,235	3,008,920	3,121,650	2,978,812	2,757,690	2,716,086	2,636,254	2,371,102	1,890,928
School Administrative Services	734,307	715,612	705,074	706,776	675,792	667,095	672,485	679,883	638,860	1,010,983
General Administration	975,681	1,052,613	915,361	1,170,843	1,210,130	1,049,124	1,019,032	1,086,427	987,917	904,256
Plant Operations and Maintenance	2,479,681	1,909,415	2,476,045	2,706,519	2,832,653	2,797,195	2,394,229	2,409,114	2,171,079	2,107,380
Pupil Transportation	1,288,232	1,385,248	1,163,155	1,057,504	969,528	888,741	1,045,294	1,010,238	1,021,777	925,730
Unallocated Benefits	10,287,339	10,380,057	7,797,649	7,265,608	6,366,911	5,633,725	5,426,342	5,615,486	5,246,476	4,764,368
Interest on long-term debt	274,289	318,572	334,784	336,695	275,814	375,500	379,202	421,982	345,189	412,891
Unallocated Depreciation and Amortization	1,004,790	1,065,157	788,675	765,916	630,461	426,067	496,054	368,675	443,145	411,626
Total governmental activities expenses	<u>35,864,853</u>	<u>35,958,339</u>	<u>32,758,964</u>	<u>32,572,550</u>	<u>31,292,398</u>	<u>28,918,893</u>	<u>28,105,343</u>	<u>27,201,198</u>	<u>26,155,394</u>	<u>24,403,827</u>
Business-type activities:										
Food service	776,437	914,751	849,933	800,683	789,417	770,499	737,950	702,450	663,163	645,106
Shared Services	103,775	241,162	246,495	241,272	231,182	209,778	187,209	122,979	113,014	147,196
Region I Transportation	-	-	-	-	-	-	-	-	51,067	8,641,697
Region I Administration	-	-	-	-	-	-	-	-	1,024	563,526
Region I Summer School	-	-	-	-	-	-	-	-	-	152,447
Region I C.A.P.S. Program	-	-	-	-	-	-	-	-	-	257,437
Region I Non-Public IDEA Coordinator	-	-	-	-	-	-	-	-	-	387,684
Total business-type activities expense	<u>880,212</u>	<u>1,155,913</u>	<u>1,096,427</u>	<u>1,041,954</u>	<u>1,020,599</u>	<u>980,277</u>	<u>925,159</u>	<u>825,430</u>	<u>828,268</u>	<u>10,795,093</u>
Total district expenses	<u>\$ 36,745,066</u>	<u>\$ 37,114,252</u>	<u>\$ 33,855,391</u>	<u>\$ 33,614,504</u>	<u>\$ 32,312,997</u>	<u>\$ 29,899,170</u>	<u>\$ 29,030,502</u>	<u>\$ 28,026,628</u>	<u>\$ 26,983,663</u>	<u>\$ 35,198,920</u>
Program Revenues										
Governmental activities:										
Operating grants and contributions	\$ 7,739,861	\$ 7,980,137	\$ 5,269,373	\$ 4,682,274	\$ 3,840,384	\$ 2,985,945	\$ 3,246,406	\$ 3,382,051	\$ 2,834,020	\$ 2,382,206
Capital grants and contributions	-	-	-	-	333,758	174,455	-	-	-	-
Total governmental activities program revenues	<u>7,739,861</u>	<u>7,980,137</u>	<u>5,269,373</u>	<u>4,682,274</u>	<u>4,174,142</u>	<u>3,160,400</u>	<u>3,246,406</u>	<u>3,382,051</u>	<u>2,834,020</u>	<u>2,382,206</u>
Business-type activities:										
Charges for services										
Food service	776,866	1,048,598	919,361	863,118	800,667	792,236	744,585	716,984	693,879	651,283
Shared Services	103,775	241,186	246,495	241,271	231,182	209,778	187,209	122,979	113,014	151,801
Region I Transportation	-	-	-	-	-	-	-	-	-	8,687,087
Region I Administration	-	-	-	-	-	-	-	-	1,825	575,349
Region I Summer School	-	-	-	-	-	-	-	-	-	152,448
Region I C.A.P.S. Program	-	-	-	-	-	-	-	-	-	257,637
Region I Non-Public IDEA Coordinator	-	-	-	-	-	-	-	-	-	387,684
Total business type activities program revenues	<u>880,641</u>	<u>1,289,785</u>	<u>1,165,856</u>	<u>1,104,389</u>	<u>1,031,849</u>	<u>1,002,013</u>	<u>931,794</u>	<u>839,964</u>	<u>808,718</u>	<u>10,863,289</u>
Total district program revenues	<u>\$ 8,620,502</u>	<u>\$ 9,269,921</u>	<u>\$ 6,435,229</u>	<u>\$ 5,786,663</u>	<u>\$ 5,205,991</u>	<u>\$ 4,162,413</u>	<u>\$ 4,178,200</u>	<u>\$ 4,222,015</u>	<u>\$ 3,642,737</u>	<u>\$ 13,245,495</u>
Net (Expense)/Revenue										
Governmental activities	\$ (28,124,992)	\$ (27,978,203)	\$ (27,489,591)	\$ (27,890,276)	\$ (27,118,256)	\$ (25,758,493)	\$ (24,858,937)	\$ (23,819,147)	\$ (23,321,375)	\$ (22,021,621)
Business-type activities	429	133,872	69,428	62,435	11,250	21,736	6,635	14,534	(19,550)	68,196
Total district-wide net expense	<u>\$ (28,124,563)</u>	<u>\$ (27,844,331)</u>	<u>\$ (27,420,162)</u>	<u>\$ (27,827,841)</u>	<u>\$ (27,107,006)</u>	<u>\$ (25,736,757)</u>	<u>\$ (24,852,302)</u>	<u>\$ (23,804,613)</u>	<u>\$ (23,340,925)</u>	<u>\$ (21,953,425)</u>

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

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 22,395,067	\$ 21,955,948	\$ 21,525,439	\$ 21,103,372	\$ 20,547,424	\$ 20,144,534	\$ 19,749,543	\$ 19,362,297	\$ 18,982,644	\$ 18,610,435
Taxes levied for debt service	1,428,668	1,427,408	1,399,948	1,403,976	1,393,214	1,286,637	1,116,124	1,062,464	1,089,309	1,251,744
Federal and State Aid not Restricted	204,987	378,124	214,645	107,123	550,097	539,683	10,311		78,234	
Tuition	5,956,990	5,733,507	5,610,028	5,363,708	5,011,924	4,926,237	4,358,957	4,200,789	3,962,154	3,729,413
Investment Earnings	117,177	165,414	29,955	29,955						
Miscellaneous income	174,357	185,047	394,197	162,917	178,562	71,725	104,722	86,025	97,819	217,381
Transfers	(10,886)	(6,931)	(4,285)	(2,901)	(2,001)	(1,740)				
Total governmental activities	30,266,360	29,838,516	29,169,926	28,168,149	27,679,219	26,967,076	25,339,656	24,711,575	24,210,160	23,808,973
Business-type activities:										
Investment Earnings	-	-	-	-	-	1	-	-	-	-
Transfers	10,886	6,931	4,285	3,636	2,001	1,740	-	-	-	-
Miscellaneous income	15,000	-	-	-	-	-	-	-	-	-
Total business-type activities	25,886	6,931	4,285	3,636	2,001	1,741	-	-	-	-
Total government-wide	\$ 30,292,246	\$ 29,845,448	\$ 29,174,211	\$ 28,171,785	\$ 27,681,221	\$ 26,968,817	\$ 25,339,656	\$ 24,711,575	\$ 24,210,160	\$ 23,808,973
Special Item:										
Residual Equity Transfer to New Lead Agency									\$ (242,991)	
Change in Net Position/Net Assets										
Governmental activities	\$ 2,141,368	\$ 1,860,314	\$ 1,680,335	\$ 277,873	\$ 560,963	\$ 1,208,582	\$ 480,719	\$ 892,428	888,785	\$ 1,787,352
Business-type activities	26,315	140,803	73,713	66,071	13,252	23,478	6,635	14,534	(262,541)	68,196
Total district	\$ 2,167,683	\$ 2,001,117	\$ 1,754,049	\$ 343,944	\$ 574,215	\$ 1,232,060	\$ 487,354	\$ 906,962	\$ 626,244	\$ 1,855,548

Source: CAFR Schedule A-2 and District records.

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

	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Restricted/Committed/Assigned	\$ 5,685,770	\$ 4,508,323	\$ 4,614,840	\$ 4,116,977	\$ 4,317,502	\$ 4,902,279	\$ 5,464,552	\$ 5,590,531	\$ 4,843,401	\$ 4,129,436
Unreserved/Unassigned	633,834	577,836	541,366	548,839	221,602	228,807	252,934	271,636	433,271	403,891
Total general fund	<u>\$ 6,319,604</u>	<u>\$ 5,086,159</u>	<u>\$ 5,156,207</u>	<u>\$ 4,665,816</u>	<u>\$ 4,539,104</u>	<u>\$ 5,131,086</u>	<u>\$ 5,717,485</u>	<u>\$ 5,862,167</u>	<u>\$ 5,276,672</u>	<u>\$ 4,533,326</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Capital projects fund	\$ -	\$ 546,169	\$ 1,834,944	\$ 2,967,456	\$ 433,240	\$ 1,794,522	\$ 2,522,808	\$ -	\$ 44,758	\$ 44,758
Debt service fund	-	-	-	20,419	24,411	7,626	3,633	2	2	77,345
Total all other governmental funds	<u>\$ -</u>	<u>\$ 546,169</u>	<u>\$ 1,834,944</u>	<u>\$ 2,987,875</u>	<u>\$ 457,651</u>	<u>\$ 1,802,148</u>	<u>\$ 2,526,441</u>	<u>\$ 2</u>	<u>\$ 44,760</u>	<u>\$ 122,103</u>
Total governmental fund balances	<u>\$ 6,319,604</u>	<u>\$ 5,632,328</u>	<u>\$ 6,991,150</u>	<u>\$ 7,653,690</u>	<u>\$ 4,996,755</u>	<u>\$ 6,933,234</u>	<u>\$ 8,243,926</u>	<u>\$ 5,862,169</u>	<u>\$ 5,321,432</u>	<u>\$ 4,655,430</u>

Source: CAFR Schedule B-1 and District records.

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
Changes in Fund Balances - "Governmental Funds"
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year Ending June 30,

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Tax levy	\$ 23,823,735	\$ 23,383,356	\$ 22,925,387	\$ 22,507,348	\$ 21,940,638	\$ 21,431,171	\$ 20,865,667	\$ 20,424,761	\$ 20,071,953	\$ 19,862,179
Tuition Charges	5,956,990	5,733,507	5,610,028	5,363,708	5,011,924	4,926,237	4,358,957	4,200,789	3,962,154	3,729,413
Interest earnings	117,177	165,414	29,955	29,955	-	-	-	-	-	-
Miscellaneous	174,357	200,047	394,197	162,917	178,562	71,725	104,722	86,025	97,819	217,523
State sources	5,815,780	6,063,353	5,170,711	4,496,682	4,439,897	3,621,658	3,060,467	3,210,203	2,690,614	1,979,683
Federal sources	330,585	317,365	313,307	292,715	310,162	236,418	196,250	197,668	221,640	402,523
Total revenue	<u>36,218,624</u>	<u>35,863,042</u>	<u>34,443,584</u>	<u>32,853,324</u>	<u>31,881,182</u>	<u>30,287,208</u>	<u>28,586,062</u>	<u>28,119,446</u>	<u>27,044,180</u>	<u>26,191,321</u>
Expenditures										
Instruction:										
Regular Instruction	11,050,209	10,797,638	10,847,383	10,262,990	10,309,970	9,586,257	9,382,622	8,891,741	8,970,496	8,389,482
Special Education Instruction	1,414,256	1,399,621	1,283,361	1,148,455	1,131,261	1,057,063	991,092	984,493	892,973	1,112,774
Other Instruction	1,393,549	1,421,873	1,368,639	1,276,370	1,223,796	1,175,972	1,160,116	1,044,036	1,065,652	1,038,084
Undistributed:										
Tuition	1,818,857	2,540,260	2,209,640	2,761,568	2,659,553	2,489,421	2,414,524	2,002,365	1,943,141	1,382,113
Student & Instruction Related Services	3,134,656	3,085,209	3,014,159	3,036,837	2,899,927	2,745,174	2,678,759	2,611,152	2,352,021	1,871,845
School Administrative Services	714,693	699,479	696,318	698,020	667,036	658,339	645,418	632,687	610,775	982,898
Other Administrative Services	1,039,616	1,167,747	1,194,115	1,260,824	1,270,455	1,141,287	1,027,941	1,025,372	987,917	904,256
Plant Operations and Maintenance	2,745,123	2,574,612	2,601,170	2,690,105	2,808,037	2,779,491	2,380,725	2,399,739	2,144,322	2,074,125
Pupil Transportation	1,290,533	1,401,194	1,179,597	1,084,793	968,350	907,415	1,045,294	1,010,238	968,948	872,901
Unallocated Benefits	8,433,784	8,280,759	7,451,308	6,688,493	6,188,440	5,740,590	5,426,342	5,642,262	5,197,648	4,774,958
Capital Outlay	936,310	2,618,412	1,837,247	2,688,641	2,179,442	2,471,557	664,551	193,619	49,981	114,864
Debt Service:										
Interest	173,875	222,129	264,904	307,354	339,391	383,596	330,848	351,004	379,304	448,402
Principal	1,375,000	1,327,000	1,275,000	1,215,000	1,170,000	960,000	815,000	790,000	815,000	1,125,000
Total Expenditures	<u>35,520,462</u>	<u>37,535,932</u>	<u>35,222,840</u>	<u>35,119,450</u>	<u>33,815,660</u>	<u>32,096,161</u>	<u>28,963,230</u>	<u>27,578,709</u>	<u>26,378,178</u>	<u>25,091,703</u>
Excess (Deficiency) of revenues over (under) expenditures	698,162	(1,672,891)	(779,255)	(2,266,126)	(1,934,477)	(1,808,952)	(377,168)	540,737	666,002	1,099,618
Other Financing sources (uses)										
Bond & Lease/Purchase Proceeds	-	321,000	121,000	4,925,963	-	500,000	2,760,000	-	-	-
Proceeds from refunding	-	-	-	-	-	-	-	-	-	10,248,861
Payment to Escrow Agent	-	-	-	-	-	-	-	-	-	(10,146,282)
Transfers in	203,175	750,187	464,201	3,709	40,475	961,577	318,631	49,825	3	142
Transfers out	(214,061)	(757,118)	(468,486)	(6,610)	(42,476)	(963,317)	(319,706)	(44,758)	(3)	(142)
Total other financing sources (uses)	<u>(10,886)</u>	<u>314,069</u>	<u>116,715</u>	<u>4,923,061</u>	<u>(2,001)</u>	<u>498,260</u>	<u>2,758,925</u>	<u>5,067</u>	<u>-</u>	<u>102,578</u>
Net change in fund balances	<u>\$ 687,276</u>	<u>\$ (1,358,822)</u>	<u>\$ (662,540)</u>	<u>\$ 2,656,935</u>	<u>\$ (1,936,479)</u>	<u>\$ (1,310,692)</u>	<u>\$ 2,381,757</u>	<u>\$ 545,804</u>	<u>\$ 666,002</u>	<u>\$ 1,202,196</u>
Debt service as a percentage of noncapital expenditures	4.48%	4.44%	4.61%	4.69%	4.77%	4.54%	4.05%	4.17%	4.54%	6.30%

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)

<u>FISCAL YEAR ENDED JUNE 30,</u>	<u>TUITION</u>	<u>INTEREST ON INVESTMENTS</u>	<u>RENTALS</u>	<u>REFUND</u>	<u>DONATION</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
2011	\$ 3,729,413		\$ 87,485	\$ 86,007		\$ 25,798	\$ 3,928,703
2012	3,962,153.77		55,815.00	29,463.35		12,541.02	4,059,973.14
2013	4,200,789.16		47,767.50	30,151.29	\$ 800	7,306.25	4,286,814.20
2014	4,358,956.78		31,702.00	61,061.81		11,957.97	4,463,678.56
2015	4,926,236.98	\$ 358	36,880.00	26,883.64		3,608.31	4,993,967.36
2016	5,011,923.92	16,984.10	99,870.00	52,097.21		9,610.54	5,190,485.77
2017	5,363,708.24	26,245.87	95,099.00	19,762.06	26,000.00	22,055.45	5,552,870.62
2018	5,610,027.50	92,712.95	91,610.75	28,741.55	23,000.00	169,249.10	6,015,341.85
2019	5,733,506.94	165,413.84	92,884.48	24,457.65		8,934.90	6,025,197.81
2020	5,956,990.48	117,176.90	71,899.38	19,261.09		82,694.14	6,248,021.99

Source: District records.

Revenue Capacity

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

Exhibit J-6

ALLENDALE BOROUGH

Calendar Year	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
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	\$ 0.633
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	0.539
2013	24,941,500	1,335,080,100	961,400	82,518,900	90,783,000	-	1,534,284,900	100,000	1,534,384,900	1,663,902,939	0.550
2014	19,866,500	1,345,055,500	961,400	82,518,900	90,783,000	-	1,539,185,300	93,090	1,539,278,390	1,653,530,946	0.561
2015	8,901,700	1,459,382,600	989,700	93,741,200	100,784,000	-	1,663,799,200	100,000	1,663,899,200	1,680,027,463	0.516
2016	9,175,000	1,465,156,100	989,700	93,741,200	99,262,000	-	1,668,324,000	100,000	1,668,424,000	1,699,006,925	0.532
2017	10,303,600	1,474,938,700	975,000	93,411,200	99,262,000	-	1,678,890,500	100,000	1,678,990,500	1,755,071,494	0.532
2018	13,968,900	1,481,806,700	975,000	93,411,200	99,762,000	-	1,689,923,800	100,000	1,690,023,800	1,775,331,133	0.540
2019	13,525,600	1,488,000,800	975,000	88,767,800	99,762,000	-	1,691,031,200	100,000	1,691,131,200	1,775,915,153	0.563
2020	11,996,800	1,494,252,900	986,500	88,031,800	88,887,000	-	1,684,155,000	100,000	1,684,255,000	1,785,680,219	0.583

Source: Municipal Tax Assessor

UPPER SADDLE RIVER BOROUGH

Calendar Year	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
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	\$ 0.536
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	0.540
2013	16,726,500	1,986,761,100	-	171,223,500	6,217,700	18,551,000	2,199,479,800	100,000	2,199,579,800	2,821,292,714	0.557
2014	15,437,400	1,996,173,700	-	171,223,500	6,217,700	18,551,000	2,207,603,300	100,000	2,207,703,300	2,794,042,727	0.567
2015	15,472,600	2,002,788,500	-	171,123,500	6,217,700	18,551,000	2,214,153,300	100,000	2,214,253,300	2,752,334,742	0.590
2016	16,007,400	2,013,563,300	-	170,132,500	6,217,700	18,551,000	2,224,471,900	100,000	2,224,571,900	2,762,070,897	0.600
2017	24,891,200	2,030,685,200	-	127,765,000	6,217,700	18,551,000	2,208,110,100	100,000	2,208,210,100	2,776,753,610	0.624
2018	50,492,000	2,049,711,200	-	123,393,600	6,217,700	18,551,000	2,248,365,500	100,000	2,248,465,500	2,807,482,955	0.625
2019	58,683,300	2,047,410,900	-	121,693,600	6,217,700	18,551,000	2,252,556,500	100,000	2,252,656,500	2,747,346,459	0.626
2020	58,683,300	2,040,321,600	-	121,693,600	6,217,700	18,551,000	2,245,467,200	100,000	2,245,567,200	2,747,346,459	0.635

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
Page 1 of 2

Calendar Year	<u>Allendale Borough</u>						Total Direct and Overlapping Tax Rate
	<u>Regional School District Direct Rate</u>			<u>Overlapping Rates</u>			
	<u>Basic Rate ^a</u>	<u>General Obligation Debt Service ^b</u>	<u>Total Direct School Tax Rate</u>	<u>Municipality ^c</u>	<u>Local School District</u>	<u>County ^c</u>	
2011 \$	0.058 \$	0.575 \$	0.633 \$	0.691 \$	1.071 \$	0.277 \$	2.672
2012	0.049	0.490	0.539	0.593	0.946	0.233	2.311
2013	0.521	0.029	0.550	0.592	0.969	0.246	2.357
2014	0.531	0.030	0.561	0.592	0.978	0.252	2.383
2015	0.486	0.030	0.516	0.556	0.925	0.248	2.245
2016	0.498	0.034	0.532	0.560	0.948	0.251	2.291
2017	0.500	0.032	0.532	0.572	0.921	0.263	2.288
2018	0.507	0.033	0.540	0.575	0.925	0.257	2.297
2019	0.529	0.034	0.563	0.580	0.952	0.254	2.349
2020	0.548	0.035	0.583	0.600	0.966	0.264	2.413

Source: Municipal Tax Collector

Upper Saddle River Borough

Calendar Year	Regional School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt	Total Direct School Tax	Municipality ^c	Local School	County ^c	
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
2013	0.528	0.029	0.557	0.364	0.948	0.296	2.165
2014	0.538	0.029	0.567	0.375	0.960	0.296	2.198
2015	0.562	0.028	0.590	0.374	0.975	0.299	2.238
2016	0.562	0.038	0.600	0.375	0.996	0.307	2.277
2017	0.587	0.037	0.624	0.386	1.017	0.315	2.342
2018	0.587	0.038	0.625	0.411	1.019	0.306	2.361
2019	0.588	0.038	0.626	0.420	1.036	0.296	2.378
2020	0.597	0.038	0.635	0.454	1.044	0.301	2.434

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

- 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
Unaudited

Allendale Borough

	2020		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Giancarlo Holdings and Services Inc	\$ 20,160,000	1	1.20%
Allendale Plaza	18,500,000	2	1.10%
LPR Allendale	16,448,000	3	0.98%
Allendale Property LLC	10,448,000	4	0.62%
Allendale Corporate Center LLC	9,056,000	5	0.54%
Allendale Corporate Center LLC	6,590,000	6	0.39%
Allendale Property LLC	5,987,000	7	0.36%
Allendale Corporate Center LLC	5,890,000	8	0.35%
Allendale Corporate Center LLC	4,952,000	9	0.29%
Allendale Property LLC	438,000	10	0.03%
Total	\$ 98,469,000		5.85%

Source: Municipal Tax Assessor

Upper Saddle River Borough

	2020		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Toll Brothers	\$ 29,930,000	1	1.33%
Viewstar, LLC	14,500,000	2	0.64%
Upper Saddle River Developers, LLC	10,600,600	3	0.47%
Whitney Associates	8,353,800	4	0.37%
USR Developers, LLC Pinnacle	7,950,400	5	0.35%
Pentak Management Corp.	7,500,000	6	0.33%
Porven Real Estate, Inc.	6,421,500	7	0.29%
Upper Saddle River Project LLC	6,071,000	8	0.27%
Birdie Investments, LLC	5,580,300	9	0.25%
2 Park Way Assoc., LLC	4,200,000	10	0.19%
Total	\$ 101,107,600		4.49%

Source: Municipal Tax Assessor

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT Exhibit J-9
Total Property Tax Levies and Collections (Page 1 of 2)
Last Ten Fiscal Years
Unaudited

Allendale Borough

<u>Fiscal Year Ended December 31,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
2010	\$ 34,791,107.08	\$ 34,504,736.36	99.18%
2011	35,182,263.33	34,750,583.24	98.77%
2012	35,633,196.66	35,353,493.31	99.22%
2013	36,239,030.94	35,943,882.80	99.19%
2014	36,892,184.56	36,284,406.19	98.35%
2015	37,430,131.87	37,207,739.38	99.41%
2016	38,334,695.10	37,889,389.56	98.84%
2017	38,611,956.18	38,170,909.97	98.86%
2018	38,958,532.36	38,695,295.38	99.32%
2019	39,801,478.00	39,311,290.00	98.77%

Source: Municipal Tax Collector

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT Exhibit J-9
Total Property Tax Levies and Collections (Page 2 of 2)
Last Ten Fiscal Years
Unaudited

Upper Saddle River Borough

<u>Fiscal Year Ended December 31,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
2010	\$ 45,328,406.00	\$ 44,487,600.00	98.15%
2011	46,633,131.00	46,054,881.00	98.76%
2012	47,023,335.00	46,496,673.64	98.88%
2013	47,671,740.00	47,191,930.36	98.99%
2014	48,813,099.52	48,344,781.00	99.04%
2015	49,714,569.52	49,314,598.98	99.20%
2016	50,724,005.00	50,341,661.00	99.25%
2017	52,015,704.00	51,665,605.00	99.33%
2018	53,234,636.00	52,683,548.00	98.96%
2019	53,965,309.00	52,971,296.00	98.16%

Source: Municipal Tax Collector

- a - The amounts presented above present collection rates for each municipality for all taxes levied. In addition to Regional High School taxes, the tax levies include local school, municipal and county taxes.
- b - 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.

Debt Capacity

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

Fiscal Year Ended June 30,	Governmental Activities				Business- Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2011	\$ 10,932,000	\$ -	\$ -	\$ -	\$ -	\$ 10,932,000	1.10%	\$ 738	
2012	10,117,000	-	-	-	-	10,117,000	0.94%	677	
2013	9,327,000	-	-	-	-	9,327,000	0.87%	624	
2014	11,272,000	-	-	-	-	11,272,000	1.02%	750	
2015	10,312,000	-	455,000	-	-	10,767,000	0.94%	711	
2016	9,142,000	-	341,250	-	-	9,483,250	0.83%	625	
2017	7,927,000	-	5,048,191	-	-	12,975,191	1.10%	855	
2018	6,652,000	-	4,856,510	-	-	11,508,510	0.98%	751	
2019	5,325,000	-	4,553,702	-	-	9,878,702	0.84%	645	
2020	3,950,000	-	4,077,266	-	-	8,027,266	0.62%	537	

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, if available.
 Per Capita calculation for 2020 utilizes 2019 population data

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2011	\$ 10,932,000		\$ 10,932,000	0.23%	\$ 738
2012	10,117,000		10,117,000	0.22%	677
2013	9,327,000		9,327,000	0.21%	624
2014	11,272,000		11,272,000	0.30%	750
2015	10,312,000		10,312,000	0.27%	681
2016	9,142,000		9,142,000	0.23%	601
2017	7,927,000		7,927,000	0.20%	522
2018	6,652,000		6,652,000	0.17%	434
2019	5,325,000		5,325,000	0.14%	354
2020	3,950,000		3,950,000	0.10%	262

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

2019 Per Capita calculations utilize 2018 Population data

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL
Direct and Overlapping Governmental Activities Debt
As of December 31, 2019
Unaudited

Exhibit J-12

	Allendale Borough	Upper Saddle River Borough
Overlapping Debt of School District:		
Municipal Net Debt(100%)	\$ 21,448,884	\$ 14,132,982
Local School (100%)	2,165,000	1,120,874
County of Bergen Share (Statutory Net Debt)	9,012,314	12,004,774
Subtotal, overlapping debt	32,626,198	27,258,630
Northern Highlands Regional District Direct Debt	1,971,437	3,043,563
Total direct and overlapping debt	\$ 34,597,635	\$ 30,302,194

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.

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

Exhibit J-13

Legal Debt Margin at December 31, 2019:

Average Equalized Valuation Basis:

State Equalized Values of Taxable Property

	<u>Allendale Borough</u>	<u>Upper Saddle River Borough</u>	<u>Equalized Valuation Basis</u>
2017	\$ 1,760,581,483	\$ 2,752,224,975	\$ 4,512,806,458
2018	1,772,523,390	2,737,235,850	4,509,759,240
2019	<u>1,790,777,507</u>	<u>2,729,709,767</u>	<u>4,520,487,274</u>
	<u>\$ 5,323,882,380</u>	<u>\$ 8,219,170,592</u>	<u>\$ 13,543,052,972</u>
			<u>\$ 4,514,350,991</u>
			\$ 135,430,530
			<u>5,015,000</u>
			<u>\$ 130,415,530</u>

	<u>Fiscal Year</u>										
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt Limit-Dec. 31, Prior Year	\$ 135,430,530	\$ 135,555,942	\$ 134,892,665	\$ 134,061,988	\$ 132,995,173	\$ 133,357,781	\$ 135,322,219	\$ 142,057,033	\$ 146,289,551	\$ 146,289,551	\$ 148,653,250
Total Net School Debt Applicable to Limit	<u>5,015,000</u>	<u>6,452,000</u>	<u>7,727,000</u>	<u>8,957,000</u>	<u>10,132,000</u>	<u>11,272,000</u>	<u>12,087,000</u>	<u>10,117,000</u>	<u>10,932,000</u>	<u>10,932,000</u>	<u>12,094,000</u>
Legal Debt Margin	<u>\$ 130,415,530</u>	<u>\$ 129,103,942</u>	<u>\$ 127,165,665</u>	<u>\$ 125,104,988</u>	<u>\$ 122,863,173</u>	<u>\$ 122,085,781</u>	<u>\$ 123,235,219</u>	<u>\$ 131,940,033</u>	<u>\$ 135,357,551</u>	<u>\$ 135,357,551</u>	<u>\$ 136,559,250</u>
Net Debt as % of Debt Limit	3.70%	4.76%	5.73%	6.68%	7.62%	8.45%	8.93%	7.12%	7.47%	7.47%	8.14%

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

Demographic and Economic Information

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 ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2010	6,515 \$	430,406,960 \$	66,064	5.80%
2011	6,585	454,714,005	69,053	5.70%
2012	6,626	478,079,152	72,152	5.80%
2013	6,687	479,317,473	71,679	5.80%
2014	6,711	499,647,372	74,452	5.00%
2015	6,734	523,002,844	77,666	4.60%
2016	6,773	536,049,085	79,145	3.90%
2017	6,791	553,351,053	81,483	3.50%
2018	6,765	581,458,515	85,951	2.70%
2019	6,734	N/A	N/A	

Upper Saddle River Borough

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2010	8,170 \$	539,742,880 \$	66,064	9.20%
2011	8,218	567,477,554	69,053	9.00%
2012	8,239	594,460,328	72,152	9.20%
2013	8,249	591,280,071	71,679	6.00%
2014	8,208	611,102,016	74,452	4.10%
2015	8,224	638,725,184	77,666	3.30%
2016	8,226	651,046,770	79,145	3.20%
2017	8,268	673,701,444	81,483	3.00%
2018	8,236	707,892,436	85,951	2.20%
2019	8,205	N/A	N/A	

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income for Bergen County was computed using Census Bureau midyear population estimates.

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
Principal Employers,
Current Year and Ten Years Ago

<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>

Information Unavailable

-		0.00%	-		0.00%
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Operating Information

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Teachers	112.0	108.0	109.0	110.0	110.0	118.9	118.4	118.7	120.3	120.4
Classroom Aides										
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition										
Student & Instruction Related Services	37.0	36.0	35.0	35.0	35.5	32.8	33.8	33.8	33.8	32.6
General Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Business Administrative Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Administrative Information Technology										
Plant operations and maintenance	19.0	17.0	17.5	18.0	18.0	18.0	18.0	18.0	18.0	17.5
Pupil transportation	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5	4.5	3.5
Total	<u>183.0</u>	<u>176.0</u>	<u>176.5</u>	<u>178.0</u>	<u>178.5</u>	<u>185.2</u>	<u>185.7</u>	<u>186.0</u>	<u>189.6</u>	<u>187.0</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Senior High School				
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%
2013	1,328	26,244,086	19,762.11	6.15%	110	1:12.1	1,325.7	1,257.5	-0.87%	94.86%
2014	1,345	27,265,191	20,271.52	2.58%	110	1:12.2	1,348.4	1,285.4	1.71%	95.33%
2015	1,367	28,392,241	20,769.74	2.46%	119	1:11.5	1,369.7	1,305.1	1.58%	95.28%
2016	1,336	30,126,826	22,550.02	11.24%	118	1:11.3	1,337.0	1,275.3	-0.85%	95.39%
2017	1,363	30,908,455	22,676.78	9.18%	118	1:11.5	1,358.6	1,288.6	-0.81%	94.85%
2018	1,359	32,008,242	23,552.79	4.45%	119	1:11.5	1,356.8	1,288.8	1.48%	94.99%
2019	1,378	33,368,391	24,215.09	6.78%	120	1:11.5	1,382.8	1,317.3	1.78%	95.26%
2020	1,406	33,035,277	23,495.93	-0.24%	120	1:11.5	1,401.1	1,360.9	3.27%	97.13%

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**

District Building	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>High School</u>										
Northern Highlands Regional High School (1965)										
Square Feet	287,118	287,118	287,118	287,118	287,118	287,118	287,118	287,118	287,118	287,118
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	1,316	1,346	1,324	1,345	1,372	1,336	1,363	1,359	1,378	1,406
Number of Schools at June 30, 2020										
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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
High School	\$ 776,298	\$ 666,054	\$ 856,826	\$ 1,008,284	\$ 991,431	\$ 1,018,467	\$ 598,512	\$ 561,505	\$ 548,653	\$ 581,002
Grand Total	<u>\$ 776,298</u>	<u>\$ 666,054</u>	<u>\$ 856,826</u>	<u>\$ 1,008,284</u>	<u>\$ 991,431</u>	<u>\$ 1,018,467</u>	<u>\$ 598,512</u>	<u>\$ 561,505</u>	<u>\$ 548,653</u>	<u>\$ 581,002</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, 2020

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 2019-2020 fiscal year:

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy – NESBIG		
Policy –Great American Insurance Company:		
Property – Blanket Coverage for Buildings and Business Personal Property	Per Statement of values	\$ 5,000
Flood Coverage (per occurrence & aggregate):		
Outside Hazard Areas	\$ 5,000,000	50,000
Totally or Partially in Hazard Area	2,000,000	500,000
Earthquake Coverage (per occurrence & aggregate):5,000,000		
	50,000	
Extra Expense	5,000,000	
Contractor's Equipment	250,000	
Scheduled School Property	10,000/100,000	
Electronic Information Systems Coverage	5,000,000	
Cameras & AV Equipment	250,000	
Musical & Theatrical Equipment	250,000	
Valuable Papers	5,000,000	
Commercial General Liability		
Per Occurrence	1,000,000	
Aggregate	2,000,000	
Cyber Liability-Indian Harbor Ins. Co.		
Per Occurrence	2,000,000	15,000
Data Breach Response/Crisis Mgmt. Aggregate	1,000,000 6,000,000	15,000
Employee Benefits Liability		
Per Occurrence	1,000,000	1,000
Aggregate	2,000,000	
Business Automobile Coverage-Great American Ins. Co.		
Liability & Uninsured Motorist (CSL)	1,000,000	
Medical Expenses Limit (Any one person)	10,000	
Excess Liability Coverage – Starstone National Ins. Co.		
Per Occurrence & Aggregate	15,000,000	
Excess Liability Coverage – Markel American Ins. Co.		
Per Occurrence & Aggregate	15,000,000	
Commercial Crime Coverage – Selective Insurance Co. of America		
Employee Theft		
Per Employee	100,000	5,000
Per Loss	500,000	100,000
Forgery/Transfer Fraud	100,000	1,000

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
NJ CAP Coverage – Fireman’s Fund Indemnity Corp.		
Per Occurrence & Aggregate	\$ 50,000,000	
Workers’ Compensation – Safety National Ins. Co.		
Workers Compensation	Statutory	
Excess Employer Liability – Accident	1,000,000	
Excess Employer Liability – Disease (Per occurrence and policy limit)	1,000,000	
Pollution Liability – Markel		
Per Occurrence:	2,000,000	\$ 15,000
Aggregate: 4,000,000		
Aggregate Limit (NESBIG)	20,000,000	
Educators E&O and EPL Coverage-Greenwich Insurance Co.		
Per Occurrence & Aggregate	1,000,000	
Defense of Nonmonetary Claims	500,000	
Student/Athletic Accident – Master Policy Gerber Life Insurance Co.		
Limit of Liability per Conveyance Accident	500,000	
Limit of Liability per All Other Accidents	500,000	
Specific Losses	Per Schedule	
Position Surety Bonds – Western Surety Co.		
Business Administrator	250,000	
Treasurer	250,000	

Source: School Business Administrator

SINGLE AUDIT SECTION

SECTION – K

**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**

INDEPENDENT AUDITORS' REPORT

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Northern Highlands Regional High School District (the "District"), in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the district's basic financial statements, and have issued our report thereon dated February 3, 2021.

Internal Control Over Financial Reporting

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

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

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

PKF O'CONNOR DAVIES, LLP
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Cranford, New Jersey
February 3, 2021

David J. Gannon

David J. Gannon, CPA
Licensed Public School Accountant, No. 2305

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for Each Major State Program

We have audited the Northern Highlands Regional High School District (the "District"), County of Bergen, New Jersey for compliance with the types of compliance requirements described in the New Jersey Compliance Manual "State Grant Compliance Supplement" that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2020. The District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. 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 Office of School Finance, Department of Education, State of New Jersey; and the he audit requirements of New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants and State Aid*. Those standards and New Jersey OMB's Circular 15-08 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 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 on compliance for each major state program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with NJ OMB Circular 15-08, 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 District's internal control over compliance.

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

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

PKF O'Connor Davies, LLP

February 3, 2021
Cranford, New Jersey

David J. Gannon

David J. Gannon, CPA
Licensed Public School Accountant, No. 2305

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL C.F.D.A NO.	FAIN NO.	GRANT PERIOD	AWARD AMOUNT	UNEARNED REVENUE/ (ACCTS. REC.)		APPROVED TRANSFERS	BUDGETARY EXPENDITURES	UNEARNED REVENUE		MEMO CUMULATIVE TOTAL EXPENDITURES
					AT JUNE 30, 2019	CASH RECEIVED			AT JUNE 30, 2020		
U.S. Department of Education Passed-through State Department of Education:											
Special Revenue Fund:											
Individuals with Disabilities	84.027	H027A200100	7/1/19-9/30/20	\$ 235,410	\$	\$ 235,410.00	\$	(235,410.00)	\$		(235,410.00)
ESSA Title I, Part A	84.010A	S010A200030	7/1/19-9/30/20	54,924		54,924.00	22,519.00	(77,443.00)			(77,443.00)
ESSA Title II, Part A	84.367A	S367A200029	7/1/19-9/30/20	12,519		12,519.00	(12,519.00)				
ESSA Title IV	84.424	S424A200031	7/1/19-9/30/20	10,000		10,000.00	(10,000.00)				
Total U.S. Department of Education						<u>312,853.00</u>	<u>-</u>	<u>(312,853.00)</u>		<u>-</u>	<u>(312,853.00)</u>
U.S. Department of Homeland Security Passed-through State Department of Education											
Special Revenue Fund: CARES Act											
	84.425D	Not Available	4/1/20-3/31/21	17,732				(17,731.56)		(17,731.56)	(17,731.56)
Total Special Revenue Fund:						<u>312,853.00</u>	<u>-</u>	<u>(330,584.56)</u>		<u>(17,731.56)</u>	<u>(330,584.56)</u>
U.S. Department of Labor - Passed-Through State Department of Labor Agency Fund:											
Passed through State Department of Labor: CARES Act DOL Unemployment Grant											
	17.000	Not available	4/1/20-12/31/20	2,322.58				(2,322.58)		(2,322.58)	(2,322.58)
Total Agency Fund								<u>(2,322.58)</u>		<u>(2,322.58)</u>	<u>(2,322.58)</u>
Total Federal Awards					\$	<u>-</u>	\$ <u>312,853.00</u>	\$ <u>-</u>	\$ <u>(332,907.14)</u>	\$ <u>-</u>	\$ <u>(312,853.00)</u>

Auditor Note: A Single Audit of Federal Awards was not required for the fiscal year ended June 30, 2020 based upon the reported level of expenditures.
See Accompanying Notes to Schedules of Financial Assistance

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2019		CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE AT JUNE 30, 2020	MEMO	
				(ACCOUNTS RECEIVABLE)	MEMO BUDGETARY RECEIVABLE			(ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:										
General Fund:										
State Aid (Public Cluster):										
Special Education Categorical Aid	19-495-034-5120-089	\$ 437,417.00	7/1/18-6/30/19	\$	\$ (38,797.00)	\$ 38,797.00	\$	\$	\$	\$
Special Education Categorical Aid	20-495-034-5120-089	527,552.00	7/1/19-6/30/20			480,029.00	(527,552.00)		(47,523.00)	(527,552.00)
Security Aid	19-495-034-5120-084	77,671.00	7/1/18-6/30/19		(6,889.00)	6,889.00				
Security Aid	20-495-034-5120-084	77,671.00	7/1/19-6/30/20			70,674.00	(77,671.00)		(6,997.00)	(77,671.00)
Transportation Aid	19-495-034-5120-014	272,216.00	7/1/18-6/30/19		(24,145.00)	24,145.00				
Transportation Aid	20-495-034-5120-014	272,216.00	7/1/19-6/30/20			247,695.00	(272,216.00)		(24,521.00)	(272,216.00)
Nonpublic School Transportation	20-495-034-5120-014	3,834.00	7/1/19-6/30/20				(3,834.00)	(3,834.00)		(3,834.00)
Nonpublic School Transportation	19-495-034-5120-014	26,790.00	7/1/18-6/30/19	(26,790.00)		26,790.00				
Extraordinary Aid	19-495-034-5120-044	378,124.00	7/1/18-6/30/19	(378,124.00)		378,124.00				
Extraordinary Aid	20-495-034-5120-044	214,197.00	7/1/19-6/30/20				(214,197.00)	(214,197.00)		(214,197.00)
T.P.A.F. Social Security Aid	20-495-034-5095-003	941,932.00	7/1/19-6/30/20			941,931.84	(941,931.84)			(941,932.00)
T.P.A.F. Pension Contributions	20-495-034-5095-002	2,626,738.00	7/1/19-6/30/20			2,626,738.00	(2,626,738.00)			(2,626,738.00)
T.P.A.F. Post Retirement Medical	20-495-034-5095-001	991,938.00	7/1/19-6/30/20			991,938.00	(991,938.00)			(991,938.00)
T.P.A.F. Non-Contributory Insurance	20-495-034-5095-004	48,705.00	7/1/19-6/30/20			48,705.00	(48,705.00)			(48,705.00)
Total General Fund:				(404,914.00)	(69,831.00)	5,882,455.84	(5,704,782.84)	(218,031.00)	(79,041.00)	(5,704,783.00)
Debt Service Fund:										
Debt Service Aid	20-495-034-5120-075	120,207.00	7/1/19-6/30/20			120,207.00	(120,207.00)			(120,207.00)
Total Debt Service Fund:						120,207.00	(120,207.00)			(120,207.00)
Total State Financial Assistance				\$ (404,914.00)	\$ (69,831.00)	\$ 6,002,662.84	\$ (5,824,989.84)	\$ (218,031.00)	\$ (79,041.00)	\$ (5,824,990.00)
Less:										
T.P.A.F. Pension Contributions							\$ (2,626,738.00)			
T.P.A.F. Post Retirement Medical							(991,938.00)			
T.P.A.F. Non-Contributory Insurance							(48,705.00)			
State Expenditures Subject to Single Audit							\$ (2,157,608.84)			

Note: See Accompanying Notes to Schedules of Financial Assistance.

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2020

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 federal and state 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 NJOMB Circular 15-08, which requires compliance with the requirements of Title 2, US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) for state financial assistance programs. Therefore, some amounts presented in this schedule may differ from amounts present in, or used in the preparation of, the basic financial statements. The District does not charge any indirect costs to any state financial assistance program.

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 (N.J.S.A. 18A: 22-44.2). For GAAP purposes, the payment of the last state aid installment(s) is not recognized until the subsequent budget year due to the state deferral and recording of expenditures for these payments in the subsequent state fiscal year budget. The special revenue fund accompanying schedules agree with amounts reported in the Board's general-purpose financial statements.

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2020

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS
(CONT'D.)

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 C-3 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 follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$5,695,572.84	\$5,695,572.84
Special Revenue Fund	\$330,584.56		330,584.56
Debt Service Fund		120,207.00	120,207.00
Trust and Agency	<u>2,322.58</u>		<u>2,322.58</u>
Total Assistance	<u>\$332,907.14</u>	<u>\$5,815,779.84</u>	<u>\$6,148,686.98</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Post-Retirement Medical, Pension and Non-Contributory Insurance Premium Contributions represent the amount paid by the state on behalf of the District for the year ended June 30, 2020. These amounts are published by the State Division of Pensions annually, and the NJDOE has advised that these In-Kind programs are not to be subject to the state single audit mandate, and no audit procedures are required to be applied to these amounts. 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, 2020, and are subject to the state single audit mandate.

NOTE 6. Indirect Costs

The District did not use the 10% de minimis indirect cost rate.

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal Control over financial reporting:

- 1) Material weakness(es) identified? Yes X No
- 2) Significant deficiencies identified? Yes X None Reported

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? Yes None Reported

Type of auditors' report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster

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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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Page 3 of 3

Section II - Financial Statement Findings

NONE

Section III - State Financial Assistance Findings and Questioned Costs

NONE

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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No prior year findings were noted.