



**NORTHERN HIGHLANDS REGIONAL  
HIGH SCHOOL DISTRICT**

**BOARD OF EDUCATION**

**COUNTY OF BERGEN  
ALLENDALE, NEW JERSEY**

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

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
JUNE 30, 2022**

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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](http://www.northernhighlands.org)

Dr. Scot Beckerman  
Superintendent of Schools

March 16, 2023

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 annual comprehensive financial report (the “ACFR”) of the Northern Highlands Regional High School District for the fiscal year ended June 30, 2022 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 ACFR 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 ACFR 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 Single Audit Act Amendments of 1996, *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 auditors’ 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 the government-wide financial statements 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 2021-22 fiscal year with an average daily enrollment in-district of 1,308 students, which is a decrease of 51 students from the preceding year. In addition to the students on roll at the high school in Allendale, the District is responsible for approximately 67 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>
2021-2022	1,308	(3.75%)
2020-2021	1,359	(3.34%)
2019-2020	1,406	1.66%
2018-2019	1,383	1.92%
2017-2018	1,357	(0.15%)

### 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 1,363 students

### 3. MAJOR INITIATIVES:

We updated one bathroom by replacing fixtures, flooring, lighting and painting. We upgraded the campus by installing a new sidewalk at the West Maple Avenue entrance to improve safety for foot traffic to and from school. We air conditioned both male and female physical education offices and completed the exterior lighting project on the lower grass field. We abated and resurfaced 10 classroom floors with epoxy. Students at Northern Highlands Regional High School continue to score above the state and national average on all standardized tests. The class of 2022 averaged well-above their peers on the Scholastic Attitude Test (SAT) at both the state and national level. Of the 351 graduates in the class of 2022, 97.1% (341) students are attending college. More specifically, 94.3% (331) are attending four-year institutions and 2.8% (10) students will be attending two-year institutions. Our dropout rate is non-existent. Northern Highlands offers 41 honors course and 28 Advanced Placement courses that demonstrates student growth



and high achievement. In May of 2022, 657 students sat for 849 AP exams in over 26 subject areas. Northern Highlands students continue to achieve outstanding scores. Of the 849 AP exams that were given, 87% (741) of the students who sat for a multitude of exams earned a score of three (3) or better. In addition to strong assessment scores, Northern Highlands Regional High School students can earn college credits through AP testing or by enrolling in our courses affiliated with the Syracuse University Project Advance (SUPA) and our dual enrollment courses through Fairleigh Dickenson University, New Jersey Institute of Technology, Ramapo College of New Jersey, Rutgers University, Seton Hall University and Bergen County Community College. Through our Career and Academic Pathways program, we offer a variety of programs including courses for advancement and enrichment, the senior internship program, community service and volunteering opportunities, independent study and work-based learning.

#### 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 programs, as well as to determine that the District has complied with applicable laws and regulations.

#### 5. BUDGETARY CONTROLS:

In addition to internal 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 Board of Education. 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 assignments of fund balance at June 30, 2022.

## 6. ACCOUNTING SYSTEM AND REPORTS:

A district’s accounting records must reflect generally accepted accounting 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 government-wide financial statements 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, 2022 and the amount and percentage of increase (decrease) in relation to the prior year.

Revenues	FY 2021-2022 Amount	Percentage of Total	Total Dollar Increase (Decrease) From 2020-2021	Percentage Increase (Decrease)
Taxes	\$24,982,473	60.5%	\$ 606,368	2.5%
Other Local Sources	990,774	2.4%	368,479	59.2%
Other Restricted Misc.	-	0.0%	(94)	(100.0%)
Tuition	5,963,359	14.4%	101,096	1.7%
State Sources	8,671,531	21.0%	1,588,918	22.4%
Federal Sources	702,346	1.7%	290,430	70.5%
Totals	<u>\$41,310,483</u>	<u>100.0%</u>	<u>\$ 2,955,197</u>	<u>7.7%</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, 2022 and the amount and percentage of increase (decrease) in relation to the prior year.

Expenditures	FY 2021-2022 Amount	Percentage of Total	Total Dollar Increase From 2020-2021	Percentage Increase
Current Expense	\$ 35,642,276	87.1%	\$ 2,628,823	8.0%
Capital Outlays	2,099,956	5.1%	341,702	19.4%
Special Revenues	1,651,560	4.0%	743,774	81.9%
Debt Service	1,557,975	3.8%	6,475	0.4%
Totals	<u>\$ 40,951,767</u>	<u>100.0%</u>	<u>\$ 3,720,774</u>	<u>10.0%</u>

#### 9. DEBT ADMINISTRATION:

As of June 30, 2022 the District had two (2) general obligation bond issues outstanding. The first 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, 2022, \$ 1,050,000 remained in principal to be paid. These bonds were issued to finance the costs of the roof replacement project, bear interest at rates ranging from 2.125% to 3.00%, and mature in annual installments through November 15, 2024.

The second outstanding bond issue is the 2022 school bonds, which were issued on May 4, 2022, in the amount of \$8,827,000. Payments will commence on November 1, 2022 for interest and on May 1, 2023 for principal and interest. These bonds were issued to finance the costs of the field house/wellness center, field drainage and turf and various other interior building renovations, bearing interest at rates ranging from 3.00% to 3.25% and mature in annual installments through May 1, 2037.

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 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.

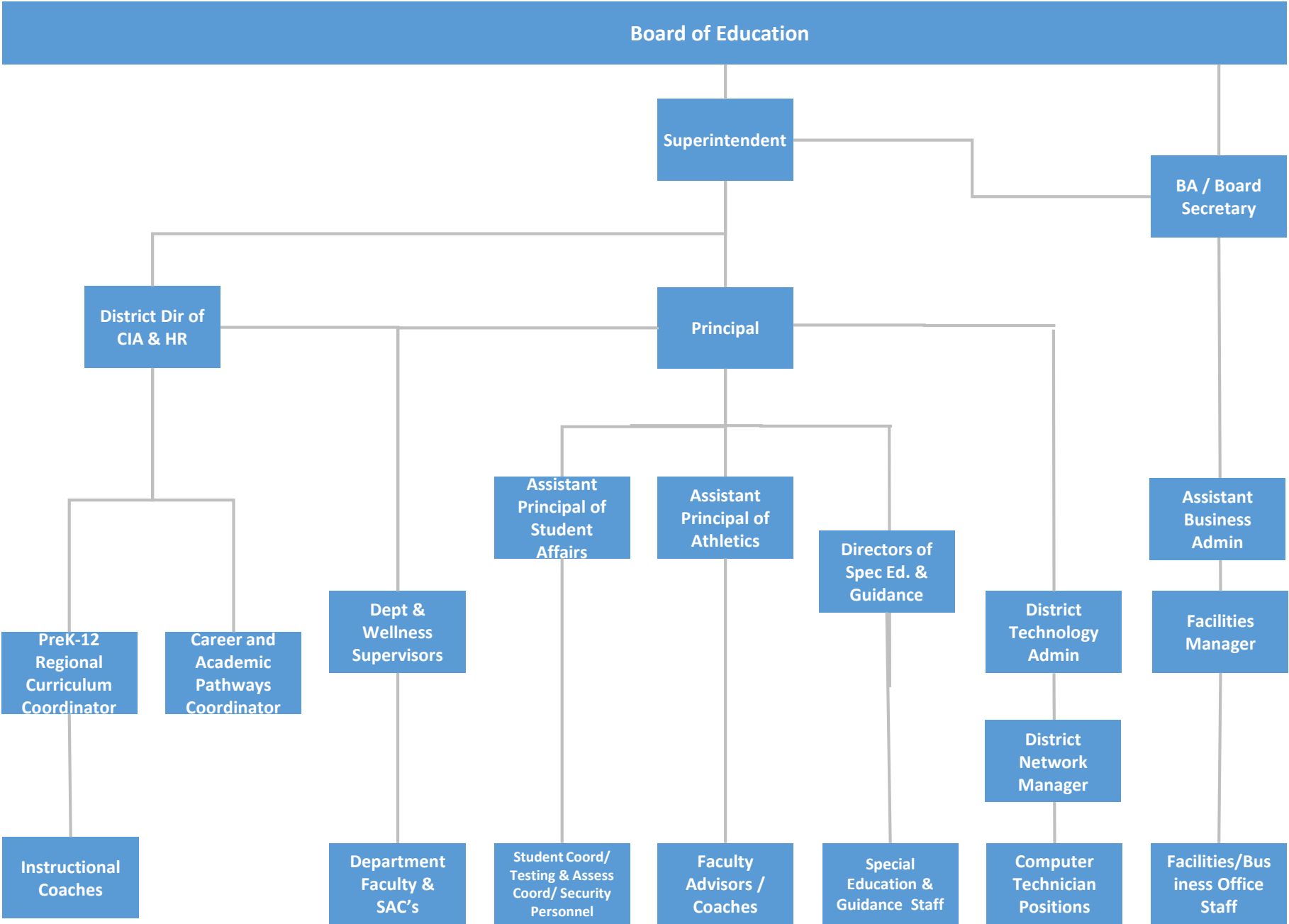
Respectfully submitted,



Dr. Scot Beckerman  
Superintendent of Schools



Sue Anne Mather  
School Business Administrator/Board Secretary



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

ROSTER OF OFFICIALS  
JUNE 30, 2022

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mrs. Christine Ferrarie, President	2022
Dr. Andrew Prince, Vice President	2023
Mrs. Lisa Halperin	2022
Mr. Matthew Hernandez	2023
Mr. Tyler Kearl	2024
Mrs. Maggie Liljegren	2022
Mrs. Rachel Milston	2023
Mr. James Mulvey	2022
Mrs. Gail Trumbetti	2024
Dr. Sheila Yallowitz	2024
Mrs. Emily Kaufman (Saddle River Liaison)	2022

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**

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  
Allendale, New Jersey

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Northern Highlands Regional High School District, County of Bergen, State of New Jersey (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

PKF O'CONNOR DAVIES, LLP

20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | [www.pkfod.com](http://www.pkfod.com)

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**Honorable President and Members  
of the Board of Education  
Northern Highlands Regional School District**

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards*, we:

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

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

**Honorable President and Members  
of the Board of Education  
Northern Highlands Regional School District**

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***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the and schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

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

***Other Information***

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2022. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

**Honorable President and Members  
of the Board of Education  
Northern Highlands Regional School District**

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**  
Cranford, New Jersey  
March 16, 2023

*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, 2022

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, 2022. 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 2021-2022 fiscal year include the following:

The District's Governmental Activities net position increased by \$3,276,455 as reflected in Table 4, Changes in Net Position. This increase is primarily attributable to the excess of debt retirement over depreciation, as well as reduction of the full accrual pension expense. The District's business-type activity net position increased by \$75,759, as reflected in Table 4, Changes in Net Position. This gain was the result of the District reinstating food service operations in 2021-2022, as the safety measures taken in previous years to combat the COVID-19 were eased. As a result, students and teachers were once again purchasing meals from the District's cafeteria, generating revenues high enough to be profitable. 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 \$9,182,120, to \$17,193,159 at year-end. This increase resulted primarily from the issuance of school bonds to finance future capital projects, as stated above, as well as the increase in the local tax levy, state source revenue, and federal source revenue year over year. 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 \$7,801,215 which represents an increase of \$363,847 over the prior year's Fund Balance of \$7,437,368. Of this total, \$1,032,295 of excess surplus was appropriated toward the 2022-2023 budget. \$889,895 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 2023-2024 budget is \$1,108,551. The Unassigned General Fund Balance is reported at \$1,207,766. State of New Jersey Senate Bill 2691 changed the percentage of unassigned surplus allowable under N.J.S.A. 18A:7F-7 from 2% to 4% for the 2020-2021 and 2021-2022

fiscal years. The District's General Fund Balance is at the maximum permitted under the Department of Education regulations based upon 4% of General Fund expenditures, with specified modifications. Total spending for all governmental funds was \$40,951,767. Total revenues were \$41,310,483 resulting in a surplus of revenues over expenditures of \$358,716 for the year. Governmental funds other financing sources and Uses during the year consisted of \$8,827,000 in proceeds from a school bond issuance and a net transfer out of \$3,596 to the District's proprietary funds. As a result, the net change in governmental fund balances was \$9,182,120 in 2021-2022.

## **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 financial 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 which operates like businesses, such as food services.

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***

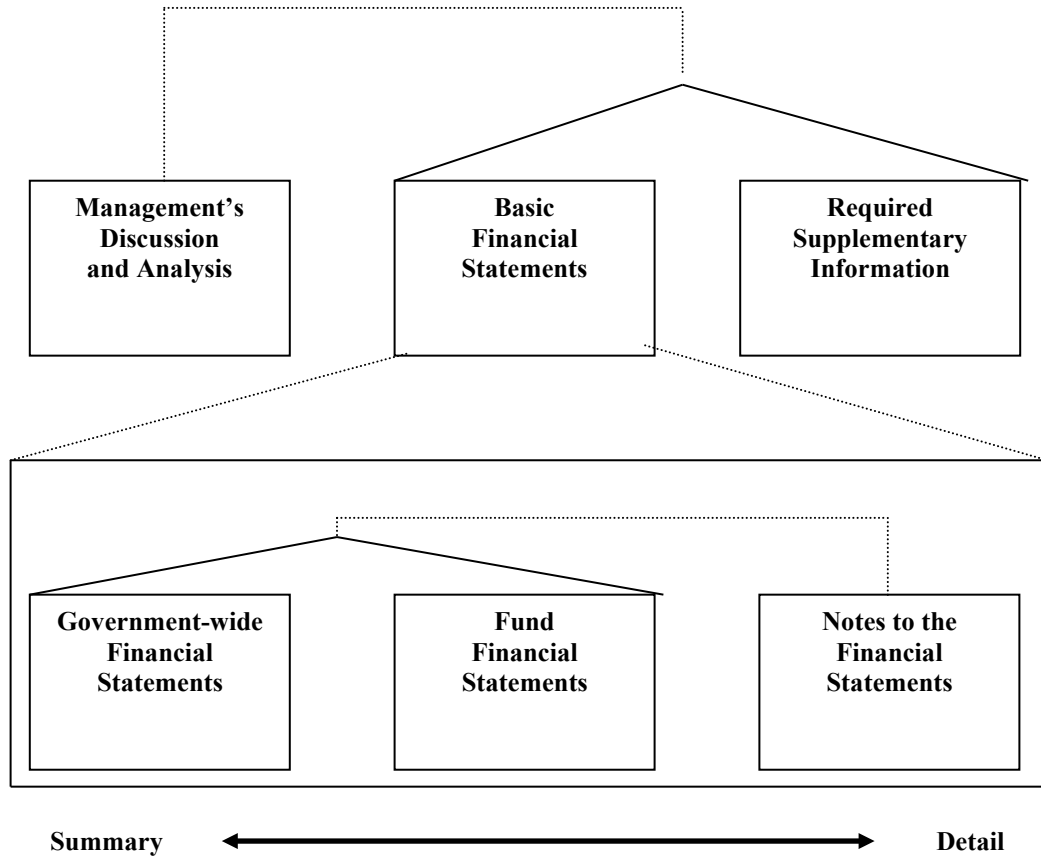




Table - 2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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
Scope	Entire district	The activities of the district that are not proprietary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of cash flows</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current resources financial 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. All deferred outflows of resources and deferred inflows of resources	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
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

## **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 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, transportations, 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 two 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.

## **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's Governmental Activities net position was \$21,024,742 at June 30, 2022. Of this amount, a deficit amount of \$4,174,794 was reported as unrestricted net position, primarily due to GASB Statement No. 68 accounting and reporting requirements for the PERS defined benefit pension system. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use those net assets for day-to-day operations. The District's Business-Type Activities net position was \$579,992 at June 30, 2022. Of this amount, \$256,543 was reported as unrestricted net position, with the balance of \$323,449 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 District's government-wide activities.

**Table - 3**  
**Net Position**

**A. Governmental Activities**

	June 30		\$	%
	<u>2021</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Increase (Decrease)</u>
<b>Assets</b>				
Current and other assets	\$ 9,133,869	\$ 18,053,332	\$ 8,919,463	97.65%
Capital assets	<u>22,873,434</u>	<u>23,177,229</u>	<u>303,795</u>	1.33%
<b>Total Assets</b>	<u>32,007,303</u>	<u>41,230,561</u>	<u>9,223,258</u>	28.82%
<b>Deferred Outflows of Resources</b>				
Deferred Outflows of Resources	<u>914,292</u>	<u>531,164</u>	<u>(383,128)</u>	(41.90%)
<b>Total Deferred Outflows of Resources</b>	<u>914,292</u>	<u>531,164</u>	<u>(383,128)</u>	(41.90%)
<b>Liabilities</b>				
Current and other liabilities	3,455,660	6,206,512	2,750,852	79.60%
Long-term liabilities	<u>9,571,540</u>	<u>12,241,192</u>	<u>2,669,652</u>	27.89%
<b>Total Liabilities</b>	<u>13,027,200</u>	<u>18,447,704</u>	<u>5,420,504</u>	41.61%
<b>Deferred Inflows of Resources</b>				
Deferred Inflows of Resources	<u>2,146,108</u>	<u>2,289,279</u>	<u>143,171</u>	6.67%
<b>Total Deferred Inflows of Resources</b>	<u>2,146,108</u>	<u>2,289,279</u>	<u>143,171</u>	6.67%
<b>Net Position</b>				
<b>Net Investment in capital</b>				
assets	16,754,495	18,931,038	2,176,543	12.99%
Restricted	5,748,750	6,268,498	519,748	9.04%
Unrestricted	<u>(4,754,958)</u>	<u>(4,174,794)</u>	<u>580,164</u>	(12.20%)
<b>Total Net Position</b>	<u>\$ 17,748,287</u>	<u>\$ 21,024,742</u>	<u>\$ 3,276,455</u>	18.46%

**B. Business-Type Activities**

	June 30		\$	%
	<u>2021</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Increase (Decrease)</u>
<b>Current and other assets</b>				
Current and other assets	\$ 191,568	\$ 328,364	\$ 136,796	71.41%
Capital assets	<u>375,173</u>	<u>323,449</u>	<u>(51,724)</u>	(13.79%)
<b>Total Assets</b>	<u>566,741</u>	<u>651,813</u>	<u>85,072</u>	15.01%
<b>Liabilities</b>				
Current and other liabilities	<u>62,508</u>	<u>71,821</u>	<u>9,313</u>	14.90%
<b>Total Liabilities</b>	<u>62,508</u>	<u>71,821</u>	<u>9,313</u>	14.90%
<b>Net Position</b>				
<b>Investment in capital</b>				
assets	375,173	323,449	(51,724)	(13.79%)
Unrestricted	<u>129,060</u>	<u>256,543</u>	<u>127,483</u>	98.78%
<b>Total Net Position</b>	<u>\$ 504,233</u>	<u>\$ 579,992</u>	<u>\$ 75,759</u>	15.02%

**Table - 4**  
**Change in Net Position**

	<u>Governmental Activities</u>		<u>\$</u>	<u>Percentage</u>
	<u>2021</u>	<u>2022</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Increase</u> <u>(Decrease)</u>
<b>Revenues:</b>				
Program revenue				
Charges for Services	\$ 596,127	\$ 902,527	\$ 306,400	51.40%
Operating Grants and Contributions	420,772	740,306	319,534	75.94%
General revenue				
Local tax levy	24,376,105	24,982,473	606,368	2.49%
Federal and state aid	10,517,659	7,167,680	(3,349,979)	(31.85%)
Tuition	5,862,263	5,963,359	101,096	1.72%
Miscellaneous revenues	17,405	88,247	70,842	407.02%
<b>Total revenues</b>	<b>\$ 41,790,331</b>	<b>\$ 39,844,592</b>	<b>\$ (1,945,739)</b>	<b>(4.66%)</b>
<b>Function/program expense:</b>				
Instruction				
Regular programs	\$ 11,031,628	\$ 11,542,077	\$ 510,449	4.63%
Special programs	1,289,379	1,416,817	127,438	9.88%
Other Instructional programs	1,219,569	1,382,676	163,107	13.37%
Support services				
Student services	3,885,946	4,109,932	223,986	5.76%
Tuition	1,757,057	1,877,012	119,955	6.83%
General administration and business services	579,185	893,971	314,786	54.35%
School administration	1,056,733	696,787	(359,946)	(34.06%)
Plant services	2,567,027	2,998,298	431,271	16.80%
Pupil transportation	1,097,459	1,426,806	329,347	30.01%
Unallocated benefits	12,786,504	8,720,754	(4,065,750)	(31.80%)
Unallocated depreciation and amortization	1,075,428	1,307,774	232,346	21.60%
Interest on long-term debt	207,920	191,637	(16,283)	(7.83%)
<b>Total expenses</b>	<b>\$ 38,553,835</b>	<b>\$ 36,564,541</b>	<b>\$ (1,989,294)</b>	<b>(5.16%)</b>
Transfers (From) or To	(3,990)	(3,596)	394	(9.87%)
<b>Increase (Decrease) net position</b>	<b>\$ 3,232,506</b>	<b>\$ 3,276,455</b>	<b>\$ 43,949</b>	<b>1.36%</b>

**Table - 4**  
**Change in Net Position**

	<b>Business-Type Activities</b>		<b>\$</b>	<b>Percentage</b>
	<b>2021</b>	<b>2022</b>	<b>Increase (Decrease)</b>	<b>Increase (Decrease)</b>
<b>Revenues:</b>				
Program revenue				
Charges for Services	\$ 127,826	\$ 1,216,201	\$ 1,088,375	851.45%
Miscellaneous revenues	1,264		(1,264)	(100.00%)
<b>Total revenues</b>	<b>\$ 129,090</b>	<b>\$ 1,216,201</b>	<b>\$ 1,087,111</b>	<b>89.39%</b>
<b>Expenses:</b>				
Food Service	\$ 107,113	\$ 1,028,046	920,933	859.78%
Shared Services Program	115,808	103,178	(12,630)	(10.91%)
<b>Total expenses</b>	<b>\$ 222,921</b>	<b>\$ 1,131,224</b>	<b>\$ 908,303</b>	<b>407.46%</b>
Transfers (From) or To	3,990	3,596	(394)	(9.87%)
Other Financing (Uses)		(12,814)	(12,814)	100.00%
<b>Increase (Decrease) net position</b>	<b>\$ (89,841)</b>	<b>\$ 75,759</b>	<b>\$ 178,414</b>	<b>(198.59%)</b>

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

As the District completed this year, our governmental funds reported a combined fund balance of \$17,193,159, which is an increase of \$9,182,120 from the prior year. This amount includes the General Fund (increase of \$363,847), Special Revenue Fund (decrease of \$8,727), Capital Projects Fund (increase of \$8,827,000) and Debt Service Fund (unchanged). The primary reasons for the increase are:

1. Issuance of school bonds for \$8,827,000 in 2021-2022 to be used to finance future capital projects.
2. Favorable budget variances in the General Fund
3. Increase in tax levy, state aid, and federal award revenues from the prior year.

## **General Fund Budgetary Highlights**

Over the course of the year, the 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 \$7.50 million. This is due primarily to the State reimbursement/on behalf payments in the amount of \$7.15 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 \$4.17 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 2021-22 budget and the variances in actual revenues and expenditures. Revenue realization for the 2021-22 school year was positive for governmental activities when compared to the 2020-21 school year. As shown in Table 5 (GAAP Basis), the Tax needed to support the District's budget increased by 2.5% for the 2021-22 school year. The largest non-tax revenue of the District during the year was from State Sources, which amounted to \$8.51 million or 22.2% more than the preceding year. Additionally, the District realized \$47,309, \$21,795, and \$88,661 more on a budgetary basis than anticipated for Extraordinary Aid, Nonpublic Transportation Aid, and Secure Our Children's Future Bond, respectively. Table – 5 compares governmental fund type revenues and expenditures for the current and prior year.

**Table - 5**

**Governmental Fund Type Revenues and Expenditures**

	<u>Year Ended June 30</u>		<u>Increase</u>	<u>Increase</u>
	<u>2021</u>	<u>2022</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
			<u>\$</u>	<u>%</u>
<b>Revenue by Source:</b>				
Local Tax Levy	\$ 24,376,105	\$ 24,982,473	\$ 606,368	2.49%
Tuition Charges	5,862,263	5,963,359	101,096	1.72%
Other Local Sources	622,295	990,774	368,479	59.21%
Other Restricted Miscellaneous	94	-	(94)	(100.00%)
Total Local Sources	30,860,757	31,936,606	1,075,849	3.49%
State Sources	7,082,613	8,671,531	1,588,918	22.43%
Federal Sources	411,916	702,346	290,430	70.51%
<b>Total Revenues</b>	<b>\$ 38,355,286</b>	<b>\$ 41,310,483</b>	<b>\$ 2,955,197</b>	<b>7.70%</b>
<b>Function/Program Expenditures:</b>				
Instruction				
Regular programs	\$ 10,626,977	\$ 11,035,088	\$ 408,111	3.84%
Special programs	1,410,776	1,502,621	91,845	6.51%
Other Instructional programs	1,219,705	1,383,588	163,883	13.44%
Support services				
Student services	3,826,704	4,050,357	223,653	5.84%
Tuition	1,757,057	1,877,012	119,955	6.83%
Instructional staff support				
General administration and business services	612,535	927,859	315,324	51.48%
School administration	1,049,275	689,742	(359,533)	(34.26%)
Plant services	2,847,612	3,270,641	423,029	14.86%
Student transportation	1,099,666	1,391,501	291,835	26.54%
Unallocated benefits	9,470,932	10,946,427	1,475,495	15.58%
Debt Service				
Principal	1,420,000	1,480,000	60,000	4.23%
Interest and Other Charges	131,500	77,975	(53,525)	(40.70%)
Capital Outlay	1,758,254	2,318,955	560,701	31.89%
<b>Total</b>	<b>\$ 37,230,993</b>	<b>\$ 40,951,767</b>	<b>\$ 3,720,774</b>	<b>9.99%</b>

The Cost of Governmental Funds Activities (see Table 5, above) this year was \$40.95 million or a 10.0% increase from the preceding year. The primary drivers for this increase were costs for unallocated employee benefits, which increased by \$1,475,495, and capital outlay costs, which increased by \$560,701. The remaining increases were a result of increased costs of employee salaries throughout the District, as well as a return to in-person learning from the hybrid schedule the District implemented to help combat the COVID-19 Pandemic in previous years. As students returned to school full time, there was an increase in costs related to extracurricular activities and the salaries of instructional aides. 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 state aid revenues. As shown on the Statement of Activities (financial statement A-2) our taxpayers ultimately financed \$24.98 million of those activities through property taxes, which reflect only a 2.5% increase over the prior year.

As shown above, \$8.67 million of the revenues, which support governmental activities, were received from the State of New Jersey. Of that amount \$7.15 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, 2022, the District reported \$41,408,120 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 \$1,779,294 from the prior year. Table-6 details the composition of capital assets at June 30<sup>th</sup> of the current and prior year and the net changes for the current year.

**Table - 6**  
**Governmental Activity Capital Assets at Year-End**

	<b>FY 2021</b>	<b>FY 2022</b>	<b>Increase</b>
Land	\$ 850,560	\$ 850,560	\$ -
Land Improvements	3,193,777	3,980,037	786,260
Buildings and Improvements	31,283,474	32,144,145	860,671
Furniture, Equipment and Vehicles	4,301,015	4,433,378	132,363
<b>Total</b>	<b>\$ 39,628,826</b>	<b>\$ 41,408,120</b>	<b>\$ 1,779,294</b>

## Long-Term Debt

At the end of this year, the District had \$9,877,000 in bonds (Type II debt) outstanding versus \$2,530,000 last year – an increase of 290.40%. This is the result of the District issuing \$8,827,000 in school bonds during 2021-2022, while retiring \$1,480,000 of existing bond obligations. The summary of year-end long-term debt and changes for the 2021-2022 school year is as follows:

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

	<u>Governmental Activities</u>		<u>Increase/ (Decrease)</u>
	<u>2021</u>	<u>2022</u>	
School Serial Bonds Payable	\$ 2,530,000	\$ 9,877,000	\$ 7,347,000
Other Long Term Debt:			
Net Pension Liability	4,883,631	3,560,941	(1,322,690)
Compensated Absences Payable	490,799	475,883	(14,916)
Financed Purchase Obligations	3,587,505	3,196,191	(391,314)
Unamortized Premium on Bonds	<u>7,093</u>	<u>                    </u>	<u>(7,093)</u>
<b>Total</b>	<u>\$ 11,499,028</u>	<u>\$ 17,110,015</u>	<u>\$ 5,610,987</u>

## FACTORS AFFECTING THE DISTRICT'S FUTURE

The FY 2021-2022 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 2.50%

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, \$4,428,061, including \$720,200 in the current year, for capital, maintenance and emergency projects without the need to issue debt instruments or increase property taxes to provide funding. At year end, the Board set aside additional funds in the amount of \$1,500,000 for its Capital, Maintenance, and Emergency reserves at June 30, 2022 for future projects. The District has \$ 3,489,493 in these reserves as of June 30, 2022. 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, 2022

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 8,719,385	\$ 327,092	\$ 9,046,477
Investments	8,828,143		8,828,143
Receivables, Net:	501,119	50	501,169
Internal Balances	4,685	(4,685)	
Inventory		5,907	5,907
Capital Assets, Net	<u>23,177,229</u>	<u>323,449</u>	<u>23,500,678</u>
Total Assets	<u>41,230,561</u>	<u>651,813</u>	<u>41,882,374</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Deferrals	<u>531,164</u>		<u>531,164</u>
Total Deferred Outflows of Resources	<u>531,164</u>	<u>-</u>	<u>531,164</u>
<u>LIABILITIES</u>			
Accounts Payable	1,193,372	27,859	1,221,231
Accrued Interest Payable	83,221		83,221
Unearned Revenue		31,148	31,148
Other Liabilities		12,814	12,814
Payroll Deductions and Withholdings Payable	61,096		61,096
Noncurrent Liabilities:			
Due Within One Year	1,307,882		1,307,882
Due Beyond One Year	12,241,192		12,241,192
Net Pension Liability	<u>3,560,941</u>		<u>3,560,941</u>
Total liabilities	<u>18,447,704</u>	<u>71,821</u>	<u>18,519,525</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Deferrals	<u>2,289,279</u>		<u>2,289,279</u>
Total Deferred Inflows of Resources	<u>2,289,279</u>	<u>-</u>	<u>2,289,279</u>
<u>NET POSITION</u>			
Net investment in capital assets	18,931,038	323,449	19,254,487
Restricted for:			
Other Purposes	6,268,498		6,268,498
Unrestricted (Deficit)	<u>(4,174,794)</u>	<u>256,543</u>	<u>(3,918,251)</u>
Total Net Position	<u>\$ 21,024,742</u>	<u>\$ 579,992</u>	<u>\$ 21,604,734</u>

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 11,542,077	\$	\$ 254,134	\$ (11,287,943)	\$ -	\$ (11,287,943)
Special Education	1,416,817		243,534	(1,173,283)	-	(1,173,283)
Other Instruction	1,382,676			(1,382,676)	-	(1,382,676)
Support Services:						
Tuition	1,877,012			(1,877,012)	-	(1,877,012)
Student & Instruction Related Services	4,109,932	902,527	23,639	(3,183,766)	-	(3,183,766)
School Administrative Services	696,787			(696,787)	-	(696,787)
General and Business Administrative Services	893,971			(893,971)	-	(893,971)
Plant Operations and Maintenance	2,998,298			(2,998,298)	-	(2,998,298)
Pupil Transportation	1,426,806			(1,426,806)	-	(1,426,806)
Unallocated Benefits	8,720,754			(8,720,754)	-	(8,720,754)
Interest on Long-Term Debt	191,637			(191,637)	-	(191,637)
Unallocated Depreciation and Amortization	1,307,774		218,999	(1,088,775)	-	(1,088,775)
Total Governmental Activities	36,564,541	902,527	740,306	(34,921,708)	-	(34,921,708)
Business-Type Activities:						
Food Service	1,028,046	1,100,208	-	-	72,162	72,162
Shared Services	103,178	115,993	-	-	12,815	12,815
Total Business-Type Activities	1,131,224	1,216,201	-	-	84,977	84,977
Total Primary Government	\$ 37,695,765	\$ 2,118,728	\$ 740,306	(34,921,708)	84,977	(34,836,731)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				23,545,802		23,545,802
Taxes Levied for Debt Service				1,436,671		1,436,671
Federal and State Aid not Restricted				7,167,680		7,167,680
Tuition				5,963,359		5,963,359
Investment Earnings				11,035		11,035
Miscellaneous Income				77,212		77,212
Total General Revenues				38,201,759	-	38,201,759
Transfers				(3,596)	3,596	-
Other Financing (Uses)					(12,814)	(12,814)
Change in Net Position				3,276,455	75,759	3,352,214
Net Position—Beginning				17,748,287	504,233	18,252,520
Net Position—Ending				\$ 21,024,742	\$ 579,992	\$ 21,604,734

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

**FUND FINANCIAL STATEMENTS**

**SECTION - B**



## **GOVERNMENTAL FUNDS**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 8,154,344	\$ 565,041		\$	\$ 8,719,385
Investments			\$ 8,828,143		8,828,143
Interfund Receivable	117,300				117,300
Receivables from Other Governments	389,744	111,375			501,119
<b>Total Assets</b>	<b>\$ 8,661,388</b>	<b>\$ 676,416</b>	<b>\$ 8,828,143</b>	<b>\$ -</b>	<b>\$ 18,165,947</b>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 799,077	\$	\$	\$	\$ 799,077
Interfund Payable		111,472	1,143		112,615
Payroll Deductions and Withholdings Payable	61,096				61,096
<b>Total Liabilities</b>	<b>860,173</b>	<b>111,472</b>	<b>1,143</b>	<b>-</b>	<b>972,788</b>
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	1,108,551				1,108,551
Excess Surplus - Prior Year - Designated for Subsequent Year Expenditures	1,032,295				1,032,295
Emergency Reserve	199,695				199,695
Maintenance Reserve	548,229				548,229
Capital Reserve	2,163,569				2,163,569
Capital Reserve - Designated for Subsequent Year Expenditures	578,000				578,000
Capital Projects			8,827,000		8,827,000
Unemployment Reserve	73,215				73,215
Student/Athletic Activities		532,166			532,166
Scholarships		32,778			32,778
Assigned to:					
Year End Encumbrances	889,895				889,895
Unassigned:					
General Fund	1,207,766				1,207,766
<b>Total Fund Balances</b>	<b>7,801,215</b>	<b>564,944</b>	<b>8,827,000</b>	<b>-</b>	<b>17,193,159</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,661,388</b>	<b>\$ 676,416</b>	<b>\$ 8,828,143</b>	<b>\$ -</b>	<b>\$ 18,165,947</b>

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

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)	\$	17,193,159
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 \$41,408,120 and the accumulated depreciation is \$18,230,891. (Note 4)		23,177,229
Long-term liabilities, including Bonds Payable, Financed Purchase 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 4)		(13,549,074)
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.		(83,221)
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 carrying amounts of the individual components are as follows:		
Deferred Outflows of Resources:		
Change in Pension Assumptions		18,545
Difference in Pension Experience		56,161
Change in Proportion/Proportionate Share		62,163
Pension Payment Subsequent to Measurement Date		394,295
Accounts Payable for Pension Expense		(394,295)
Net Pension Liability		(3,560,941)
Deferred Inflows of Resources:		
Change in Pension Assumptions		(1,267,718)
Change in Pension Proportion		(58,024)
Difference in Pension Experience		(25,492)
Difference in Pension Earnings		<u>(938,045)</u>
Net position of governmental activities	\$	<u>21,024,742</u>

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Local Tax Levy	\$ 23,545,802	\$	\$	\$ 1,436,671	\$ 24,982,473
Tuition	5,963,359				5,963,359
Other Local Sources	87,104	902,527	1,143		990,774
State Sources	8,512,267	37,960		121,304	8,671,531
Federal Sources		702,346			702,346
<b>Total Revenues</b>	<b>38,108,532</b>	<b>1,642,833</b>	<b>1,143</b>	<b>1,557,975</b>	<b>41,310,483</b>
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	10,780,954	254,134			11,035,088
Special Education Instruction	1,259,087	243,534			1,502,621
Other Instruction	1,383,588				1,383,588
Support Services and Undistributed Costs:					
Tuition	1,877,012				1,877,012
Student & Instruction Related Services	3,115,464	934,893			4,050,357
School Administrative Services	689,742				689,742
General Administrative Services	927,859				927,859
Plant Operations and Maintenance	3,270,641				3,270,641
Pupil Transportation	1,391,502				1,391,502
Unallocated Benefits	10,946,427				10,946,427
Debt Service:					
Principal				1,480,000	1,480,000
Interest				77,975	77,975
Capital Outlay	2,099,956	218,999			2,318,955
<b>Total Expenditures</b>	<b>37,742,232</b>	<b>1,651,560</b>	<b>-</b>	<b>1,557,975</b>	<b>40,951,767</b>
Excess (Deficiency) of Revenues over (under) Expenditures	366,300	(8,727)	1,143	-	358,716
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds from School Bonds			8,827,000		8,827,000
Transfers in	5,773				5,773
Transfers out	(8,226)		(1,143)		(9,369)
<b>Total Other Financing Sources and Uses</b>	<b>(2,453)</b>	<b>-</b>	<b>8,825,857</b>	<b>-</b>	<b>8,823,404</b>
<b>Net Change in Fund Balances</b>	<b>363,847</b>	<b>(8,727)</b>	<b>8,827,000</b>	<b>-</b>	<b>9,182,120</b>
Fund Balance—Beginning	7,437,368	573,671	-	-	8,011,039
<b>Fund Balance—Ending</b>	<b>\$ 7,801,215</b>	<b>\$ 564,944</b>	<b>\$ 8,827,000</b>	<b>\$ -</b>	<b>\$ 17,193,159</b>

The accompanying Notes to Financial Statements are an integral part of this financial 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, 2022

Total net change in fund balances - governmental funds (from B-2)		\$ 9,182,120
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 capital outlays exceeded depreciation in the period.		
Depreciation expense	\$ (1,519,855)	
Capital outlays	1,823,650	303,795
The issuance of long-term debt for general and refunding purposes provides current financial resources to governmental funds, however has no effect on net assets.		
School Bonds Issued		(8,827,000)
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.		
		1,871,314
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	7,093	
Amortization of Deferred Accounting Loss	(5,660)	1,433
In the statement of activities, interest on long-term debt/financed purchases is accrued, regardless of when due. In the governmental funds, interest is reported when due.		
		(29,905)
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).		
		14,916
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 benefit		759,782
<b>Change in net position of governmental activities (A-2)</b>		<b>\$ 3,276,455</b>

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

## **PROPRIETARY FUNDS**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

	BUSINESS-TYPE ACTIVITIES		
	MAJOR FUND	MAJOR FUND	TOTAL ENTERPRISE FUND
	FOOD SERVICE	SHARED SERVICES	
<u>ASSETS</u>			
Current assets:			
Cash and Cash Equivalents	\$ 309,648	\$ 17,444	\$ 327,092
Accounts Receivable (Net)	50		50
Inventories	5,907		5,907
Total Current Assets	315,605	17,444	333,049
Noncurrent Assets:			
Furniture, Machinery & Equipment	692,146		692,146
Less Accumulated Depreciation	(368,697)		(368,697)
Total Noncurrent Assets	323,449	-	323,449
Total Assets	639,054	17,444	656,498
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	27,859		27,859
Interfund Payable	55	4,630	4,685
Unearned Revenue	31,148		31,148
Intergovernmental Payable		12,814	12,814
Total Current Liabilities	59,062	17,444	76,506
<u>NET POSITION</u>			
Investment in Capital Assets	323,449		323,449
Unrestricted	256,543		256,543
Total Net Position	\$ 579,992	\$ -	\$ 579,992

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	BUSINESS-TYPE ACTIVITIES		
	MAJOR FUND	MAJOR FUND	TOTAL ENTERPRISE FUND
	FOOD SERVICE	SHARED SERVICES	
Operating Revenues:			
Charges for Services:			
Charges and Fees	\$ 1,100,208	\$ 115,993	\$ 1,216,201
Total Operating Revenues	<u>1,100,208</u>	<u>115,993</u>	<u>1,216,201</u>
Operating Expenses:			
Cost of Sales	522,382		522,382
Salaries	292,776	89,315	382,091
Employee Benefits	82,678	3,006	85,684
Insurance	26,679		26,679
Administrative Expenses	4,165		4,165
Purchased Services	6,946		6,946
Contracted Services		9,870	9,870
Repairs & Maintenance	10,033		10,033
Miscellaneous		388	388
General Supplies	4,309	599	4,908
Management Fee	26,354		26,354
Depreciation	51,724		51,724
Total Operating Expenses	<u>1,028,046</u>	<u>103,178</u>	<u>1,131,224</u>
Operating Income	<u>72,162</u>	<u>12,815</u>	<u>84,977</u>
Other Financing Sources:			
Refund to Participating Districts		(12,814)	(12,814)
Transfer from (to) General Fund	8,226	(4,630)	3,596
Total Other Financing Sources	<u>8,226</u>	<u>(17,444)</u>	<u>(9,218)</u>
Change in Net Position	80,388	(4,629)	75,759
Total Net Position—Beginning	<u>499,604</u>	<u>4,629</u>	<u>504,233</u>
Total Net Position—Ending	<u>\$ 579,992</u>	<u>\$ -</u>	<u>\$ 579,992</u>

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



NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022

	BUSINESS-TYPE ACTIVITIES		
	MAJOR FUND	MAJOR FUND	TOTAL ENTERPRISE FUND
	FOOD SERVICE	SHARED SERVICES	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from Customers	\$ 1,085,048	\$ 99,753	\$ 1,184,801
Payments to Employees	(8,941)	(89,315)	(98,256)
Payments for Employee Benefits		(3,006)	(3,006)
Payments to Food Service Mgmt. Co.	(930,326)		(930,326)
Payments for Services	(8,179)	(9,870)	(18,049)
Payments to Suppliers	(4,309)	(987)	(5,296)
	<u>133,293</u>	<u>(3,425)</u>	<u>129,868</u>
Net Cash Provided by (Used in) Operating Activities			
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Interfund Loans	44		44
Operating Transfers In	8,226		8,226
	<u>8,270</u>	<u>-</u>	<u>8,270</u>
Net Cash Provided by Non-capital Financing Activities			
Net Increase (Decrease) in Cash and Cash Equivalents	141,563	(3,425)	138,138
Balances—Beginning of Year	168,085	20,869	188,954
Balances—End of Year	<u>\$ 309,648</u>	<u>\$ 17,444</u>	<u>\$ 327,092</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Operating Income	\$ 72,162	\$ 12,815	\$ 84,977
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities			
Depreciation	51,724		51,724
(Increase) in Accounts Receivable	(40)		(40)
(Increase) in Inventory	(3,292)		(3,292)
(Decrease) in Unearned Revenue	(15,120)	(16,240)	(31,360)
Increase in Accounts Payable	27,859		27,859
	<u>61,131</u>	<u>(16,240)</u>	<u>44,891</u>
Total Adjustments			
Net Cash Provided by (Used in) Operating Activities	<u>\$ 133,293</u>	<u>\$ (3,425)</u>	<u>\$ 129,868</u>

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

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**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 the primary government. 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 1,308 students in grades 9-12 for the 2021-2022 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, 2022**

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

**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 and proprietary funds. 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. Separate statements for each category – governmental and proprietary– 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.

Since the District's unemployment, flexible spending plan, and payroll agency funds do not meet the criteria defined by the Government Accounting Standards Board Statement No. 84, the unemployment compensation fund which is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims and the flexible spending plan and the payroll agency fund which is used to account for the assets that the District holds on behalf of others as their agent are reported in the general fund as governmental activities.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

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

**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. The revenue sources reported in the Special Revenue Fund include resources from the United States government, the State of New Jersey and some local organizations. Since the District's scholarship and student activity funds do not meet the criteria defined by Government Accounting Standards Board Statement No. 84, the private purpose scholarship fund which is utilized to provide scholarships to students and to account for the related transactions and student activities which is used to account for funds derived from athletic events or other activities of pupil organizations and to account for the accumulation of money to pay for student group activities are reported in the special revenue fund as governmental activities.

**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.

**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. This Fund was closed out by the District on June 30, 2022.

**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. 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.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

**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.

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

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

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

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 are reported using the economic resources measurement focus and the accrual basis of accounting.

**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.

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.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

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

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.

Except for the student activity and scholarship funds, 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.

**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.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

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

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 2021-2022 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.

**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, 2022 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.



**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

**K. Capital Assets (Cont'd):**

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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**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 4 Long Term Liabilities.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

**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.

**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 assets 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 one item in this category; The 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.

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, 2021

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 assets 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.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

**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.

**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, 2022**

**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, 2022**

**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 National School Lunch Program.

**V. Recently Issued Accounting Pronouncements**

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 June 15, 2021. The District has evaluated the effects of this standard on its financial statements and found it to be immaterial to the financial statement presentation.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 99, *Omnibus 2022* in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has not determined the impact of the Statement on the financial statements.

The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

**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.

**X. Subsequent Events**

Management has reviewed and evaluated all events and transactions from June 30, 2022 through March 16, 2023, the date that the financial statements were available for issuance, 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.

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

Operating cash accounts are held in the District's name by one institution. At June 30, 2022 the carrying amount of the District's cash and cash equivalents was \$9,046,477.

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
Insured – NJGUDPA (N.J.S.A.17:9-41)	9,047,175
Un-insured	<u>57,342</u>
Total Deposits	<u>\$ 9,354,517</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. (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.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)**

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.

In order to maximize liquidity, the District utilizes the New Jersey Asset and Rebate Management Fund ("NJARM") as its sole investment. The District invests funds in the New Jersey Asset and Rebate Management Fund, which is an investment pool managed by Public Financial Management Company. NJARM allows governments within the state to pool their funds for investment purposes and the Securities and Exchange Commission (SEC) does not restrict the pool. Earnings are allocated to all participants based upon shares held in the pool and distributed on the last day of each month. In addition, the fair value of the District's portion of the pool is the same as the value of its shares. Agencies that participate in the NJARM typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJARM on a daily basis without penalty. Authorized investments under the NJARM program include obligations of the U.S. Government or its Agencies and Instrumentalities, government money market mutual funds, and municipal securities. Investments under NJARM are not insured or guaranteed by the FDIC or any other governmental agency. At June 30, 2022, the District's bank and book balance in NJARM was \$8,828,143 and is classified as an investment. NJARM is rated AAAM by Standard & Pools.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**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	\$ 41,408,120
Less: accumulated depreciation	<u>(18,230,891)</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,177,229</u>

Capital asset activity for the year ended June 30, 2022 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	\$ <u>850,560</u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>850,560</u>
Total Capital Assets Not Being Depreciated	<u>850,560</u>	<u>-</u>	<u>-</u>	<u>850,560</u>
Land Improvements	3,193,777	786,260		3,980,037
Building and Building Improvements	31,283,474	860,671		32,144,145
Machinery, Equipment, Furniture & Vehicles	<u>4,301,015</u>	<u>176,719</u>	<u>44,356</u>	<u>4,433,378</u>
Totals at Historical Cost	<u>38,778,266</u>	<u>1,823,650</u>	<u>44,356</u>	<u>40,557,560</u>
Less Accumulated Depreciation For:				
Land Improvements	(868,888)	(334,683)		(1,203,571)
Building and Building Improvements	(12,275,041)	(973,091)		(13,248,132)
Machinery, Equipment, Furniture & Vehicles	<u>(3,611,463)</u>	<u>(212,081)</u>	<u>44,356</u>	<u>(3,779,188)</u>
Total Accumulated Depreciation	<u>(16,755,392)</u>	<u>(1,519,855)</u>	<u>44,356</u>	<u>(18,230,891)</u>
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	<u>22,022,874</u>	<u>303,795</u>	<u>-</u>	<u>22,326,669</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,873,434</u>	<u>\$ 303,795</u>	<u>\$ -</u>	<u>\$ 23,177,229</u>
Business-type Activities				
Equipment	\$ 692,146	\$	\$	\$ 692,146
Less Accumulated Depreciation for:				
Equipment	<u>(316,973)</u>	<u>(51,724)</u>		<u>(368,697)</u>
Business-type Activities Capital Assets, Net	<u>\$ 375,173</u>	<u>\$ (51,724)</u>	<u>\$ -</u>	<u>\$ 323,449</u>



**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 3. CAPITAL ASSETS AND DEPRECIATION (CONT'D)**

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

Instruction	\$	35,964
Student & Instr. Related services		62,025
School Administrative Services		41,917
Plant Operations & Maintenance		36,870
Pupil Transportation		35,305
Unallocated		1,307,774
Total depreciation expense	\$	1,519,855

**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, 2022 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	\$ 2,530,000	\$ 8,827,000	\$ 1,480,000	\$ 9,877,000	\$ 942,000
Total Bonds Payable	2,530,000	8,827,000	1,480,000	9,877,000	942,000
Other Liabilities:					
Financed Purchase Obligations	3,587,505		391,314	3,196,191	318,294
Compensated Absences Payable	490,799	25,909	40,825	475,883	47,588
Total Other Liabilities	4,078,304	25,909	432,139	3,672,074	365,882
Subtotal Bonds and Other Liabilities	6,608,304	8,852,909	1,912,139	13,549,074	1,307,882
Bond Premiums/(Discount)	7,093		7,093		
Net Pension Liability (PERS)	4,883,631		1,322,690	3,560,941	
Total Liabilities	\$ 11,499,028	\$ 8,852,909	\$ 3,241,922	\$ 17,110,015	\$ 1,307,882

The District expects to liquidate the compensated absences, financed purchase obligations 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, 2022**

**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.) 2013 School Bonds, originally issued December 10, 2013 in the amount of \$2,760,000. The outstanding balance of this issue at June 30, 2022 was \$1,050,000, which is payable in annual installments due through November 15, 2024 at interest rates ranging from 2.125% to 3.000%.

b.) 2022 School Bonds, originally issued May 4, 2022 in the amount of \$8,827,000. The outstanding balance of this issue at June 30, 2022 was \$8,827,000, which is payable in annual installments due through May 1, 2037 at interest rates ranging from 3.000% to 3.250%.

Principal and interest due on bonds outstanding as at June 30, 2022 is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 942,000	\$ 295,189	\$ 1,237,189
2024	1,100,000	270,538	1,370,538
2025	955,000	237,388	1,192,388
2026	495,000	214,138	709,138
2027	510,000	199,288	709,288
2028-2032	2,750,000	758,731	3,508,731
2033-2037	3,125,000	307,294	3,432,294
	<u>\$ 9,877,000</u>	<u>\$ 2,282,564</u>	<u>\$ 12,159,564</u>

**B. Bonds Authorized But Not Issued** -- As of June 30, 2022, the District had no authorized but not issued bonds.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

**C. Other Authorized Debt for Financed Purchases**

During the 2016-17 fiscal year, the District entered into a Financed Purchase Agreement for a Energy Savings Improvement Program for the amount of \$4,031,000. During the 2018-19 fiscal year, the District entered into a Financed Purchase Agreement for Computer Equipment and Vehicles for the amount of \$321,000. A summary of the Financed Purchase Agreements in effect during the current fiscal year and year-end status is as follows:

Purpose	Date of Lease	Amount of Issue	Balance End of Year	Interest Rate	Final Payment
Energy Savings Improvement Program	12/22/2016	\$ 4,031,000	\$ 3,066,000	2.42%	7/22/2032
Computer Equipment & Vehicles	5/20/2019	<u>321,000</u>	<u>130,191</u>	2.49%	7/15/2023
Total:		<u>\$ 4,352,000</u>	<u>\$ 3,196,191</u>		

Principal and interest due on financed purchase obligations outstanding as at June 30, 2022 is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 318,294	\$ 75,760	\$ 394,054
2024	287,897	68,222	356,119
2025	234,000	61,248	295,248
2026	246,000	55,505	301,505
2027	259,000	49,460	308,460
2028-2032	1,503,000	145,526	1,648,526
2033	<u>348,000</u>	<u>4,207</u>	<u>352,207</u>
	<u>\$ 3,196,191</u>	<u>\$ 459,928</u>	<u>\$ 3,656,119</u>

**NOTE 5. PENSION PLANS**

**Description of Systems**

Substantially all of the District'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

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Dist and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

**Teachers' Pension and Annuity Fund**

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide 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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

**Public Employee's Retirement System**

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. 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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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, 2022**

**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. 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 noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2022, the State of New Jersey contributed \$6,138,110 to the TPAF for on-behalf medical, non-contributory insurance and pension and post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,009,986 during the year ended June 30, 2022 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2022, 2021 and 2020 were \$352,026, \$327,609, and \$293,828, respectively.

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.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employee's Retirement System (PERS)**

At June 30, 2022, the District reported a liability of \$3,560,941 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2020, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.0300590149 percent, which was an increase of 0.000111656 from its proportion measured as of June 30, 2020.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

For the year ended June 30, 2022, the District recognized full accrual pension (benefit) of (\$759,782) in the government-wide financial statements. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 18,545	\$ 1,267,718
Net difference between projected and actual earnings on pension plan investments		938,045
Changes in proportion	62,163	58,024
Difference between expected and actual experience	56,161	25,492
District contributions subsequent to the measurement date	394,295	
	\$ 531,164	\$ 2,289,279

\$394,295 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>		
2023	\$	(815,106)
2024		(622,576)
2025		(412,726)
2026		(302,742)
2027		740
	\$	(2,152,410)

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

*Actuarial Assumptions*

The total collective pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	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%

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

*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. 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-2021.

*Long-Term Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5. PENSION PLANS (CONT'D)**

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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

*Discount rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.



**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate*

The following presents the District's proportionate share of the net pension liability as of June 30, 2021 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>At 1% Decrease (6.00%)</b>	<b>At Current Discount Rate (7.00%)</b>	<b>At 1% Increase (8.00%)</b>
District's proportionate share of the net pension liability	\$ 4,849,279	\$ 3,560,941	\$ 2,467,603

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

*Additional Information*

Collective balances of the Local Group at June 30, 2021 are as follows:

Deferred outflows of resources	\$ 1,164,738,169
Deferred inflows of resources	8,339,123,762
Net pension liability	11,972,782,878
District's proportion	0.0300590149%

Collective pension (benefit) for the Local Group for the measurement period ended June 30, 2021 is \$(1,599,674,464).

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 July 1, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 is 5.13, 5.16, 5.21, 5.63, 5.48, 5.57 and 5.72 years, respectively.

**Teachers Pensions and Annuity Fund (TPAF) – Special Funding Situation**

The 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, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5. PENSION PLANS (CONT'D)**

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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2022 was \$58,475,810. The District's proportionate share was \$0. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2021, the State's proportionate share of the TPAF net pension liability associated with the District was 0.1216340739 percent, which was a increase of 0.0018767257 from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$1,375,961 for contributions incurred by the State.

*Actuarial assumptions*

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The actuarial valuation used 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 - 4.45%
	based on years of service
Thereafter	2.75 - 5.65%
	based on years of service
Investment rate of return	7.00%

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 5. PENSION PLANS (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-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

*Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) 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 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.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

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

*Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate*

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2021 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>At 1% Decrease (6.00%)</b>	<b>At Current Discount Rate (7.00%)</b>	<b>At 1% Increase (8.00%)</b>
State's proportionate share of the net pension liability associated with the District	\$ 69,186,651	\$ 58,475,810	\$ 49,479,377

*Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

**Additional Information**

Collective balances of the Local Group at June 30, 2021 are as follows:

Deferred outflows of resources	\$ 6,356,228,800
Deferred inflows of resources	27,175,330,929
Net pension liability	48,075,188,642
District's proportion	0.1216340739%

Collective pension expense of the Local Group for the plan for the measurement period ended June 30, 2021 is \$1,159,039,411.

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 July 1, 2021, 2020, 2019, 2018, 2017, 2016, and 2015 is 7.93, 7.90, 8.04, 8.29, 8.30, 8.30 and 8.30 years, respectively.

**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:

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
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YEAR ENDED JUNE 30, 2022**

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

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, 2022 the Board's total payroll for all employees was \$18,138,392. Total DCRP covered payroll was \$295,599. 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, 2021 were \$8,868 and \$16,258, respectively.

**NOTE 6. POST-RETIREMENT BENEFITS**

*General Information about the OPEB Plan*

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a "pay-as-you-go" basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as "the employers") for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)**

covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a "pay-as-you-go" basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,850,970 for this special funding situation.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)**

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement medical benefits on behalf of the District for the years ended June 30, 2022, 2021 and 2020 were \$1,162,233, \$1,129,133, and \$991,938, respectively, which equaled the required contributions for each year.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments.

The State, a non-employer 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 OPEB liability on the Statement of Net Position. The State's proportionate share of the OPEB liability associated with the District as of June 30, 2021 was \$52,101,088 or 0.09%. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Additional information on pensions and OPEB can be accessed at [state.nj.us/treasury/pensions/financial-reports.shtml](http://state.nj.us/treasury/pensions/financial-reports.shtml).

*Actuarial assumptions and other inputs*

The total non-employer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021 and included in the June 30, 2021 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>TPAF</u>	<u>PERS</u>
Inflation rate	2.50%	2.50%
Salary Increases:		
Through 2026	1.55 - 4.45%	2.00 - 6.00%
	based on years of service	based on years of service
Thereafter	2.75 - 5.65%	3.00 - 7.00%
	based on years of service	based on years of service



**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)**

*Mortality Rates*

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "General" (PERS) and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the actual experience studies for the periods July 1, 2015 – June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

*Discount Rate*

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

*Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)**

*The following represents sensitivity of total non-employer OPEB liability to changes in the discount rate and health care cost rate*

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2021 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	At Current Discount Rate (2.16%)	1% Increase (3.16%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 62,408,924	\$ 52,101,088	\$ 43,984,286

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2021 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare 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)	\$ 42,176,000	\$ 52,101,088	\$ 65,429,748

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)**

*Changes in the Total Non-employer OPEB Liability*

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2022:

Balance at June 30, 2021	\$	59,443,192
Increased by:		
Service cost		2,930,576
Interest cost		1,351,557
Changes of assumptions		51,402
Member contributions		34,553
		63,811,280
Decreased by:		
Differences between expected and actual experience		10,590,089
Changes of benefit terms		55,455
Benefit payments		1,064,648
		11,710,192
Balance at June 30, 2022	\$	52,101,088

*Employees covered by benefit terms*

The following employees were covered by the benefit terms:

Local Education	June 30, 2021
Active Plan Members	213,901
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	150,427
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	364,328

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 6. POST-RETIREMENT BENEFITS (CONT'D)**

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

For the year ended June 30, 2021, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$3,225,627 for OPEB expenses incurred by the State. The State's proportionate share of deferred outflows and inflows or resources associated with the District at June 30, 2022 is \$17,977,861 and \$21,829,711, respectively. Collective balances of the Local Education Group at June 30, 2021 are as follows:

Deferred outflows of resources	\$ 21,546,947,255
Deferred inflows of resources	\$ 26,769,148,209
Collective OPEB expense	\$ 3,527,672,060

District's Proportion 0.09%

*Special Funding Situation*

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

**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 Annual Comprehensive Financial Report. Audited financial information for the Fund relating to the level of claims reserves, estimated amounts of claims incurred but not reported and net assets were not available for inclusion in this report.

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

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 7. RISK MANAGEMENT (CONT'D)**

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 Unemployment Claims Reserve for the current year and prior two years:

<u>Fiscal Year</u>	<u>Other Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ 114	\$ -	\$ -	\$ 73,215
2020-2021	476	69,243	90,332	73,101
2021-2022	114	71,218	53,193	73,215

**NOTE 8. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2022:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 117,300	
Special Revenue Fund		\$ 111,472
Capital Projects Fund		1,143
Shared Services Fund		4,630
Food Service Fund		55
Total	<u>\$ 117,300</u>	<u>\$ 117,300</u>

The interfund payables in the Capital Projects Fund and Food Service Fund represents interest earned in these funds' depository cash accounts in June 2022 that have yet to be transferred to the General Fund as of year-end. The interfund payable in the Special Revenue Fund consists of \$97 in interest earned in the Student Activities and Athletics depository cash accounts in June 2022 that have yet to be transferred to the General Fund as of year-end and \$111,375 of deficit cash balances related to grant expenditures that have yet to be reimbursed to the District from the federal and state government as of June 30, 2022. The Shared Services Fund was closed in 2021-2022 and the interfund payable within this fund consists of amounts that were funded by the General Fund and needs to be returned since the program is no longer active. All interfunds are expected to be liquidated within one year.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 9. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$7,801,215 General Fund balance at June 30, 2022, \$889,895 is assigned for amounts encumbered at June 30, 2022, for which the contracted goods or services had not been delivered or rendered; \$1,032,295 which represents prior year excess surplus utilized in the 2022-2023 budget. Additional restricted reserves of \$2,741,569, \$548,229, \$199,935, and \$73,215 have been established by the Board of Education for Capital, Maintenance, Emergency, and Unemployment Compensation Reserves, respectively. Of the \$2,741,569 Capital Reserve balance, \$578,000 has been designated for expenditures in the 2022-2023 budget. Unassigned General Fund Balance was \$1,207,766. Lastly, \$1,108,551 represents current year excess surplus that must be included in the 2023-2024 budget.

**Special Revenue Fund** – At June 30, 2022, the Special Revenue Fund reported a fund balance of \$564,944. These amounts are restricted to funding authorized for student accounts and scholarships awarded.

**Capital Projects Fund** – At June 30, 2022, the Capital Projects Fund reported a fund balance of \$8,827,000. These amounts are 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. However, on March 15, 2021, Governor Phil Murphy signed into law State of New Jersey Senate Bill 2691 and changed the percentage of unassigned surplus allowable under *N.J.S.A. 18A:7F-7* to 4% for the 2020-2021 and 2021-2022 fiscal years. The excess fund balance pledged to future tax relief at June 30, 2022, calculated on a budgetary basis pursuant to statute, is \$2,140,846, and is comprised of \$1,032,295 that was appropriated as part of the 2022-2023 school budget, and \$1,108,551, which represents the minimum amount of fund balance that must be appropriated as part of the 2023-2024 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 during fiscal year 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 11. CAPITAL RESERVE ACCOUNT (CONT'D)**

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, 2022, after a withdrawal of \$720,200 for expenditures in the 2021-2022 Budget, interest earned of \$1,304 and deposits of \$1,532,535, the balance in the Capital Reserve Account was \$2,741,569. The District includes a capital reserve withdrawal in the amount of \$578,000 in the 2022-2023 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, 2022 is as follows:

Emergency Reserve: A balance of \$199,635 existed at June 30, 2021. During the year, the Board of Education did not approved any withdrawals from the Emergency Reserve. An additional \$60 of investment earnings were credited to this account, resulting in an ending balance at June 30, 2022 of \$199,695. This amount is within the statutory maximum established by N.J.S.A. 18A:7F-41c(1) of the greater of \$250,000 or one-percent (1%) of the District's general fund budget.

Maintenance Reserve: A balance of \$545,829 existed at June 30, 2021. An additional \$2,400 of investment earnings were credited to this account during the year. The Maintenance Reserve balance at June 30, 2022 was \$548,229.

**NOTE 13. UNEMPLOYMENT RESERVE ACCOUNT**

An unemployment reserve account was established by the District by transferring \$73,101 to an unemployment reserve from the unemployment fund in 2021 to fund future unemployment claims billed by the state. This reserve was established in the General Fund in 2021 resulting from the implementation of Governmental Accounting Standards Board Statement No. 84, which required the District to record these funds as governmental activities. At June 30, 2022, the Unemployment Compensation reserve balance is \$73,215.

**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.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 14. TAX ABATEMENTS (CONT'D)**

If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district. For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

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 2021 User Friendly Budget for the Borough of Allendale indicates PILOT billings for 2020 were \$29,309; whereas the amount of property taxes that otherwise may have been billed based upon the assessed valuations of these projects is calculated to be \$116,664. The Borough of Upper Saddle River reported no tax abatements granted for calendar year 2021.

**NOTE 15. CONTINGENT LIABILITIES**

At June 30, 2022, 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, 2022 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.



**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2022**

**NOTE 16. TRANSFERS**

The following presents a reconciliation of transfers during the 2022 fiscal year:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 5,773	\$ 8,226
Capital Projects Fund		1,143
Shared Services Fund		4,630
Food Service Fund	<u>8,226</u>	<u>          </u>
Total	<u>\$ 13,999</u>	<u>\$ 13,999</u>

During the 2021-2022 fiscal year, the transfer of \$8,226 from the General Fund to the Food Service Fund was to fund the costs of serving meals to students who qualified for free and reduced lunches, as the District does not participate in the National School Lunch Program and is not reimbursed for these meals. The transfer of \$1,143 from the Capital Projects Fund to the General Fund is the interest earned in the depository account holding the proceeds from the 2022 School Bonds issuance that have yet to be transferred to the General Fund as of year-end. The Shared Services Fund was closed in 2021-2022 and the transfer of \$4,630 to the General Fund consists of amounts for this program that were originally funded by the General Fund and needs to be returned since the program is no longer active.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

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

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*								
	Year Ended June 30,								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
District's Proportion of the Net Pension Liability	0.027593%	0.027183%	0.027787%	0.028334%	0.030562%	0.030339%	0.030086%	0.029947%	0.030059%
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	\$ 4,883,631	\$ 3,560,941
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	\$ 2,292,428	\$ 2,298,963
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%	213.03%	154.89%
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%	58.32%	70.33%

\* 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*									
	Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Contractually Required Contribution	\$ 207,907	\$ 224,096	\$ 238,896	\$ 287,566	\$ 300,132	\$ 303,021	\$ 293,828	\$ 327,609	\$ 352,026	
Contribution in Relation to Contractually Required Contribution	\$ (207,907)	\$ (224,096)	\$ (238,896)	\$ (287,566)	\$ (300,132)	\$ (303,021)	\$ (293,828)	\$ (327,609)	\$ (352,026)	
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	\$ 2,292,428	\$ 2,298,963	
Contributions as a percentage of Covered Employee Payroll	10.75%	11.65%	12.01%	13.66%	14.08%	14.24%	13.48%	14.29%	15.31%	

\* 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 SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND

	Last 10 Fiscal Years*								
	Year Ended June 30,								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
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%	0.1197573%	0.1216341%
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	\$ 78,858,773	\$ 58,475,810
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	\$ 13,563,209	\$ 13,978,723
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%	581.42%	418.32%
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%	24.60%	35.52%

\* 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 Net Pension Liability and Plan Fiduciary Net Position 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, 2022**

**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, 2021, dated July 21, 2022. This information pertains to the RSI schedules of changes in net pension liability contained in that report.

**PERS**

Changes in benefit terms:

There were none

Changes in assumptions:

The discount rate has not changed from 7.00% as of June 30, 2020 and remains at 7.00% as of June 30, 2021.

**TPAF**

Changes in benefit terms:

There were none

Changes in assumptions:

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

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



Northern Highlands Regional High 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	Year Ended June 30, 2021	Year Ended June 30, 2022
State's proportion of the OPEB Liability associated with the District -	0.08%	0.09%	0.09%	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	59,443,192	52,101,088
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>	<u>\$ 59,443,192</u>	<u>\$ 52,101,088</u>
Beginning Balance	\$ 48,909,665	\$ 45,383,564	\$ 39,712,038	\$ 36,697,428	\$ 59,443,192
Increased by:					
Service cost	2,067,846	1,710,659	1,526,971	1,641,802	2,930,576
Interest cost	1,438,533	1,667,784	1,574,999	1,324,463	1,351,557
Diff. between expected and actual exp.				9,924,761	
Changes of assumptions			547,162	10,858,229	51,402
Member contributions	38,707	36,700	33,393	31,366	34,553
	3,545,086	3,415,143	3,682,525	23,780,621	4,368,088
Decreased by:					
Diff. between expected and actual exp.		(3,467,628)	(5,570,633)		(10,590,089)
Changes of assumptions	(6,020,007)	(4,557,155)			
Changes of benefit terms					(55,455)
Gross benefit payments	(1,051,180)	(1,061,886)	(1,126,502)	(1,034,857)	(1,064,648)
	(7,071,187)	(9,086,669)	(6,697,135)	(1,034,857)	(11,710,192)
Ending Balance	\$ 45,383,564	\$ 39,712,038	\$ 36,697,428	\$ 59,443,192	\$ 52,101,088
Covered by employee payroll	\$ 15,417,637	\$ 15,634,774	\$ 15,723,217	\$ 16,141,529	\$ 16,569,492
Total OPEB liability as a percentage of covered employee payroll.	294.36%	254.00%	233.40%	368.26%	314.44%

\* 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, 2022**

**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 2021, the discount rate changed to 2.16% from 2.21% in 2020. For pre-Medicare medical benefits, the initial trend rate changed to 5.65% from 5.60%. For PPO, the trend rate is initially 5.74% in fiscal year 2024. For HMO, the trend rate is initially 6.01% in fiscal year 2024. For prescription drug benefits, the initial trend rate changed to 6.75% from 7.00%. Demographic assumptions remained unchanged and are consistent with the assumptions used in the pension plan valuations.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART III**

**BUDGETARY COMPARISON SCHEDULES**

**SECTION - C**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 23,545,802	\$	\$ 23,545,802	\$ 23,545,802	\$
Tuition-Individuals	165,440		165,440	335,178	169,738
Tuition-LEAs	5,472,395		5,472,395	5,628,181	155,786
Interest Earned on Capital Reserve Funds	10,000		10,000	1,304	(8,696)
Interest Earned on Maintenance Reserve Funds	2,400		2,400	2,400	
Interest Earned on Emergency Reserve Funds	60		60	60	
Unrestricted Miscellaneous Revenue	210,000		210,000	83,340	(126,660)
Total - Local Sources	29,406,097	-	29,406,097	29,596,265	190,168
State Sources:					
Extraordinary Aid	75,000		75,000	122,309	47,309
Categorical Special Ed. Aid	783,459		783,459	783,459	
Categorical Security Aid	77,671		77,671	77,671	
Categorical Transportation Aid	272,216		272,216	272,216	
Nonpublic Transportation				21,795	21,795
Reimbursement- Sec Our Chld Fut Bond				88,661	88,661
Non-Budgeted State "On-Behalf" Revenues:					
TPAF Pension Contribution				4,905,246	4,905,246
TPAF OPEB Contribution				1,162,233	1,162,233
TPAF NCGI & LTDI Contributions				70,631	70,631
TPAF Reimbursed Employer FICA Contribution				1,009,986	1,009,986
Total - State Sources	1,208,346	-	1,208,346	8,514,207	7,305,861
Total Revenues	30,614,443	-	30,614,443	38,110,472	7,496,029

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Grades 9-12	\$ 10,193,097	\$ (251,478)	\$ 9,941,619	\$ 9,923,668	\$ 17,951
Regular Programs - Home Instr.:					
Salaries of Teachers	64,000		64,000	54,675	9,326
Regular Programs - Undistrib. Instr.:					
Purchased Prof./Educational Services	40,525	9,760	50,285	33,160	17,125
Purchased Technical Services	164,200	(21,955)	142,245	137,431	4,814
Other Purchased Services	131,568	35,493	167,061	158,252	8,810
General Supplies	601,729	22,279	624,008	441,582	182,426
Textbooks	35,250	(3,500)	31,750	20,322	11,428
Other Objects	21,565	500	22,065	11,865	10,201
Total Regular Programs	<u>11,251,934</u>	<u>(208,902)</u>	<u>11,043,032</u>	<u>10,780,954</u>	<u>262,078</u>
Resource Room/Resource Center:					
Salaries of Teachers	<u>1,186,735</u>	<u>72,352</u>	<u>1,259,087</u>	<u>1,259,087</u>	<u>-</u>
Total Resource Room/Resource Center	<u>1,186,735</u>	<u>72,352</u>	<u>1,259,087</u>	<u>1,259,087</u>	<u>-</u>
Total Special Education	<u>1,186,735</u>	<u>72,352</u>	<u>1,259,087</u>	<u>1,259,087</u>	<u>-</u>
Basic Skills/Remedial:					
Salaries of Teachers	<u>55,779</u>	<u>-</u>	<u>55,779</u>	<u>55,779</u>	<u>-</u>
Total Basic Skills/Remedial	<u>55,779</u>	<u>-</u>	<u>55,779</u>	<u>55,779</u>	<u>-</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
School - Sponsored Cocurricular/Extracurricular Activities:					
Salaries	\$ 411,748	\$ (883)	\$ 410,865	\$ 351,693	\$ 59,172
Purchased Services	21,950	1,673	23,623	19,996	3,628
Supplies and Materials	35,260	12,400	47,660	40,625	7,035
Other Objects	<u>32,000</u>	<u>(13,127)</u>	<u>18,873</u>	<u>11,920</u>	<u>6,953</u>
Total School - Sponsored Cocurricular Activities	<u>500,958</u>	<u>63</u>	<u>501,021</u>	<u>424,234</u>	<u>76,786</u>
School - Sponsored Athletics - Instruction:					
Salaries	712,068	(633)	711,435	679,596	31,839
Purchased Services	157,539	411	157,950	135,575	22,375
Supplies and Materials	79,500	4,269	83,769	69,889	13,880
Other Objects	26,000	16,000	42,000	18,514	23,486
Transfer to Cover Deficit (Agency Funds)	<u>48,000</u>		<u>48,000</u>		<u>48,000</u>
Total School - Sponsored Athletics	<u>1,023,107</u>	<u>20,047</u>	<u>1,043,154</u>	<u>903,574</u>	<u>139,580</u>
Total Instruction	<u>14,018,513</u>	<u>(116,440)</u>	<u>13,902,073</u>	<u>13,423,628</u>	<u>478,445</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

	<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	\$ 461,055	\$ (37,730)	\$ 423,325	\$ 326,515	\$ 96,810
Tuition to County Vocational School Dist. - Regular	314,208		314,208	287,598	26,610
Tuition to County Vocational School Dist. - Special	16,497		16,497	16,497	
Tuition to CSSD & Regional Day Schools	64,240	158,937	223,177	223,177	
Tuition to Private Schools for the Disabled - Within State	1,705,214	(471,207)	1,234,007	876,530	357,477
Tuition to Private Schools for the Disabled, Outside the State	<u>225,000</u>		<u>225,000</u>	<u>146,695</u>	<u>78,305</u>
Total Undistrib. Expend. - Instruc.	<u>2,786,214</u>	<u>(350,000)</u>	<u>2,436,214</u>	<u>1,877,012</u>	<u>559,202</u>
Attendance and Social Work Services:					
Salaries	<u>66,449</u>		<u>66,449</u>	<u>66,449</u>	
Total Attendance and Social Work Serv.	<u>66,449</u>	<u>-</u>	<u>66,449</u>	<u>66,449</u>	<u>-</u>
Health Services:					
Salaries	133,870	14,322	148,192	148,192	
Purchased Profess. and Tech. Serv.	18,000	300	18,300	18,300	
Other Purchased Services	2,500	(2,500)			
Supplies and Materials	7,000	(2,040)	4,960	4,867	93
Other Objects	<u>500</u>	<u>250</u>	<u>750</u>	<u>692</u>	<u>58</u>
Total Health Services	<u>161,870</u>	<u>10,332</u>	<u>172,202</u>	<u>172,051</u>	<u>151</u>



NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

	<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	\$ 104,820		\$ 104,820	\$ 104,820	
Purchased Profess./Educa. Services	<u>162,980</u>	<u>(64,800)</u>	<u>98,180</u>	<u>35,871</u>	<u>62,309</u>
Total Speech, OT, PT & Related Services	<u>267,800</u>	<u>(64,800)</u>	<u>203,000</u>	<u>140,691</u>	<u>62,309</u>
Other Support Services-Student - Extra Services					
Salaries	132,170		132,170	131,789	381
Purchased Profess./Educa. Services	242,350	(1,605)	240,745	39,485	201,260
Supplies and Materials		<u>1,605</u>	<u>1,605</u>	<u>1,605</u>	
Total Other Support Services-Student - Extra Services	<u>374,520</u>		<u>374,520</u>	<u>172,880</u>	<u>201,640</u>
Guidance:					
Salaries of Other Professional Staff	953,773		953,773	773,531	180,242
Salaries of Secret. & Clerical Assts.	166,922		166,922	164,772	2,150
Other Purchased Prof. & Tech. Services	300	(240)	60		60
Other Purchased Services	5,200	307	5,507	2,618	2,889
Supplies and Materials	7,435	(1,567)	5,868	5,010	859
Other Objects	<u>2,795</u>		<u>2,795</u>	<u>1,465</u>	<u>1,330</u>
Total - Guidance	<u>1,136,425</u>	<u>(1,500)</u>	<u>1,134,925</u>	<u>947,395</u>	<u>187,530</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Child Study Teams:					
Salaries of Other Profess. Staff	\$ 625,362	\$	\$ 625,362	\$ 620,929	\$ 4,433
Salaries of Secret. & Clerical Assts.	49,749		49,749	49,749	
Misc. Purchased Services	1,750		1,750	1,606	144
Supplies and Materials	6,575	(2,000)	4,575	4,061	514
Other Objects	2,740		2,740	2,203	537
Total - Child Study Teams	686,176	(2,000)	684,176	678,548	5,628
Improv. of Instruction Services:					
Salaries of Professional Staff	91,415	67,566	158,981	158,981	
Salaries of Other Professional Staff	147,290		147,290	139,243	8,047
Salaries of Secty. and Clerical Assts.	6,863	56	6,919	6,919	
Other Purchased Services	500	(500)			
General Supplies	1,000	(1,000)			
Other Objects	375	(56)	319	234	85
Total Improv. of Instruction Services	247,443	66,066	313,509	305,377	8,132
Educational Media Serv./School Library:					
Salaries	480,287	74,456	554,743	554,743	
Purch. Profess. and Tech. Serv.	4,200	2,795	6,995	6,420	575
Supplies and Materials	60,811	(4,870)	55,941	53,508	2,433
Other Objects	315		315	315	
Total Educa. Media Serv./School Library	545,613	72,381	617,994	614,986	3,008
Instructional Staff Training Services:					
Purch. Profess. Educ. Serv.	28,200	(3,750)	24,450	6,980	17,470
Other Purchased Services	40,200	(14,360)	25,840	10,107	15,733
Total Instr. Staff Training Serv.	68,400	(18,110)	50,290	17,087	33,203

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Support Serv. General Administration:					
Salaries	\$ 285,498	\$ 2,969	\$ 288,467	\$ 288,467	\$
Legal Services	150,000	221,915	371,915	333,671	38,244
Audit Fees	23,000	32,500	55,500	32,500	23,000
Other Purch. Professional Services	70,000	114,024	184,024	179,599	4,425
Communications/Telephone	79,750	1,005	80,755	72,801	7,954
BOE Other Purchased Services	6,000		6,000	999	5,001
Misc. Purchased Services	21,300		21,300	3,850	17,450
General Supplies	1,800	87	1,887	1,744	143
Misc. Expenditures	3,000		3,000	2,734	266
BOE Membership Dues and Fees	15,000		15,000	11,494	3,506
<b>Total Support Serv. General Administration</b>	<b>655,348</b>	<b>372,500</b>	<b>1,027,848</b>	<b>927,859</b>	<b>99,989</b>
Support Serv. School Administration:					
Salaries of Principals/Asst. Principals	341,000	130,167	471,167	471,167	
Salaries of Other Professional Staff	186,000	(89,917)	96,083	15,500	80,583
Salaries of Secty. and Clerical Assts.	194,967		194,967	194,967	
Purch. Professional & Technical Serv.	250	600	850	850	
Other Purchased Services	3,500	(3,076)	424	424	
Other Objects	5,123	1,712	6,835	6,834	
<b>Total Support Serv. School Admin.</b>	<b>730,840</b>	<b>39,486</b>	<b>770,326</b>	<b>689,742</b>	<b>80,583</b>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Central Services:					
Salaries	\$ 471,623	\$ 14,923	\$ 486,546	\$ 486,546	\$
Purch. Professional Services	10,000	(1,320)	8,680	8,680	
Purch. Technical Services	8,550	(1,085)	7,465	7,465	
Other Purchased Services	1,200	977	2,177	2,177	
Supplies and Materials	4,000	(1,820)	2,180	2,180	
Miscellaneous Expenditures	1,250	1,015	2,265	2,265	
Total Central Services	496,623	12,690	509,313	509,313	-
Required Maint. For School Facilities:					
Salaries	294,414	6,773	301,187	301,187	
Cleaning, Repair & Maint. Services	186,095	194,430	380,525	311,595	68,930
Lead Testing Drinking Water		3,119	3,119	3,119	
General Supplies	33,500	21,899	55,399	52,621	2,778
Total Required Maint. For School Facilities	514,009	226,221	740,230	668,522	71,708
Custodial Services:					
Salaries	628,615		628,615	615,403	13,212
Cleaning, Repair & Maint. Services	99,025	(6,394)	92,631	86,371	6,260
Lease Purchase Payments-ESIP	308,307		308,307	306,985	1,322
Other Purchased Property Services	95,000	(3,646)	91,354	87,428	3,925
Insurance	320,082	(79,938)	240,144	240,138	6
Other Operation and Maintenance of Plant		113	113	113	
General Supplies	59,000	(8,011)	50,990	46,331	4,659
Energy (Natural Gas)	155,000	(12,854)	142,146	130,583	11,563
Energy (Electricity)	200,000	(184)	199,816	173,739	26,076
Other Objects	9,925	8,387	18,312	13,698	4,614
Total Custodial Services	1,874,954	(102,527)	1,772,427	1,700,789	71,638

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

	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	\$ 121,659	\$ 1,914	\$ 123,573	\$ 123,573	\$
Cleaning, Repair & Maint. Services	107,300	19,946	127,246	114,579	12,667
General Supplies	27,250	3,492	30,742	26,403	4,339
Total Care & Upkeep of Grounds	<u>256,209</u>	<u>25,352</u>	<u>281,561</u>	<u>264,555</u>	<u>17,006</u>
Security:					
Salaries	48,020		48,020	39,682	8,338
Purch. Professional & Technical Serv.	75,000	5,150	80,150	80,150	
General Supplies	20,000	1,704	21,704	6,382	15,322
Other Objects	1,750	(501)	1,249	1,249	
Total Security	<u>144,770</u>	<u>6,353</u>	<u>151,123</u>	<u>127,463</u>	<u>23,660</u>
Total Operation & Maint. Of Plant Services	<u>2,789,942</u>	<u>155,399</u>	<u>2,945,341</u>	<u>2,761,329</u>	<u>184,012</u>
Student Transportation Services:					
Salaries for Pupil Transportation (Other Than Between Home & School)	250,965	27,339	278,304	278,304	
Cleaning, Repair & Maint. Services	38,800	24,801	63,601	61,136	2,464
Lease Purchase Payments-School Buses	12,158		12,158	12,158	
Contracted Services - Aid in Lieu of Payments - Non-Pub Sch.	45,000	4,000	49,000	49,000	
Contracted Services (Between Home & School) - Vendors BERGEN TECH		9,650	9,650	9,650	
Contracted Services (Other Than Between Home & School) - Vendors	54,245	(15,242)	39,003	20,952	18,051
Contracted Services (Regular Students) - ESCs & CTSA	560,000	(18,700)	541,300	527,607	13,693
Contracted Services (Special Ed. Students) - ESCs & CTSA	624,000	(35,343)	588,657	408,821	179,837

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Undistributed Expenditures (Cont'd.):					
Student Transportation Services (Cont'd.):					
General supplies	\$ 500	\$ (203)	\$ 297	\$ 150	\$ 147
Transportation supplies	13,000	3,275	16,275	16,275	
Other Objects	7,285	423	7,708	7,449	259
Total Student Transportation Services	1,605,953	-	1,605,953	1,391,502	214,451
Unallocated Employee Benefits:					
Social Security Contributions	330,524	5	330,529	327,011	3,518
Other Retirement Contributions-PERS	366,278	1,030	367,308	364,307	3,001
Unemployment Compensation	45,000	(1,026)	43,974	43,482	492
Workmen's Compensation	83,000		83,000	58,553	24,447
Health Benefits	3,242,106	(339,695)	2,902,411	2,845,924	56,487
Tuition Reimbursements	68,875	3,029	71,904	71,904	
Other Employee Benefits	75,000	(4,154)	70,846	60,512	10,334
Unused Sick Payments to Terminated/Retired Staff	100,000		100,000	26,638	73,362
Total Unallocated Employee Benefits:	4,310,783	(340,811)	3,969,972	3,798,331	171,642
On-behalf TPAF Pension Contrib. (non-budgeted)				4,905,246	(4,905,246)
On-behalf TPAF OPEB Contrib. (non-budgeted)				1,162,233	(1,162,233)
On-behalf TPAF NCGI Contrib. (non-budgeted)				70,631	(70,631)
On-behalf TPAF Employer FICA Contrib. (non-budgeted)				1,009,986	(1,009,986)
Total On-behalf Contributions	-	-	-	7,148,096	(7,148,096)
Total Personal Services - Employee Benefits	4,310,783	(340,811)	3,969,972	10,946,427	(6,905,823)

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Undistributed Expenditures	\$ 16,930,399	\$ (48,367)	\$ 16,882,032	\$ 22,218,647	\$ (5,336,616)
Total Expenditures - Current Expense	30,948,912	(164,807)	30,784,105	35,642,275	(4,858,171)
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	655,000	774,097	1,429,097	821,984	607,113
Undistributed Expenditures:					
Custodial Services	11,000	808	11,808	11,808	
Required Maintenance		264,481	264,481	264,481	
Care and Upkeep of Grounds	360,000	(91,225)	268,775	161,540	107,235
Care and Upkeep of Grounds- Equipment		61,209	61,209	61,209	
Student Transportation		64,599	64,599	64,599	
Total Equipment	1,026,000	1,073,969	2,099,969	1,385,621	714,348
Facilities Acquis. & Constr. Services:					
Construction Services	720,200	850	721,050	688,515	32,535
Assessment for Debt Service-SDA Funding	25,820		25,820	25,820	
Total Facil. Acquis. & Constr. Services	746,020	850	746,870	714,335	32,535
Total Capital Outlay	1,772,020	1,074,819	2,846,839	2,099,956	746,883
Total Expenditures	32,720,932	910,012	33,630,944	37,742,232	(4,111,288)
(Deficiency) Excess of Revenues					
(Under) Over Expenditures	(2,106,489)	(910,012)	(3,016,501)	368,240	3,384,741

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2022

	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	\$ (10,000)	\$ (2,000)	\$ (12,000)	\$ (8,226)	\$ 3,774
Transfer from Capital Projects Fund				1,143	1,143
Transfer From Shared Services Fund				4,630	4,630
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(2,000)</u>	<u>(12,000)</u>	<u>(2,453)</u>	<u>9,547</u>
(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Uses	(2,116,489)	(912,012)	(3,028,501)	365,787	3,394,288
Fund Balances, July 1	<u>7,520,531</u>		<u>7,520,531</u>	<u>7,520,531</u>	
Fund Balances, June 30	<u>\$ 5,404,042</u>	<u>\$ (912,012)</u>	<u>\$ 4,492,030</u>	<u>\$ 7,886,318</u>	<u>\$ 3,394,288</u>
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted general fund balance	\$ (1,396,289)		\$ (1,396,289)	\$ 1,997,999	\$ 3,394,288
Budgeted withdrawal from capital reserve	(720,200)		(720,200)	(720,200)	
Adjustment for prior year encumbrances, net		\$ (912,012)	(912,012)	(912,012)	
Total	<u>\$ (2,116,489)</u>	<u>\$ (912,012)</u>	<u>\$ (3,028,501)</u>	<u>\$ 365,787</u>	<u>\$ 3,394,288</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year Expenditures				\$ 1,032,295	
Excess Surplus - Current Year				1,108,551	
Emergency Reserve				199,695	
Maintenance Reserve				548,229	
Capital Reserve				2,163,569	
Capital Reserve - Designated for Subsequent Year Expenditures				578,000	
Unemployment Reserve				73,215	
Assigned Fund Balance:					
Year-End Encumbrances				889,895	
Unassigned Fund Balance				<u>1,292,869</u>	
				7,886,318	
Reconciliation to Governmental Funds Statements (GAAP):					
Remaining State Aid Payments not recognized as Revenue on GAAP basis				(85,103)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 7,801,215</u>	



NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
<b>REVENUES:</b>					
Local Sources					
Revenues from Local Sources	\$ 910,000	\$ 152,805	\$ 1,062,805	\$ 902,527	\$ (160,278)
Total Local Revenues	<u>910,000</u>	<u>152,805</u>	<u>1,062,805</u>	<u>902,527</u>	<u>(160,278)</u>
State Sources					
NJSDA Emergent		37,960	37,960	37,960	-
Total State Revenues	<u>-</u>	<u>37,960</u>	<u>37,960</u>	<u>37,960</u>	<u>-</u>
Federal Sources					
Title I	78,299	(10,103)	68,196	68,196	
Title III	1,377	(1,377)			
IDEA Part B	252,530	(8,996)	243,534	243,534	
American Rescue Plan IDEA Part B		57,955	57,955	57,955	
CRRSA Act- ESSER II	181,039	-	181,039	181,039	
CRRSA Act- Learning Acceleration Grant	25,000	-	25,000	21,883	(3,117)
CRRSA Act- Mental Health Grant	45,000	-	45,000	24,898	(20,102)
ACSERS Program		99,690	99,690	99,690	
ARP-ESSER III		406,874	406,874	87,917	(318,957)
ESSER- Accelerated Learning		74,664	74,664	28	(74,636)
ESSER- Summer Learning and Enrichment		40,000	40,000	170	(39,830)
ESSER- Accelerated Learning		40,000	40,000	1,365	(38,635)
ESSER- Mental Health		45,000	45,000		(45,000)
Total Federal Revenues	<u>583,245</u>	<u>743,707</u>	<u>1,326,952</u>	<u>786,675</u>	<u>(540,277)</u>
Total Revenues	<u>1,493,245</u>	<u>934,472</u>	<u>2,427,717</u>	<u>1,727,162</u>	<u>(700,555)</u>
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	58,890	270,735	329,625	61,155	(268,470)
Other Purchased Services (400-500 series)	252,530	148,649	401,179	401,179	
General Supplies	41,538	117,919	159,457	51,276	(108,181)
Total Instruction	<u>352,958</u>	<u>537,303</u>	<u>890,261</u>	<u>513,610</u>	<u>376,651</u>
Support Services					
Salaries of Other Professional Staff	31,025	79,471	110,496	17,826	92,670
Personal Services - Employee Benefits	4,473	13,133	17,606	2,507	15,099
Purchased Professional and Technical Services	10,250	41,200	51,450	3,000	48,450
Other Purchased Services (400-500 series)		4,000	4,000		4,000
General Supplies	3,500	(1,000)	2,500	306	2,194
Scholarships Awarded	10,000	24,343	34,343	3,565	30,778
Student/Athletic Activities	900,000	128,462	1,028,462	907,689	120,773
Total Support Services	<u>959,248</u>	<u>289,609</u>	<u>1,248,857</u>	<u>934,893</u>	<u>313,964</u>
Facilities Acquisition and Construction Services:					
Buildings	181,039		181,039	181,039	
Noninstructional Equipment		107,560	107,560	106,347	1,213
Total Facilities Acquisition and Construction Services	<u>181,039</u>	<u>107,560</u>	<u>288,599</u>	<u>287,386</u>	<u>1,213</u>
Total Expenditures	<u>1,493,245</u>	<u>934,472</u>	<u>2,427,717</u>	<u>1,735,889</u>	<u>691,828</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ (8,727)	\$ 8,727
Fund Balance, July 1				<u>573,671</u>	
Fund Balance, June 30				<u>\$ 564,944</u>	
<b>Recapitulation:</b>					
Restricted					
Scholarships				\$ 32,778	
Student Activities				<u>532,166</u>	
Total Fund Balance				<u>\$ 564,944</u>	

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 NOTE TO RSI  
FOR THE YEAR ENDED JUNE 30, 2022

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

	General Fund		Special Revenue Fund
Sources/inflows of resources:			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 38,110,472		(C-2) \$ 1,727,162
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized (Net)			(84,329)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements (Net)	(1,940)		
Total revenues as reported on the statement of revenues, expenditures and change in fund balances - governmental funds	(B-2) \$ <u>38,108,532</u>		(B-2) \$ <u>1,642,833</u>
Other Financing Sources/(Uses):			
Actual amounts (budgetary basis) "other financing sources" (uses) from the budgetary comparison schedule	(C-1) \$ <u>(2,453)</u>		(C-2) \$ _____
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	(B-2) \$ <u>(2,453)</u>		(B-2) \$ <u>-</u>
Uses/outflows of resources:			
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule	(C-1) \$ 37,742,232		(C-2) \$ 1,735,889
Difference - budget to GAAP:			
Grant Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			(84,329)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) \$ <u>37,742,232</u>		(B-2) \$ <u>1,651,560</u>

**NOTES TO THE REQUIRED  
SUPPLEMENTARY INFORMATION – PART III**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 NOTE TO RSI  
FOR THE YEAR ENDED JUNE 30, 2022

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) \$ 38,110,472	(C-2) \$	1,727,162
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized (Net)			(84,329)
State aid payment recognized for budgetary purposes, not recognized for GAAP statements (Net)	<u>(1,940)</u>		
Total revenues as reported on the statement of revenues, expenditures and change in fund balances - governmental funds	(B-2) \$ <u>38,108,532</u>	(B-2) \$	<u>1,642,833</u>
Other Financing Sources/(Uses):			
Actual amounts (budgetary basis) "other financing sources" (uses) from the budgetary comparison schedule	(C-1) \$ <u>(2,453)</u>	(C-2) \$	
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	(B-2) \$ <u>(2,453)</u>	(B-2) \$	<u>-</u>
Uses/outflows of resources:			
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule	(C-1) \$ 37,742,233	(C-2) \$	1,735,889
Difference - budget to GAAP:			
Grant Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			(84,329)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) \$ <u>37,742,233</u>	(B-2) \$	<u>1,651,560</u>

## **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, 2022

	I.D.E.A. PART B BASIC 2021-22	American Rescue Plan I.D.E.A. 2021-22	TITLE I 2021-22	CRRSA- ESSER II 2021-22	CRRSA Learning Acceleration 2021-22	CRRSA Mental Health 2021-22	American Rescue Plan ESSER III 2021-22	ESSER Learning Acceleration 2021-22	ESSER Summer Learning 2021-22	ESSER Beyond the School Day 2021-22	ACSERS 2021-22	NJ SDA Emergent 2021-22	Scholarship Funds 2021-22	Student Activity Funds 2021-22	TOTALS 2021-22
<b>REVENUES</b>															
Local Sources	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
State Sources												37,960	2,500	900,027	902,527
Federal Sources	243,534	57,955	68,196	181,039	21,883	24,898	87,917	28	170	1,365	99,690				37,960
Total Revenues	243,534	57,955	68,196	181,039	21,883	24,898	87,917	28	170	1,365	99,690	37,960	2,500	900,027	1,727,162
<b>EXPENDITURES</b>															
Instruction:															
Salaries of Teachers			31,675		17,332	12,148									61,155
Other Purch. Services (400-500 series)	243,534	57,955									99,690				401,179
General Supplies			31,370				19,530	28	170	178					51,276
Total Instruction	243,534	57,955	63,045	-	17,332	12,148	19,530	28	170	178	99,690	-	-	-	513,610
Support Services:															
Salaries of Other Prof. Staff			2,728		4,320	9,675				1,103					17,826
Personal Services - Empl. Benefits			2,423							84					2,507
Purch. Professional and Technical Services						3,000									3,000
Supplies and Materials					231	75									306
Scholarships Awarded													3,565		3,565
Student/Athletic Activities														907,689	907,689
Total Support Services	-	-	5,151	-	4,551	12,750	-	-	-	1,187	-	-	3,565	907,689	934,893
Facilities Acquis. & Const. Serv.:															
Buildings				181,039											181,039
Non-Instructional Equipment							68,387					37,960			106,347
Total Facil. Acquis. & Const. Serv.	-	-	-	181,039	-	-	68,387	-	-	-	-	37,960	-	-	287,386
Total Expenditures	\$ 243,534	\$ 57,955	\$ 68,196	\$ 181,039	\$ 21,883	\$ 24,898	\$ 87,917	\$ 28	\$ 170	\$ 1,365	\$ 99,690	\$ 37,960	\$ 3,565	\$ 907,689	\$ 1,735,889
Excess (Deficiency) of Revenues															
Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	(1,065)	(7,662)	(8,727)
Fund Balance, July 1 - Restated	-	-	-	-	-	-	-	-	-	-	-	-	33,843	539,828	573,671
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,778	\$ 532,166	\$ 564,944

**CAPITAL PROJECTS FUND**

**SECTION – F**



NORTHERN HIGHLANDS REGIONAL SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
YEAR ENDED JUNE 30, 2022

<u>ISSUE/PROJECT TITLE</u>	<u>APPROVAL DATE</u>	<u>APPROPRIATION</u>	<u>EXPENDITURES</u>		<u>UNEXPENDED BALANCE</u>
			<u>PRIOR YEAR</u>	<u>CURRENT YEAR</u>	
Referendum Project	3/8/2022	\$ 8,827,000	\$ -	\$ -	\$ 8,827,000
		<u>\$ 8,827,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,827,000</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, 2022

Revenues:		
Interest Income	\$	1,143
Total Revenues		1,143
Excess (Deficiency) of Revenues Over/(Under) Expenditures		1,143
Other Financing Sources/(Uses):		
Bond Proceeds		8,827,000
Transfers Out		(1,143)
Total Other Financing Sources/(Uses)		8,825,857
Net Change in Fund Balance		8,827,000
Fund Balance - Beginning		-
Fund Balance - Ending	\$	8,827,000

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
 AND PROJECT STATUS - BUDGETARY BASIS  
 REFERENDUM PROJECT  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ _____	\$ 8,827,000	\$ 8,827,000	\$ 8,827,000
Total Revenues & Other Financing Sources	<u>          -</u>	<u>8,827,000</u>	<u>8,827,000</u>	<u>8,827,000</u>
 Excess (deficiency) of revenues over (under) expenditures	 \$ _____	 \$ 8,827,000	 \$ 8,827,000	 \$ 8,827,000

Additional project information:

Project Number	N/A	
Grant Date	N/A	
Bond Authorization Date	04/20/22	
Bonds Authorized	\$ 8,827,000	
Bonds Issued	\$ 8,827,000	
Original Authorized Cost	\$ 8,827,000	
Authorized Costs Cancelled		
Revised Authorized Cost	\$ 8,827,000	
 Percentage Increase over Original Authorized Cost	 0.00%	
Percentage completion	0%	
Original target completion date	2023-24	

**LONG-TERM DEBT**

**SECTION – I**

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF SERIAL BONDS  
JUNE 30, 2022

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE	ISSUED	RETIRED	BALANCE
			DATE	AMOUNT		JUNE 30, 2021			JUNE 30, 2022
Refunding School Bonds, Series 2011	3/24/2011	\$ 9,580,000				\$ 1,155,000		\$ 1,155,000	
School Bonds, Series 2013	12/10/2013	2,760,000	2022	\$ 340,000	2.125%				
			2023	350,000	3.000%				
			2024	360,000	3.000%	1,375,000		325,000	\$ 1,050,000
School Bonds, Series 2022	5/4/2022	8,827,000	2023	602,000	3.000%				
			2024	750,000	3.000%				
			2025	595,000	3.000%				
			2026	495,000	3.000%				
			2027	510,000	3.000%				
			2028	520,000	3.000%				
			2029	535,000	3.000%				
			2030	550,000	3.000%				
			2031	565,000	3.125%				
			2032	580,000	3.125%				
			2033	595,000	3.125%				
			2034	610,000	3.125%				
			2035	625,000	3.250%				
			2036	640,000	3.250%				
			2037	655,000	3.250%				
						\$ 8,827,000			8,827,000
						\$ 2,530,000	\$ 8,827,000	\$ 1,480,000	\$ 9,877,000

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 LONG-TERM DEBT  
 SCHEDULE OF FINANCED PURCHASE OBLIGATIONS  
JUNE 30, 2022

PURPOSE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE	RETIRED	BALANCE
			DATE	AMOUNT		JUNE 30, 2021		JUNE 30, 2022
Athletic Lighting & Sound System	5/12/2017	\$ 475,000				\$ 97,393	\$ 97,393	
Energy Savings Improvement Program (ESIP)	12/22/2016	4,031,000	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%						
						3,296,000	230,000	\$ 3,066,000
Field Lighting Program	4/2/2018	121,000				1,190	1,190	
Computer Equipment and Vehicles	5/20/2019	321,000	7/15/2022	64,294	2.492%			
			7/15/2023	65,896	2.492%			
						192,922	62,731	130,191
						\$ 3,587,505	\$ 391,314	\$ 3,196,191

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,436,671	\$ -	\$ 1,436,671	\$ 1,436,671	\$ -
Total Local Sources:	1,436,671	-	1,436,671	1,436,671	-
State Aid - Debt Service	121,304	-	121,304	121,304	-
Total - State Sources	121,304	-	121,304	121,304	-
Total Revenues	1,557,975	-	1,557,975	1,557,975	-
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Redemption of Bond Principal	1,480,000	-	1,480,000	1,480,000	-
Bond Interest	77,975	-	77,975	77,975	-
Total expenditures	1,557,975	-	1,557,975	1,557,975	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance - Beginning	-	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -

**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)*

	2022	2021	2020	2019	Fiscal Year Ending June 30,		2016	2015	2014	2013
			(Restated)		2018	2017				
<b>Governmental activities</b>										
Net investment in capital assets	\$ 18,931,038	\$ 16,754,495	\$ 14,766,702	\$ 13,590,504	\$ 9,967,207	\$ 8,956,894	\$ 8,241,669	\$ 5,526,137	\$ 3,134,243	\$ 4,926,221
Restricted	6,268,498	5,748,750	6,098,553	4,291,375	6,031,608	7,104,851	4,225,527	6,704,426	7,309,947	5,134,626
Unrestricted	<u>(4,174,794)</u>	<u>(4,754,958)</u>	<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>
<b>Total governmental activities net position/net assets</b>	<u>\$ 21,024,742</u>	<u>\$ 17,748,287</u>	<u>\$ 14,515,781</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>
<b>Business-type activities</b>										
Investment in capital assets	\$ 323,449	\$ 375,173	\$ 389,869	\$ 255,001	\$ 232,078	\$ 198,488	\$ 215,405	\$ 186,767	\$ 174,398	\$ 69,499
Unrestricted	<u>256,543</u>	<u>129,060</u>	<u>204,205</u>	<u>312,759</u>	<u>194,878</u>	<u>154,756</u>	<u>71,767</u>	<u>87,153</u>	<u>76,045</u>	<u>174,308</u>
<b>Total business-type activities net position/net assets</b>	<u>\$ 579,992</u>	<u>\$ 504,233</u>	<u>\$ 594,074</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>
<b>District-wide</b>										
Net investment in capital assets	\$ 19,254,487	\$ 17,129,668	\$ 15,156,571	\$ 13,845,505	\$ 10,199,285	\$ 9,155,382	\$ 8,457,075	\$ 5,712,904	\$ 3,308,641	\$ 4,995,720
Restricted	6,268,498	5,748,750	6,098,553	4,291,375	6,031,608	7,104,851	4,225,527	6,704,426	7,309,947	5,134,626
Unrestricted	<u>(3,918,251)</u>	<u>(4,625,898)</u>	<u>(6,145,269)</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>
<b>Total district net position/net assets</b>	<u>\$ 21,604,734</u>	<u>\$ 18,252,520</u>	<u>\$ 15,109,855</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>

Source: ACFR Schedule A-1 and District records.

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

Note: GASB 84 was implemented during the 2021 fiscal year, which required the restatement of beginning net position in the amount of \$571,132. This amount is not reflected in the June 30, 2020 Net Position above.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	Fiscal Year Ending June 30,		<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
					<u>2018</u>	<u>2017</u>				
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 11,542,077	\$ 11,031,628	\$ 11,066,276	\$ 10,777,851	\$ 10,791,398	\$ 10,254,647	\$ 10,337,685	\$ 9,601,302	\$ 9,390,888	\$ 8,942,244
Special Education	1,416,817	1,289,379	1,297,529	1,292,447	1,283,361	1,148,455	1,131,261	1,057,063	991,092	984,493
Other Instruction	1,382,676	1,219,569	1,398,687	1,421,873	1,284,903	1,276,370	1,223,796	1,175,972	1,160,116	1,044,036
Support Services:										
Tuition	1,877,012	1,757,057	1,818,857	2,540,260	2,209,640	2,761,568	2,659,553	2,489,421	2,414,524	2,002,365
Student & Instruction Related Services	4,109,932	3,885,946	3,239,185	3,099,235	3,008,920	3,121,650	2,978,812	2,757,690	2,716,086	2,636,254
School Administrative Services	696,787	1,056,733	734,307	715,612	705,074	706,776	675,792	667,095	672,485	679,883
General and Business Administrative Services	893,971	579,185	975,681	1,052,613	915,361	1,170,843	1,210,130	1,049,124	1,019,032	1,086,427
Plant Operations and Maintenance	2,998,298	2,567,027	2,479,681	1,909,415	2,476,045	2,706,519	2,832,653	2,797,195	2,394,229	2,409,114
Pupil Transportation	1,426,806	1,097,459	1,288,232	1,385,248	1,163,155	1,057,504	969,528	888,741	1,045,294	1,010,238
Unallocated Benefits	8,720,754	12,786,504	10,287,339	10,380,057	7,797,649	7,265,608	6,366,911	5,633,725	5,426,342	5,615,486
Interest on long-term debt	191,637	207,920	274,289	318,572	334,784	336,695	275,814	375,500	379,202	421,982
Unallocated Depreciation and Amortization	1,307,774	1,075,428	1,004,790	1,065,157	788,675	765,916	630,461	426,067	496,054	368,675
Total governmental activities expenses	<u>36,564,541</u>	<u>38,553,835</u>	<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>
Business-type activities:										
Food service	1,028,046	107,113	776,437	914,751	849,933	800,683	789,417	770,499	737,950	702,450
Shared Services	103,178	115,808	103,775	241,162	246,495	241,272	231,182	209,778	187,209	122,979
Total business-type activities expense	<u>1,131,224</u>	<u>222,921</u>	<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>
Total district expenses	<u>\$ 37,695,765</u>	<u>\$ 38,776,756</u>	<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>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Student & Instruction Related Services	\$ 902,527	\$ 596,127								
Operating grants and contributions	740,306	420,772	\$ 7,739,861	\$ 7,980,137	\$ 5,269,373	\$ 4,682,274	\$ 3,840,384	\$ 2,985,945	\$ 3,246,406	\$ 3,382,051
Capital grants and contributions							333,758	174,455		
Total governmental activities program revenues	<u>1,642,833</u>	<u>1,016,899</u>	<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>
Business-type activities:										
Charges for services										
Food service	1,100,208	12,018	776,866	1,048,598	919,361	863,118	800,667	792,236	744,585	716,984
Shared Services	115,993	115,808	103,775	241,186	246,495	241,271	231,182	209,778	187,209	122,979
Total business type activities program revenues	<u>1,216,201</u>	<u>127,826</u>	<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>
Total district program revenues	<u>\$ 2,859,034</u>	<u>\$ 1,144,725</u>	<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>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (34,921,708)	\$ (37,536,936)	\$ (28,124,992)	\$ (27,978,203)	\$ (27,489,591)	\$ (27,890,276)	\$ (27,118,256)	\$ (25,758,493)	\$ (24,858,937)	\$ (23,819,147)
Business-type activities	84,977	(95,095)	429	133,872	69,428	62,435	11,250	21,736	6,635	14,534
Total district-wide net expense	<u>\$ (34,836,731)</u>	<u>\$ (37,632,031)</u>	<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>

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

	2022	2021	2020	2019	Fiscal Year Ending June 30,		2016	2015	2014	2013
					2018	2017				
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 23,545,802	\$ 22,942,968	\$ 22,395,067	\$ 21,955,948	\$ 21,525,439	\$ 21,103,372	\$ 20,547,424	\$ 20,144,534	\$ 19,749,543	\$ 19,362,297
Taxes levied for debt service	1,436,671	1,433,137	1,428,668	1,427,408	1,399,948	1,403,976	1,393,214	1,286,637	1,116,124	1,062,464
Federal and State Aid not Restricted	7,167,680	10,517,659	204,987	378,124	214,645	107,123	550,097	539,683	10,311	
Tuition	5,963,359	5,862,263	5,956,990	5,733,507	5,610,028	5,363,708	5,011,924	4,926,237	4,358,957	4,200,789
Investment Earnings	11,035	3,086	117,177	165,414	29,955	29,955				
Miscellaneous income	77,212	14,225	174,357	185,047	394,197	162,917	178,562	71,725	104,722	86,025
Other Restricted Miscellaneous Income		94								
Transfers	(3,596)	(3,990)	(10,886)	(6,931)	(4,285)	(2,901)	(2,001)	(1,740)		
<b>Total governmental activities</b>	<b>38,198,163</b>	<b>40,769,442</b>	<b>30,266,360</b>	<b>29,838,516</b>	<b>29,169,926</b>	<b>28,168,149</b>	<b>27,679,219</b>	<b>26,967,076</b>	<b>25,339,656</b>	<b>24,711,575</b>
Business-type activities:										
Investment Earnings									1	
Transfers	3,596	3,990	10,886	6,931	4,285	3,636	2,001	1,740		
Other Financing (Uses)	(12,814)									
Miscellaneous income		1,264	15,000							
<b>Total business-type activities</b>	<b>(9,218)</b>	<b>5,254</b>	<b>25,886</b>	<b>6,931</b>	<b>4,285</b>	<b>3,636</b>	<b>2,001</b>	<b>1,741</b>	<b>-</b>	<b>-</b>
<b>Total government-wide</b>	<b>\$ 38,188,945</b>	<b>\$ 40,774,696</b>	<b>\$ 30,292,246</b>	<b>\$ 29,845,448</b>	<b>\$ 29,174,211</b>	<b>\$ 28,171,785</b>	<b>\$ 27,681,221</b>	<b>\$ 26,968,817</b>	<b>\$ 25,339,656</b>	<b>\$ 24,711,575</b>
<b>Change in Net Position/Net Assets</b>										
Governmental activities	\$ 3,276,455	\$ 3,232,506	\$ 2,141,368	\$ 1,860,314	\$ 1,680,335	\$ 277,873	\$ 560,963	\$ 1,208,582	\$ 480,719	\$ 892,428
Business-type activities	75,759	(89,841)	26,315	140,803	73,713	66,071	13,252	23,478	6,635	14,534
<b>Total district</b>	<b>\$ 3,352,214</b>	<b>\$ 3,142,665</b>	<b>\$ 2,167,683</b>	<b>\$ 2,001,117</b>	<b>\$ 1,754,049</b>	<b>\$ 343,944</b>	<b>\$ 574,215</b>	<b>\$ 1,232,060</b>	<b>\$ 487,354</b>	<b>\$ 906,962</b>

Source: ACFR Schedule A-2 and District records.

GASB 84 was implemented during the 2021 fiscal year, which required the recognition of student activity revenue reported as charges for services. This amount is not reflected in the June 30th prior revenue balances above.

**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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund			(Restated)							
Restricted/Committed/Assigned	\$ 6,593,449	\$ 6,087,091	\$ 5,792,325	\$ 4,508,323	\$ 4,614,840	\$ 4,116,977	\$ 4,317,502	\$ 4,902,279	\$ 5,464,552	\$ 5,590,531
Unreserved/Unassigned	1,207,766	1,350,277	633,834	577,836	541,366	548,839	221,602	228,807	252,934	271,636
<b>Total General Fund</b>	<b>\$ 7,801,215</b>	<b>\$ 7,437,368</b>	<b>\$ 6,426,159</b>	<b>\$ 5,086,159</b>	<b>\$ 5,156,207</b>	<b>\$ 4,665,816</b>	<b>\$ 4,539,104</b>	<b>\$ 5,131,086</b>	<b>\$ 5,717,485</b>	<b>\$ 5,862,167</b>
All Other Governmental Funds										
Restricted/Committed/Assigned										
Capital Projects Fund	\$ 8,827,000			\$ 546,169	\$ 1,834,944	\$ 2,967,456	\$ 433,240	\$ 1,794,522	\$ 2,522,808	
Special Revenue Fund	564,944	\$ 573,671	\$ 464,577							
Debt Service Fund						20,419	24,411	7,626	3,633	\$ 2
<b>Total All Other Governmental Funds</b>	<b>\$ 9,391,944</b>	<b>\$ 573,671</b>	<b>\$ 464,577</b>	<b>\$ 546,169</b>	<b>\$ 1,834,944</b>	<b>\$ 2,987,875</b>	<b>\$ 457,651</b>	<b>\$ 1,802,148</b>	<b>\$ 2,526,441</b>	<b>\$ 2</b>
<b>Total Governmental Fund Balances</b>	<b>\$ 17,193,159</b>	<b>\$ 8,011,039</b>	<b>\$ 6,890,736</b>	<b>\$ 5,632,328</b>	<b>\$ 6,991,150</b>	<b>\$ 7,653,690</b>	<b>\$ 4,996,755</b>	<b>\$ 6,933,234</b>	<b>\$ 8,243,926</b>	<b>\$ 5,862,169</b>

Source: ACFR Schedule B-1 and District records.

GASB 84 was implemented during the 2021 fiscal year, which required the establishment of new restricted fund balances for Unemployment Compensation, Student Activity, and Scholarship accounts.

**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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues</b>										
Tax Levy	\$ 24,982,473	\$ 24,376,105	\$ 23,823,735	\$ 23,383,356	\$ 22,925,387	\$ 22,507,348	\$ 21,940,638	\$ 21,431,171	\$ 20,865,667	\$ 20,424,761
Tuition Charges	5,963,359	5,862,263	5,956,990	5,733,507	5,610,028	5,363,708	5,011,924	4,926,237	4,358,957	4,200,789
Interest Earnings	9,892	7,224	117,177	165,414	29,955	29,955				
Miscellaneous	980,882	615,071	174,357	200,047	394,197	162,917	178,562	71,725	104,722	86,025
Other Restricted Miscellaneous		94								
State Sources	8,671,531	7,082,613	5,815,780	6,063,353	5,170,711	4,496,682	4,439,897	3,621,658	3,060,467	3,210,203
Federal Sources	702,346	411,916	330,585	317,365	313,307	292,715	310,162	236,418	196,250	197,668
<b>Total Revenue</b>	<b>41,310,483</b>	<b>38,355,286</b>	<b>36,218,624</b>	<b>35,863,042</b>	<b>34,443,584</b>	<b>32,853,324</b>	<b>31,881,182</b>	<b>30,287,208</b>	<b>28,586,062</b>	<b>28,119,446</b>
<b>Expenditures</b>										
Instruction:										
Regular Instruction	11,035,088	10,626,977	11,050,209	10,797,638	10,847,383	10,262,990	10,309,970	9,586,257	9,382,622	8,891,741
Special Education Instruction	1,502,621	1,410,776	1,414,256	1,399,621	1,283,361	1,148,455	1,131,261	1,057,063	991,092	984,493
Other Instruction	1,383,588	1,219,705	1,393,549	1,421,873	1,368,639	1,276,370	1,223,796	1,175,972	1,160,116	1,044,036
Undistributed:										
Tuition	1,877,012	1,757,057	1,818,857	2,540,260	2,209,640	2,761,568	2,659,553	2,489,421	2,414,524	2,002,365
Student & Instruction Related Services	4,050,357	3,826,704	3,134,656	3,085,209	3,014,159	3,036,837	2,899,927	2,745,174	2,678,759	2,611,152
School Administrative Services	689,742	1,049,275	714,693	699,479	696,318	698,020	667,036	658,339	645,418	632,687
General Administrative Services	927,859	612,535	1,039,616	1,167,747	1,194,115	1,260,824	1,270,455	1,141,287	1,027,941	1,025,372
Plant Operations and Maintenance	3,270,641	2,847,612	2,745,123	2,574,612	2,601,170	2,690,105	2,808,037	2,779,491	2,380,725	2,399,739
Pupil Transportation	1,391,501	1,099,666	1,290,533	1,401,194	1,179,597	1,084,793	968,350	907,415	1,045,294	1,010,238
Unallocated Benefits	10,946,428	9,470,932	8,433,784	8,280,759	7,451,308	6,688,493	6,188,440	5,740,590	5,426,342	5,642,262
Capital Outlay	2,318,955	1,758,254	936,310	2,618,412	1,837,247	2,688,641	2,179,442	2,471,557	664,551	193,619
Debt Service:										
Interest	1,480,000	1,420,000	173,875	222,129	264,904	307,354	339,391	383,596	330,848	351,004
Principal	77,975	131,500	1,375,000	1,327,000	1,275,000	1,215,000	1,170,000	960,000	815,000	790,000
<b>Total Expenditures</b>	<b>40,951,767</b>	<b>37,230,993</b>	<b>35,520,462</b>	<b>37,535,932</b>	<b>35,222,840</b>	<b>35,119,450</b>	<b>33,815,660</b>	<b>32,096,161</b>	<b>28,963,230</b>	<b>27,578,709</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	358,716	1,124,293	698,162	(1,672,891)	(779,255)	(2,266,126)	(1,934,477)	(1,808,952)	(377,168)	540,737
<b>Other Financing Sources (Uses)</b>										
Bond & Lease/Purchase Proceeds	8,827,000			321,000	121,000	4,925,963		500,000	2,760,000	
Transfers In	5,773		203,175	750,187	464,201	3,709	40,475	961,577	318,631	49,825
Transfers Out	(9,369)	(3,990)	(214,061)	(757,118)	(468,486)	(6,610)	(42,476)	(963,317)	(319,706)	(44,758)
<b>Total Other Financing Sources (Uses)</b>	<b>8,823,404</b>	<b>(3,990)</b>	<b>(10,886)</b>	<b>314,069</b>	<b>116,715</b>	<b>4,923,061</b>	<b>(2,001)</b>	<b>498,260</b>	<b>2,758,925</b>	<b>5,067</b>
<b>Net Change in Fund Balances</b>	<b>\$ 9,182,120</b>	<b>\$ 1,120,303</b>	<b>\$ 687,276</b>	<b>\$ (1,358,822)</b>	<b>\$ (662,540)</b>	<b>\$ 2,656,935</b>	<b>\$ (1,936,479)</b>	<b>\$ (1,310,692)</b>	<b>\$ 2,381,757</b>	<b>\$ 545,804</b>
Debt Service as a Percentage of Noncapital Expenditures	4.03%	4.37%	4.48%	4.44%	4.61%	4.69%	4.77%	4.54%	4.05%	4.17%

Source: District records

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

FISCAL YEAR ENDED JUNE 30,	TUITION	INTEREST ON INVESTMENTS	RENTALS	REFUND	DONATION	MISCELLANEOUS	TOTAL
2013	\$ 4,200,789		\$ 47,768	\$ 30,151	\$ 800	\$ 7,306	\$ 4,286,814
2014	4,358,957		31,702	61,062		11,958	4,463,679
2015	4,926,237	\$ 358	36,880	26,884		3,608	4,993,967
2016	5,011,924	16,984	99,870	52,097		9,611	5,190,486
2017	5,363,708	26,246	95,099	19,762	26,000	22,055	5,552,871
2018	5,610,028	92,713	91,611	28,742	23,000	169,249	6,015,342
2019	5,733,507	165,414	92,884	24,458		8,935	6,025,198
2020	5,956,990	117,177	71,899	19,261		82,694	6,248,022
2021	5,862,263	7,224	2,860	14,545			5,886,892
2022	5,963,359	9,892	25,975	25,541		25,696	6,050,463

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

**ALLEDALE BOROUGH**

Calendar Year	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
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
2021	9,520,800	1,557,253,300	1,007,000	94,097,700	138,710,900	-	1,800,589,700	100,000	1,800,689,700	1,799,684,938	0.566
2022	13,187,700	1,638,084,300	903,000	100,099,500	167,377,800	-	1,919,652,300	100,000	1,919,752,300	1,928,714,581	0.544

Source: Municipal Tax Assessor

**UPPER SADDLE RIVER BOROUGH**

Calendar Year	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
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	2,742,459,825	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	2,721,239,942	0.635
2021	17,735,100	2,090,811,900	-	121,693,600	6,217,700	18,551,000	2,255,009,300	100,000	2,255,109,300	2,713,403,080	0.642
2022	18,501,502	2,113,274,000	-	121,093,700	6,217,700	18,551,000	2,277,637,902	100,000	2,277,737,902	2,806,155,373	0.647

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)*

Calendar Year	<u>Allendale Borough</u>						Total Direct and Overlapping Tax Rate
	Regional School District Direct Rate			Overlapping Rates			
	<u>Basic Rate <sup>a</sup></u>	<u>General Obligation Debt Service <sup>b</sup></u>	<u>Total Direct School Tax Rate</u>	<u>Municipality <sup>c</sup></u>	<u>Local School District</u>	<u>County <sup>c</sup></u>	
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
2021	0.532	0.034	0.566	0.611	0.920	0.252	2.349
2022	0.513	0.031	0.544	0.610	0.880	0.243	2.277

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 <sup>a</sup>	Obligation Debt Service <sup>b</sup>		Municipality <sup>c</sup>	School District	County <sup>c</sup>	
		School Tax Rate					
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
2021	0.604	0.038	0.642	0.476	1.046	0.304	2.468
2022	0.610	0.037	0.647	0.478	1.051	0.297	2.473

Source: Municipal Tax Collector

**Note:** other components of the district's net budget may not exceed the prebudget year net budget by more than the

- 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**

Property Name	2022		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Allendale Real Property LLC	\$ 32,896,100	1	1.95%
Allendale Plaza	21,150,500	2	1.26%
LPR Allendale	20,818,500	3	1.24%
Allendale Property LLC	18,226,700	4	1.08%
Allendale Corporate Center LLC	17,138,900	5	1.02%
Allendale Corporate Center LLC	12,407,400	6	0.74%
Allendale Corporate Center LLC	10,904,200	7	0.65%
Allendale Corporate Center LLC	9,676,200	8	0.57%
Allendale Corporate Center LLC	8,635,800	9	0.51%
Allendale Property LLC	8,280,400	10	0.49%
Total	<b>\$ 160,134,700</b>		<b>9.51%</b>

**Source:** Municipal Tax Assessor

**Upper Saddle River Borough**

Property Name	2022		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Toll Brothers	\$ 29,990,000	1	1.33%
Toll Brothers	16,285,300	2	0.72%
Viewstar, LLC	14,500,000	3	0.64%
Upper Saddle River Project LLC	10,600,600	4	0.47%
Whitney Associates	8,353,800	5	0.37%
USR Developers, LLC Pinnacle	7,950,400	6	0.35%
Pentak Management Corp.	7,000,000	7	0.31%
Porven Real Estate, Inc.	6,421,500	8	0.29%
Upper Saddle River Project LLC	6,071,000	9	0.27%
Birdie Investments, LLC	5,580,300	10	0.25%
Total	<b>\$ 112,752,900</b>		<b>5.01%</b>

**Source:** Municipal Tax Assessor

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

**Allendale Borough**

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>	
		Amount	Percentage of Levy
2013	\$ 36,239,031	\$ 35,943,883	99.19%
2014	36,892,185	36,284,406	98.35%
2015	37,430,132	37,207,739	99.41%
2016	38,334,695	37,889,390	98.84%
2017	38,611,956	38,170,910	98.86%
2018	38,958,532	38,695,295	99.32%
2019	39,801,478	39,311,290	98.77%
2020	40,808,506	40,645,228	99.60%
2021	42,286,482	41,888,989	99.06%
2022	42,319,263	41,888,673	98.98%

**Source: Municipal Tax Collector**

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

**Upper Saddle River Borough**

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>	
		Amount	Percentage of Levy
2013	\$ 47,671,740	\$ 47,191,930	98.99%
2014	48,813,100	48,344,781	99.04%
2015	49,714,570	49,314,599	99.20%
2016	50,724,005	50,341,661	99.25%
2017	52,015,704	51,665,605	99.33%
2018	53,234,636	52,683,548	98.96%
2019	53,965,309	52,971,296	98.16%
2020	54,968,411	54,066,064	98.36%
2021	55,649,114	55,042,539	98.91%
2022	56,314,599	55,654,257	98.83%

**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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Financed Purchase Obligations	Bond Anticipation Notes (BANs)	Capital Leases			
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
2021	2,530,000	-	3,587,505	-	-	6,117,505	0.46%	732
2022	9,877,000	-	3,196,191	-	-	13,073,191	0.96%	1,565

**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 2022 utilizes 2020 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			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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
2021	2,530,000		2,530,000	0.06%	166
2022	9,877,000		9,877,000	0.24%	613

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

2022 Per Capita calculations utilize 2021 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, 2021**  
**Unaudited**

	<u>Allendale Borough</u>	<u>Upper Saddle River Borough</u>
<b>Overlapping Debt of School District:</b>		
Municipal Net Debt(100%)	\$ 11,832,399	\$ 24,005,566
Local School (100%)	1,680,000	570,437
County of Bergen Share (Statutory Net Debt))	<u>9,068,592</u>	<u>11,357,129</u>
Subtotal, overlapping debt	22,580,991	35,933,132
<b>Northern Highlands Regional District Direct Debt</b>	<u>1,439,966</u>	<u>2,200,034</u>
<b>Total direct and overlapping debt</b>	<u>\$ 24,020,957</u>	<u>\$ 38,133,166</u>

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

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

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

Legal Debt Margin at December 31, 2021:

Average Equalized Valuation Basis:

	State Equalized Values of Taxable Property		
	Allendale Borough	Upper Saddle River Borough	Equalized Valuation Basis
2019	\$ 1,775,915,153	\$ 2,742,459,825	\$ 4,518,374,978
2020	1,785,680,219	2,721,239,942	4,506,920,161
2021	1,799,684,938	2,713,403,080	4,513,088,018
	\$ 5,336,926,505	\$ 8,271,182,722	\$ 13,538,383,157
			\$ 4,512,794,386
Legal Debt Limit			\$ 135,383,832
Total School Debt			2,205,000
Legal Debt Margin			\$ 133,178,832

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt Limit-Dec. 31, Prior Year	\$ 135,383,832	\$ 136,081,092	\$ 135,430,530	\$ 135,555,942	\$ 134,892,665	\$ 134,061,988	\$ 132,995,173	\$ 133,357,781	\$ 135,322,219	\$ 142,057,033
Total Net School Debt Applicable to Limit	2,205,000	3,640,000	5,015,000	6,452,000	7,727,000	8,957,000	10,132,000	11,272,000	12,087,000	10,117,000
Legal Debt Margin	\$ 133,178,832	\$ 132,441,092	\$ 130,415,530	\$ 129,103,942	\$ 127,165,665	\$ 125,104,988	\$ 122,863,173	\$ 122,085,781	\$ 123,235,219	\$ 131,940,033
Net Debt as % of Debt Limit	1.63%	2.67%	3.70%	4.76%	5.73%	6.68%	7.62%	8.45%	8.93%	7.12%

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**

**Allendale Borough**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
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	602,396,704	89,456	2.60%
2020	6,848	612,594,688	89,456	7.90%
2021	6,848	612,594,688 *	89,456 *	7.90%
2022	6,809	662,808,487 *	97,343 *	3.40%

**Upper Saddle River Borough**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
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	733,986,480	89,456	2.10%
2020	8,353	747,225,968	89,456	6.70%
2021	8,353	747,225,968 *	89,456 *	6.70%
2022	8,295	807,460,185 *	97,343 *	3.40%

**Source:**

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

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

<sup>c</sup> Per capita personal income for Bergen County was computed using Census Bureau midyear population estimates.

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

\* Estimated

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

<u>Employer</u>	<u>2022</u>			<u>2013</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**

<b><u>Function/Program</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
Instruction										
Teachers	109.0	110.0	110.0	118.9	118.4	118.7	120.3	120.4	120.9	118.3
Classroom Aides										
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Tuition										
Student & Instruction Related Services	35.0	35.0	35.5	32.8	33.8	33.8	33.8	32.6	31.2	31.7
General Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
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	17.5	18.0	18.0	18.0	18.0	18.0	18.0	17.5	19.5	20.5
Pupil transportation	2.0	2.0	2.0	2.5	2.5	2.5	4.5	3.5	3.5	3.5
<b>Total</b>	<b><u>176.5</u></b>	<b><u>178.0</u></b>	<b><u>178.5</u></b>	<b><u>185.2</u></b>	<b><u>185.7</u></b>	<b><u>186.0</u></b>	<b><u>189.6</u></b>	<b><u>187.0</u></b>	<b><u>188.1</u></b>	<b><u>188.0</u></b>

**Source:** District Personnel Records



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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff <sup>b</sup>	Senior High School				
2013	1,328	\$ 26,244,086	\$ 19,762	6.15%	110	1:12.1	1,325.7	1,257.5	-0.87%	94.86%
2014	1,345	27,265,191	20,272	2.58%	110	1:12.2	1,348.4	1,285.4	1.71%	95.33%
2015	1,367	28,392,241	20,770	2.46%	119	1:11.5	1,369.7	1,305.1	1.58%	95.28%
2016	1,336	30,126,826	22,550	11.24%	118	1:11.3	1,337.0	1,275.3	-0.85%	95.39%
2017	1,363	30,908,455	22,677	9.18%	118	1:11.5	1,358.6	1,288.6	-0.81%	94.85%
2018	1,359	32,008,242	23,553	4.45%	119	1:11.5	1,356.8	1,288.8	1.48%	94.99%
2019	1,378	33,368,391	24,215	6.78%	120	1:11.5	1,382.8	1,317.3	1.78%	95.26%
2020	1,406	33,035,277	23,496	-0.24%	120	1:11.5	1,401.1	1,360.9	3.27%	97.13%
2021	1,364	33,921,239	24,869	2.70%	120	1:11.4	1,358.8	1,299.6	-1.74%	95.64%
2022	1,339	37,074,837	27,688	17.84%	118	1:11.4	1,308.0	1,235.0	-6.64%	94.42%

**Sources:** District records

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

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

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

<b><u>District Building</u></b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b><u>High School</u></b>										
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	1,324	1,345	1,372	1,336	1,363	1,359	1,378	1,406	1,364	1,339

Number of Schools at June 30, 2022

- 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**

School Facilities*	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
High School	\$ 668,522	\$ 482,940	\$ 782,298	\$ 666,054	\$ 856,826	\$ 1,008,284	\$ 991,431	\$ 1,018,467	\$ 598,512	\$ 561,505
Grand Total	<u>\$ 668,522</u>	<u>\$ 482,940</u>	<u>\$ 782,298</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>

\*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, 2022

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 2021-2022 fiscal year:

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy – NESBIG		
Policy – National Union Fire		
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	100,000
Data Breach Response/Crisis Mgmt.	1,000,000	100,000
Aggregate	6,000,000	
Employee Benefits Liability		
Per Occurrence	1,000,000	10,000
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 – Hudson National Ins. Co.		
Per Occurrence & Aggregate	10,000,000	
Excess Liability Coverage – Evanston American Ins. Co.		
Per Occurrence & Aggregate	10,000,000	
Allied World		
Per Occurrence & Aggregate	10,000,000	
Commercial Crime Coverage – Selective		
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, 2022  
 UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
NJ CAP Coverage – Fireman’s Fund Indemnity Corp.		
Per Occurrence & Aggregate	\$ 25,000,000	
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  
Allendale, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the business-type activities and each major fund of the Northern Highlands Regional High School District, in the County of Bergen, New Jersey (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 16, 2023.

**Report on 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 District'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.

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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 or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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  
March 16, 2023

*David J. Gannon*

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



**Report on Compliance for Each Major Federal and State  
Program and Report on Internal Control Over Compliance Required  
by the Uniform Guidance and NJ OMB Circular 15-08**

**Independent Auditors' Report**

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

**Report on Compliance for Each Major Federal and State Program**

**Opinion on Each Major Federal and State Program**

We have audited Northern Highland Regional High School District's, in the County of Bergen, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2022. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

**Basis for Opinion on Each Major Federal and State Program**

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

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

### **Responsibilities of Management for Compliance**

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

### **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

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

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

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

### **Purpose of This Report**

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

*PKF O'Connor Davies, LLP*  
Cranford, New Jersey  
March 13, 2023

*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, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL A.L. NO.	FAIN NO.	GRANT PERIOD	AWARD AMOUNT	UNEARNED REVENUE/ (ACCTS. REC.) AT JUNE 30, 2021	CASH RECEIVED	BUDGETARY EXPENDITURES	UNEARNED REVENUE/ (ACCTS. REC.) AT JUNE 30, 2022	AMOUNT PROVIDED TO SUB- RECIPIENTS
U.S. Department of Education									
Passed-through State Department of Education:									
Special Education Cluster									
I.D.E.A. Part B									
	84.027	H027A220100	7/1/21-9/30/22	\$ 243,534	\$	\$ 220,843	\$ (243,534)	\$ (22,691)	
American Rescue Plan I.D.E.A. Part B	84.027	H027A220100	7/1/21-9/30/22	57,955		57,955	(57,955)		
						278,798	(301,489)	(22,691)	
ESSA Title I, Part A	84.010A	S010A220030	7/1/21-9/30/22	68,196		34,558	(68,196)	(33,638)	
CRRSA- ESSER II	84.425D	S425D200027	3/13/20-9/30/23	181,039		181,039	(181,039)		
CRRSA- Learning Acceleration	84.425D	S425D200027	3/13/20-9/30/23	25,000		21,833	(21,883)	(50)	
CRRSA- Mental Health	84.425D	S425D200027	3/13/20-9/30/23	45,000		24,898	(24,898)		
American Rescue Plan- ESSER III	84.425U	S425U200027	3/13/20-9/30/24	406,874			(87,917)	(87,917)	
American Rescue Plan- ESSER III- Accelerated Learning Coaching and Educator Support	84.425U	S425U200027	3/13/20-9/30/24	74,664			(28)	(28)	
American Rescue Plan- ESSER III- Evidence Based Summer Learning and Enrichment Activities	84.425U	S425U200027	3/13/20-9/30/24	40,000			(170)	(170)	
American Rescue Plan- ESSER III- Evidence Based Comprehensive Beyond the School Day Activities	84.425U	S425U200027	3/13/20-9/30/24	40,000			(1,365)	(1,365)	
						227,770	(317,300)	(89,530)	
Total U.S. Department of Education						541,126	(686,985)	(145,859)	
U.S. Department of the Treasury									
Passed-through State Department of Education:									
Coronavirus State and Local Fiscal Recovery Funds									
Additional or Compensatory Special Education and Related Services (ACSERS)	21.027	N/A	7/1/21-6/30/22	99,690		49,845	(99,690)	(49,845)	
Total U.S. Department of the Treasury						49,845	(99,690)	(49,845)	
Total Special Revenue Fund:						590,971	(786,675)	(195,704)	
Total Federal Awards					\$	\$ 590,971	\$ (786,675)	\$ (195,704)	\$

Note: See Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2021		CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE AT JUNE 30, 2022	MEMO	
				GAAP (ACCOUNTS RECEIVABLE)	MEMO BUDGETARY RECEIVABLE			GAAP (ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education:										
General Fund:										
State Aid (Public Cluster):										
Special Education Categorical Aid	22-495-034-5120-089	\$ 783,459	7/1/21-6/30/22	\$	\$	\$ 724,629	\$ (783,459)	\$	\$ (58,830)	\$ (783,459)
Special Education Categorical Aid	21-495-034-5120-089	572,082	7/1/20-6/30/21		(51,603)	51,603				
Security Aid	22-495-034-5120-084	77,671	7/1/21-6/30/22			71,839	(77,671)		(5,832)	(77,671)
Security Aid	21-495-034-5120-084	77,671	7/1/20-6/30/21		(7,006)	7,006				
Transportation Aid	22-495-034-5120-014	272,216	7/1/21-6/30/22			251,775	(272,216)		(20,441)	(272,216)
Transportation Aid	21-495-034-5120-014	272,216	7/1/20-6/30/21		(24,554)	24,554				
Nonpublic School Transportation	22-495-034-5120-014	21,795	7/1/21-6/30/22				(21,795)	(21,795)		(21,795)
Nonpublic School Transportation	21-495-034-5120-014	20,684	7/1/20-6/30/21	(20,684)		20,684				
Extraordinary Aid	22-495-034-5120-044	122,309	7/1/21-6/30/22				(122,309)	(122,309)		(122,309)
Extraordinary Aid	21-495-034-5120-044	303,465	7/1/20-6/30/21	(303,465)		303,465				
T.P.A.F. Social Security Aid	22-495-034-5095-003	1,009,986	7/1/21-6/30/22			960,754	(1,009,986)	(49,232)		(1,009,986)
T.P.A.F. Pension Contributions	22-495-034-5095-002	4,905,246	7/1/21-6/30/22			4,905,246	(4,905,246)			(4,905,246)
T.P.A.F. Post Retirement Medical	22-495-034-5095-001	1,162,233	7/1/21-6/30/22			1,162,233	(1,162,233)			(1,162,233)
T.P.A.F. Non-Contributory Insurance	22-495-034-5095-004	70,631	7/1/21-6/30/22			70,631	(70,631)			(70,631)
School Security Grant	22-495-034-5120-001	88,661	7/1/20-6/30/22			88,661	(88,661)			(88,661)
Total General Fund:				(324,149)	(83,163)	8,643,080	(8,514,207)	(193,336)	(85,103)	(8,514,207)
Special Revenue Fund:										
NJSDA Emergent and Capital Maintenance	Various	37,960	7/1/21-6/30/22			37,960	(37,960)			(37,960)
Total Special Revenue Fund:						37,960	(37,960)			(37,960)
Debt Service Fund:										
Debt Service Aid	22-495-034-5120-075	121,304	7/1/21-6/30/22			121,304	(121,304)			(121,304)
Total Debt Service Fund:						121,304	(121,304)			(121,304)
Total State Financial Assistance				\$ (324,149)	\$ (83,163)	\$ 8,802,344	\$ (8,673,471)	\$ (193,336)	\$ (85,103)	\$ (8,673,471)
Less:										
						\$ (4,905,246)				
						(1,162,233)				
						(70,631)				
State Expenditures Subject to Single Audit						\$ (2,535,361)				

Note: See Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
JUNE 30, 2022

NOTE 1. GENERAL

The accompanying schedules of expenditures of federal awards and state 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 federal and state awards received directly from federal and state agencies, as well as federal awards and state assistance passed through other government agencies are included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts present in, or used in the preparation of, the basic financial statements. The District does not charge any indirect costs to any federal awards or 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 District's general-purpose financial statements.

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
JUNE 30, 2022

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

The basic 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. The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$1,940) for the general fund and (\$84,329) for the special revenue fund. 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 District's general-purpose financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 8,512,267	\$ 8,512,267
Special Revenue Fund	\$ 702,346	37,960	740,306
Debt Service Fund		121,304	121,304
	<u>702,346</u>	<u>121,304</u>	<u>823,650</u>
Total Assistance	<u>\$ 702,346</u>	<u>\$ 8,671,531</u>	<u>\$ 9,373,877</u>

The federal accounts receivable presented on the budgetary basis in the schedule of federal awards includes \$84,329 in encumbrances and therefore differs from the GAAP basis accounts receivable of \$111,375.

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and 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, 2022. 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, 2022 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, 2022

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**

Internal Control over major programs:

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

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

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

Identification of major programs:

Assistance Listing Number	FAIN Numbers	Name of Federal Program or Cluster
		CRRSA-American Rescue Plan Cluster:
84.425D	S425D210027	CRRSA-ESSER II
84.425D	S425D210027	CRRSA- Learning Acceleration
84.425D	S425D210027	CRRSA- Mental Health
84.425U	S425U210027	ARP-ESSER III
84.425U	S425U210027	ARP-ESSER III Accelerated Learning
84.425U	S425U210027	ARP-ESSER III Summer Learning
84.425U	S425U210027	ARP-ESSER III Beyond the School Day

Dollar threshold used to distinguish between :  
Type A and B programs \$750,000

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



NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section 1 - Summary of Auditors' Results (cont'd)

**State Financial Assistance**

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

\$750,000

Auditee qualified as low-risk auditee?                      Yes           X           No

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

Unmodified

Internal Control over major programs:

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

2) Significant deficiencies identified?                      Yes           X           None Reported

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

                     Yes           X           No

Identification of major state programs:

GMIS Number(s)
495-034-5095-003
495-034-5120-089
495-034-5120-084

Name of State Program
T.P.A.F. Social Security Aid
Public State Aid Cluster:
Special Education Categorical Aid
Security Aid

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section II - Financial Statement Findings

NONE

Section III - Federal and 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, 2022

No prior year findings were noted.