



**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, 2023**

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
JUNE 30, 2023**

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INTRODUCTORY SECTION



Northern Highlands Regional High School

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

Dr. Scot Beckerman
Superintendent of Schools

December 5, 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, 2023 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, as amended. 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 special needs students. The District completed the 2022-23 fiscal year with an average daily enrollment in-district of 1,293 students, which is a decrease of 15 students from the preceding year. In addition to the students on roll at the high school in Allendale, the District is responsible for approximately 66 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>
2022-2023	1,293	(1.15%)
2021-2022	1,308	(3.75%)
2020-2021	1,359	(3.34%)
2019-2020	1,406	1.66%
2018-2019	1,383	1.92%

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 1,350 students.

3. MAJOR INITIATIVES:

We installed a new sidewalk in order to provide safer pedestrian traffic to/from the school off of West Maple Ave. We repaired concrete trip hazards at various locations of the campus. We installed a new scoreboard at the turf field. We abated and resurfaced 10 classroom floors. We consolidated 2 HVAC BMS systems into 1 system. We prepped and caulked interior & exterior sides of windows in 10 classrooms. We installed 2 ductless mini split AC units in male and female phys. ed. offices.

Students at Northern Highlands Regional High School continue to score above the state and national average on all standardized tests. The class of 2023 averaged well-above their peers on the Scholastic Attitude Test (SAT) at both the state and national level. Of the 340 graduates in the class of 2023, 98% (333 students) are attending college. More specifically, 96% (327 students) are attending four-year institutions and 2% (6 students) will be attending two-year institutions. Our dropout rate is non-existent. Northern Highlands offers 42 honors course and 28 Advanced Placement courses that demonstrates student growth and high achievement. In May of 2023, 459 students sat for 960 AP exams in 28 subject areas. Northern Highlands students continue to achieve outstanding scores. Of the 960 AP exams that were given, 90% (867) 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, 2023.

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 bank meets the G.U.D.P.A. requirements.

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 governmental fund revenues for the fiscal year ended June 30, 2023 and the amount and percentage of increase (decrease) in relation to the prior year.

Revenues	FY 2022-2023 Amount	Percentage of Total	Total Dollar Increase From 2021-2022	Percentage Increase
Taxes	\$ 25,197,132	59.1%	\$ 214,659	0.9%
Other Local Sources	1,580,536	3.7%	589,762	59.5%
Tuition	6,158,051	14.4%	194,692	3.3%
State Sources	8,956,065	21.0%	284,534	3.3%
Federal Sources	750,497	1.8%	48,151	6.9%
Totals	\$ 42,642,281	100.0%	\$ 1,331,798	3.2%

The following schedule presents a summary of the governmental fund expenditures for the fiscal year ended June 30, 2023 and the amount and percentage of increase (decrease) in relation to the prior year.

Expenditures	FY 2022-2023 Amount	Percentage of Total	Total Dollar Increase (Decrease) From 2021-2022	Percentage Increase (Decrease)
Current Expense	\$ 37,258,905	85.4%	\$ 1,616,629	4.5%
Capital Outlays	3,465,919	7.9%	1,365,963	65.0%
Special Revenues	1,705,022	3.9%	53,462	3.2%
Debt Service	1,237,189	2.8%	(320,786)	-20.6%
Totals	<u>\$ 43,667,035</u>	<u>100.0%</u>	<u>\$ 2,715,268</u>	<u>6.6%</u>

9. DEBT ADMINISTRATION:

As of June 30, 2023 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, 2023, \$ 710,000 remained in principal to be paid. These bonds were issued to finance the costs of the roof replacement project, bear interest at a rate of 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. As of June 30, 2023, \$8,225,000 remained in principal to be paid. 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.

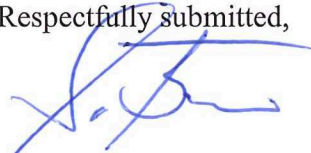
11. OTHER INFORMATION:

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:

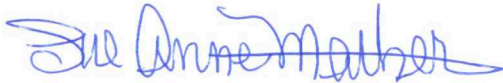
We would like to express our appreciation to the members of the Northern Highlands Regional High School District Board of Education for its concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and 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,



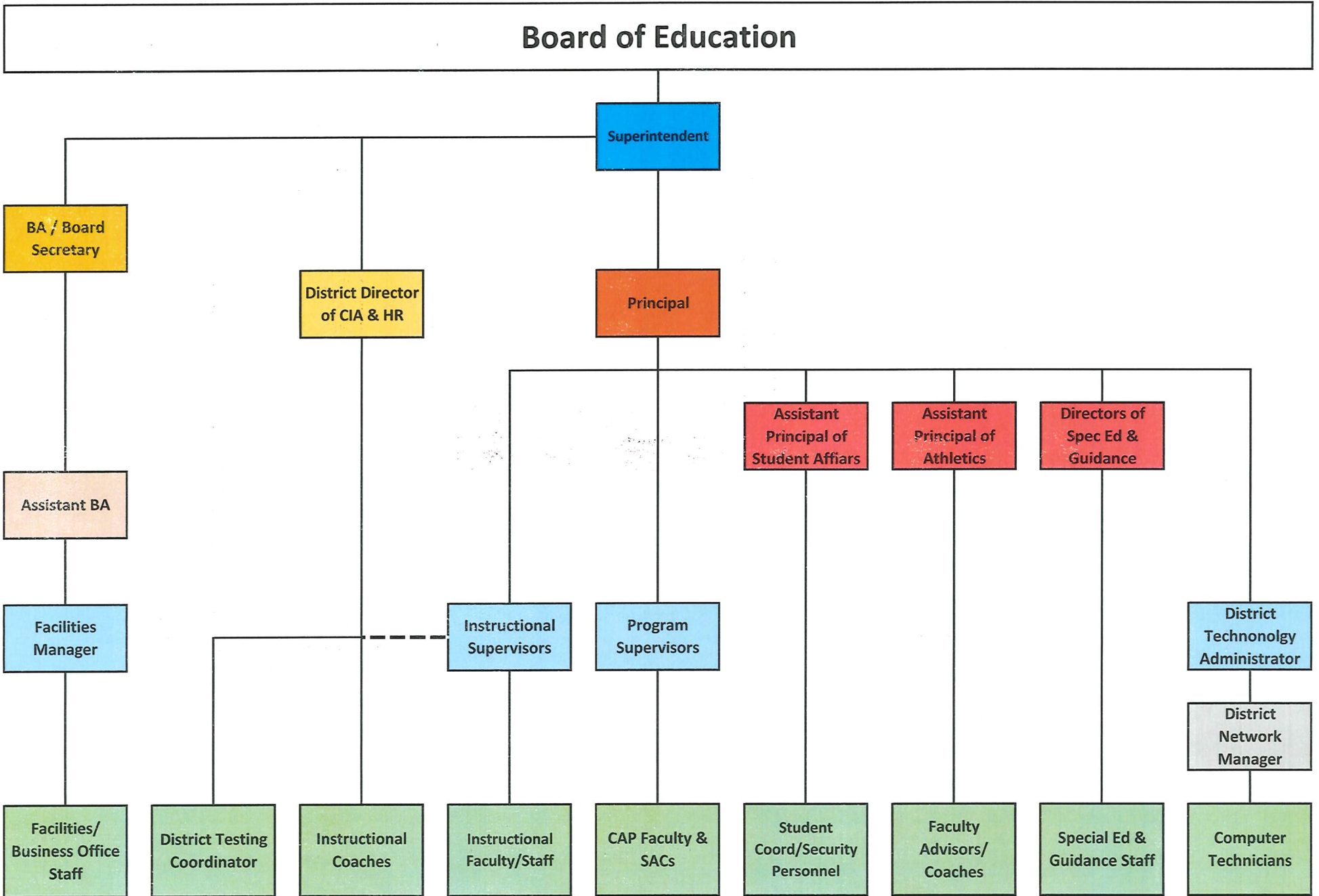
Dr. Scot Beckerman

Superintendent of Schools



Sue Anne Mather

School Business Administrator/Board Secretary



Northern Highlands Regional School District Organizational Chart (BOE Approved 2/27/17, Revised 8/22/22)

(---) Indicates shared oversight

Revised August 2022

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

ROSTER OF OFFICIALS

JUNE 30, 2023

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mrs. Christine Ferrarie, President	2025
Dr. Andrew Prince, Vice President	2023
Mrs. Lisa Halperin	2025
Mr. Matthew Hernandez	2023
Mr. Tyler Kearl	2024
Mrs. Maggie Liljegren	2023
Mrs. Rachel Milston	2023
Mr. James Mulvey	2025
Mrs. Gail Trumbetti	2024
Dr. Sheila Yallowitz	2024
Mrs. Emily Kaufman (Saddle River Liaison)	2023

Other Officials

Dr. Scot Beckerman, Superintendent of Schools
Ms. Sue Anne Mather, Board Secretary/School Business Administrator
Ms. Alison Altano, 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2023, 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

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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 New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, 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, 2023. 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. 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.

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

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 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

Cranford, New Jersey
December 5, 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, 2023

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, 2023. 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 2022-2023 fiscal year include the following:

The District's Governmental Activities net position increased by \$1,617,763 as reflected in Table 4, Changes in Net Position. This increase is primarily attributable to the excess of capital asset additions over depreciation, as well as reduction of the full accrual pension expense. The District's business-type activity net position increased by \$36,987, as reflected in Table 4, Changes in Net Position. This gain was the result of the District serving enough meals to students and teachers from the District's cafeteria to cover fixed expenditures, allowing for a positive operating income to be earned. The breakdown of these amounts is reflected in Schedule A-2 of the Government-wide Financial Statements. The District's Governmental Funds reported a decrease in Fund Balance of \$1,034,156, to \$16,159,003 at year-end. This decrease resulted primarily from the expenditures made in the Capital Projects Fund related to the Referendum Project. 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 \$8,230,717 which represents an increase of \$429,502 over the prior year's Fund Balance of \$7,801,215. Of this total, \$1,108,551 of excess surplus was appropriated toward the 2023-2024 budget. \$160,730 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 2024-2025 budget is \$1,262,593. The Unassigned General Fund Balance is reported at \$600,035. The District's General Fund Balance is at the maximum permitted under the Department of Education regulations based upon 2% of General Fund expenditures, with specified modifications. Total spending for all governmental funds was \$43,667,035. Total revenues were \$42,642,281 resulting in a deficiency of revenues under expenditures of \$1,024,754 for the year.

Governmental funds other financing sources and uses during the year consisted of a net transfer out of \$9,402 to the District's proprietary funds. As a result, the net change in governmental fund balances was (\$1,034,156) in 2022-2023.

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

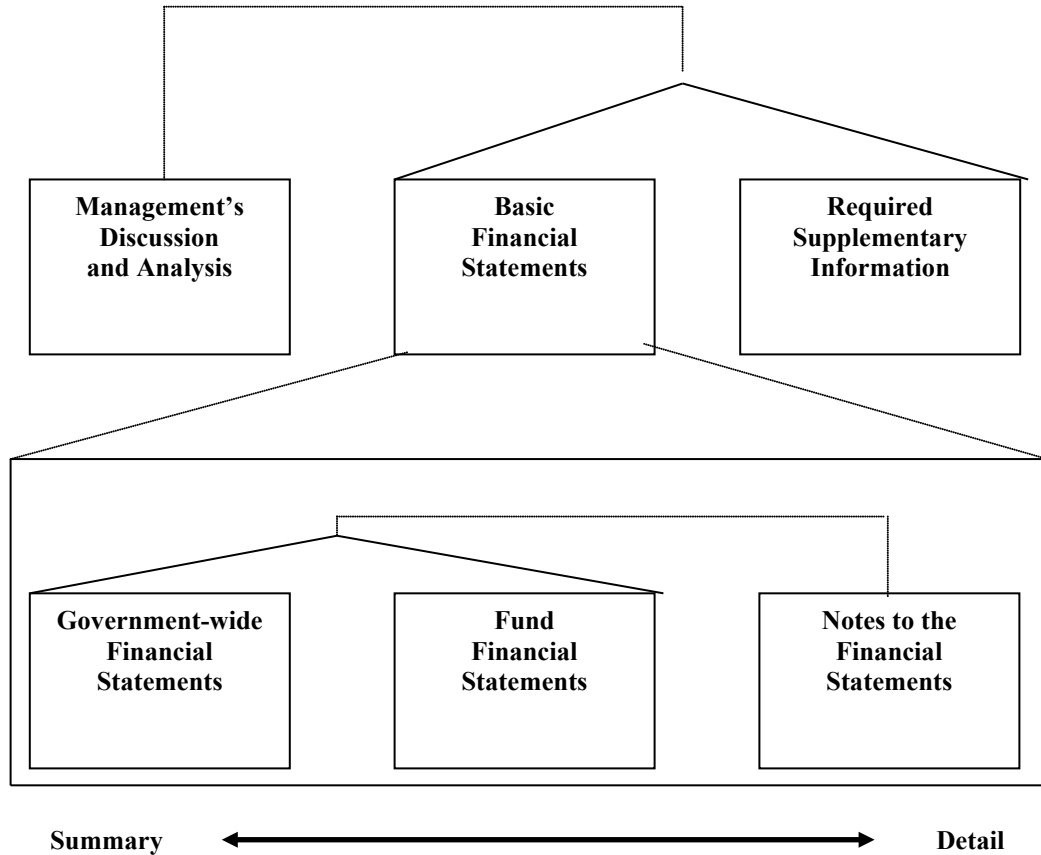


Table - 2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of Revenues, Expenses and Changes in Net Position • Statement of cash flows
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 \$22,642,505 at June 30, 2023. Of this amount, a deficit amount of \$4,875,994 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 \$616,979 at June 30, 2023. Of this amount, \$305,734 was reported as unrestricted net position, with the balance of \$311,245 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>2022</u>	<u>2023</u>	<u>Increase (Decrease)</u>	<u>Increase (Decrease)</u>
Assets				
Current and other assets	\$ 18,053,332	\$ 17,055,106	\$ (998,226)	(5.53%)
Capital assets	<u>23,177,229</u>	<u>23,933,158</u>	<u>755,929</u>	3.26%
Total Assets	<u>41,230,561</u>	<u>40,988,264</u>	<u>(242,297)</u>	(0.59%)
Deferred Outflows of Resources	<u>531,164</u>	<u>832,342</u>	<u>301,178</u>	56.70%
Total Deferred Outflows of Resources	<u>531,164</u>	<u>832,342</u>	<u>301,178</u>	56.70%
Liabilities				
Current and other liabilities	6,206,512	2,800,246	(3,406,266)	(54.88%)
Long-term liabilities	<u>12,241,192</u>	<u>15,609,217</u>	<u>3,368,025</u>	27.51%
Total Liabilities	<u>18,447,704</u>	<u>18,409,463</u>	<u>(38,241)</u>	(0.21%)
Deferred Inflows of Resources	<u>2,289,279</u>	<u>768,638</u>	<u>(1,520,641)</u>	(66.42%)
Total Deferred Inflows of Resources	<u>2,289,279</u>	<u>768,638</u>	<u>(1,520,641)</u>	(66.42%)
Net Position				
Net Investment in capital assets	18,931,038	19,467,179	536,141	2.83%
Restricted	6,268,498	8,051,320	1,782,822	28.44%
Unrestricted	<u>(4,174,794)</u>	<u>(4,875,994)</u>	<u>(701,200)</u>	16.80%
Total Net Position	\$ <u>21,024,742</u>	\$ <u>22,642,505</u>	\$ <u>1,617,763</u>	7.69%

B. Business-Type Activities

	June 30		\$	%
	<u>2022</u>	<u>2023</u>	<u>Increase (Decrease)</u>	<u>Increase (Decrease)</u>
Current and other assets	\$ 328,364	\$ 360,188	\$ 31,824	9.69%
Capital assets	<u>323,449</u>	<u>311,245</u>	<u>(12,204)</u>	(3.77%)
Total Assets	<u>651,813</u>	<u>671,433</u>	<u>19,620</u>	3.01%
Liabilities				
Current and other liabilities	<u>71,821</u>	<u>54,454</u>	<u>(17,367)</u>	(24.18%)
Total Liabilities	<u>71,821</u>	<u>54,454</u>	<u>(17,367)</u>	(24.18%)
Net Position				
Investment in capital assets	323,449	311,245	(12,204)	(3.77%)
Unrestricted	<u>256,543</u>	<u>305,734</u>	<u>49,191</u>	19.17%
Total Net Position	\$ <u>579,992</u>	\$ <u>616,979</u>	\$ <u>36,987</u>	6.38%

Table - 4
Change in Net Position

	<u>Governmental Activities</u>		<u>\$</u>	<u>Percentage</u>
	<u>2022</u>	<u>2023</u>	<u>Increase</u>	<u>Increase</u>
			<u>(Decrease)</u>	<u>(Decrease)</u>
Revenues:				
Program revenue				
Charges for Services	\$ 902,527	\$ 964,289	\$ 61,762	6.84%
Operating Grants and Contributions	740,306	757,157	16,851	2.28%
General revenue				
Local tax levy	24,982,473	25,197,132	214,659	0.86%
Federal and state aid	7,167,680	5,987,607	(1,180,073)	(16.46%)
Tuition	5,963,359	6,158,051	194,692	3.26%
Miscellaneous revenues	88,247	616,248	528,001	598.32%
Total revenues	\$ 39,844,592	\$ 39,680,484	\$ (164,108)	(0.41%)
Function/program expense:				
Instruction				
Regular programs	\$ 11,542,077	\$ 12,522,903	\$ 980,826	8.50%
Special programs	1,416,817	1,457,935	41,118	2.90%
Other Instructional programs	1,382,676	1,363,118	(19,558)	(1.41%)
Support services				
Student services	4,109,932	4,445,511	335,579	8.17%
Tuition	1,877,012	2,149,379	272,367	14.51%
General administration and business services	893,971	562,012	(331,959)	(37.13%)
School administration	696,787	742,637	45,850	6.58%
Plant services	2,998,298	3,039,062	40,764	1.36%
Pupil transportation	1,426,806	2,031,495	604,689	42.38%
Unallocated benefits	8,720,754	8,048,446	(672,308)	(7.71%)
Unallocated depreciation and amortization	1,307,774	1,327,864	20,090	1.54%
Interest on long-term debt	191,637	362,957	171,320	89.40%
Total expenses	\$ 36,564,541	\$ 38,053,319	\$ 1,488,778	4.07%
Transfers (From) or To	(3,596)	(9,402)	(5,806)	161.46%
Increase (Decrease) net position	\$ 3,276,455	\$ 1,617,763	\$ (1,658,692)	(50.62%)

Table - 4
Change in Net Position

	<u>Business-Type Activities</u>		\$ Increase (Decrease)	Percentage Increase (Decrease)
	<u>2022</u>	<u>2023</u>		
Revenues:				
Program revenue				
Charges for Services	\$ 1,216,201	\$ 1,235,344	\$ 19,143	1.57%
Total revenues	\$ 1,216,201	\$ 1,235,344	\$ 19,143	1.55%
Expenses:				
Food Service	\$ 1,028,046	\$ 1,207,759	\$ 179,713	17.48%
Shared Services Program	103,178		(103,178)	(100.00%)
Total expenses	\$ 1,131,224	\$ 1,207,759	\$ 76,535	6.77%
Transfers (From) or To	3,596	9,402	5,806	161.46%
Other Financing (Uses)	(12,814)		12,814	100.00%
Increase (Decrease) net position	\$ 75,759	\$ 36,987	\$ (51,586)	(68.09%)

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 \$16,159,003, which is a decrease of \$1,034,156 from the prior year. This amount includes the General Fund (increase of \$429,502), Special Revenue Fund (increase of \$16,424), Capital Projects Fund (decrease of \$1,480,082) and Debt Service Fund (unchanged). The primary reason for the decrease in the current year is due to Capital Projects Fund expenditures of \$1,480,082 related to the Referendum Project. However, the decrease in Capital Projects Fund Balance was offset slightly by favorable budget variances in the General Fund and increases 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 \$7.99 million. This is due primarily to the State reimbursement/on behalf payments in the amount of \$7.36 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 \$5.29 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 2022-23 budget and the variances in actual revenues and expenditures. Revenue realization for the 2022-23 school year was positive for governmental activities when compared to the 2021-22 school year. As shown in Table 5 (GAAP Basis), the Tax needed to support the District's budget increased by 0.86% for the 2022-23 school year. The largest non-tax revenue of the District during the year was from State Sources, which amounted to \$8.86 million, 3.28% more than the preceding year. Additionally, the District realized \$56,840, \$22,380, and \$3,119 more on a budgetary basis than anticipated for Extraordinary Aid, Nonpublic Transportation Aid, and Lead Testing for School Aid, respectively. Table – 5 compares governmental fund type revenues and expenditures for the current and prior year.

Table - 5
Governmental Fund Type Revenues and Expenditures

	<u>Year Ended June 30</u>		<u>Increase</u>	<u>Increase</u>
	<u>2022</u>	<u>2023</u>	<u>(Decrease)</u>	<u>(Decrease)</u>
			<u>\$</u>	<u>%</u>
Revenue by Source:				
Local Tax Levy	\$ 24,982,473	\$ 25,197,132	\$ 214,659	0.86%
Tuition Charges	5,963,359	6,158,051	194,692	3.26%
Other Local Sources	990,774	1,580,536	589,762	59.53%
Total Local Sources	<u>31,936,606</u>	<u>32,935,719</u>	<u>999,113</u>	<u>3.13%</u>
State Sources	8,671,531	8,956,065	284,534	3.28%
Federal Sources	702,346	750,497	48,151	6.86%
Total Revenues	<u>\$ 41,310,483</u>	<u>\$ 42,642,281</u>	<u>\$ 1,331,798</u>	<u>3.22%</u>
Function/Program Expenditures:				
Instruction				
Regular programs	\$ 11,035,088	\$ 11,245,224	\$ 210,136	1.90%
Special programs	1,502,621	1,455,183	(47,438)	(3.16%)
Other Instructional programs	1,383,588	1,360,559	(23,029)	(1.66%)
Support services				
Student services	4,050,357	4,350,746	300,389	7.42%
Tuition	1,877,012	2,149,379	272,367	14.51%
Instructional staff support				
General administration and business services	927,859	627,792	(300,067)	(32.34%)
School administration	689,742	699,137	9,395	1.36%
Plant services	3,270,641	3,326,046	55,405	1.69%
Student transportation	1,391,501	1,996,190	604,689	43.46%
Unallocated benefits	10,946,427	11,679,352	732,925	6.70%
Debt Service				
Principal	1,480,000	942,000	(538,000)	(36.35%)
Interest and Other Charges	77,975	295,189	217,214	278.57%
Capital Outlay	2,318,955	3,540,238	1,221,283	52.67%
Total	<u>\$ 40,951,767</u>	<u>\$ 43,667,035</u>	<u>\$ 2,715,268</u>	<u>6.63%</u>

The Cost of Governmental Funds Activities (see Table 5, above) this year was \$43.67 million or a 6.63% increase from the preceding year. The primary drivers for this increase were capital outlay costs, which increased by \$1,221,283, costs for unallocated employee benefits, which increased by \$732,925, and student transportation costs, which increased by \$604,689. The remaining increases were a result of increased costs of employee salaries throughout the District, as well as an increase in tuition charges and interest expense. 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 \$25.20 million of those activities through property taxes, which reflect only a 0.86% increase over the prior year.

As shown above, \$8.96 million of the revenues, which support governmental activities, were received from the State of New Jersey. Of that amount \$7.36 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, 2023, the District reported \$43,743,553 invested in a broad range of capital assets, including land, construction in progress, buildings, building improvements, other improvements, vehicles, furniture and equipment. This amount represents a net increase (including additions, trade-ins and retirements) of \$2,335,433 from the prior year. Table-6 details the composition of capital assets at June 30th of the current and prior year and the net changes for the current year.

Table - 6
Governmental Activity Capital Assets at Year-End

	FY 2022	FY 2023	Increase
Land	\$ 850,560	\$ 850,560	\$ -
Construction in Progress		1,435,197	1,435,197
Land Improvements	3,980,037	4,174,499	194,462
Buildings and Improvements	32,144,145	32,351,542	207,397
Furniture, Equipment and Vehicles	4,433,378	4,931,755	498,377
Total	\$ 41,408,120	\$ 43,743,553	\$ 2,335,433

Long-Term Debt

At the end of this year, the District had \$8,935,000 in bonds (Type II debt) outstanding versus \$9,877,000 last year – an decrease of 9.54%. This is the result of the District retiring \$942,000 of existing bond obligations, while issuing no additional bonds. The summary of year-end long-term debt and changes for the 2022-2023 school year is as follows:

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

	Governmental Activities		Increase/ (Decrease)
	2022	2023	
School Serial Bonds Payable	\$ 9,877,000	\$ 8,935,000	\$ (942,000)
Other Long Term Debt:			
Net Pension Liability	3,560,941	4,718,658	1,157,717
Compensated Absences Payable	475,883	517,288	41,405
Financed Purchase Obligations	3,196,191	2,877,897	(318,294)
Total	<u>\$ 17,110,015</u>	<u>\$ 17,048,843</u>	<u>\$ (61,172)</u>

FACTORS AFFECTING THE DISTRICT'S FUTURE

The FY 2022-2023 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 0.86%

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, \$5,003,061, including \$575,000 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 \$2,000,000 for its Capital, Maintenance, and Emergency reserves at June 30, 2023 for future projects. The District has \$5,022,057 in these reserves as of June 30, 2023. 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, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 8,957,401	\$ 360,471	\$ 9,317,872
Investments	7,569,767		7,569,767
Receivables, Net:	521,650	123	521,773
Internal Balances	6,288	(6,288)	
Inventory		5,882	5,882
Capital Assets, Net	23,933,158	311,245	24,244,403
Total Assets	40,988,264	671,433	41,659,697
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Related	832,342		832,342
Total Deferred Outflows of Resources	832,342	-	832,342
<u>LIABILITIES</u>			
Accounts Payable	1,173,283	1,223	1,174,506
Accrued Interest Payable	75,228		75,228
Unearned Revenue	36,002	35,295	71,297
Other Liabilities	18,919	17,936	36,855
Payroll Deductions and Withholdings Payable	57,188		57,188
Noncurrent Liabilities:			
Due Within One Year	1,439,626		1,439,626
Due Beyond One Year	10,890,559		10,890,559
Net Pension Liability	4,718,658		4,718,658
Total liabilities	18,409,463	54,454	18,463,917
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Related	768,638		768,638
Total Deferred Inflows of Resources	768,638	-	768,638
<u>NET POSITION</u>			
Net investment in capital assets	19,467,179	311,245	19,778,424
Restricted for:			
Other Purposes	8,051,320		8,051,320
Unrestricted (Deficit)	(4,875,994)	305,734	(4,570,260)
Total Net Position	\$ 22,642,505	\$ 616,979	\$ 23,259,484

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, 2023

Functions/Programs	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		TOTAL
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 12,522,903	\$	\$ 387,925	\$ (12,134,978)	\$ -	\$ (12,134,978)
Special Education	1,457,935		246,893	(1,211,042)	-	(1,211,042)
Other Instruction	1,363,118			(1,363,118)	-	(1,363,118)
Support Services:						
Tuition	2,149,379			(2,149,379)	-	(2,149,379)
Student & Instruction Related Services	4,445,511	964,289	48,020	(3,433,202)	-	(3,433,202)
School Administrative Services	742,637			(742,637)	-	(742,637)
General and Business Administrative Services	562,012			(562,012)	-	(562,012)
Plant Operations and Maintenance	3,039,062			(3,039,062)	-	(3,039,062)
Pupil Transportation	2,031,495			(2,031,495)	-	(2,031,495)
Unallocated Benefits	8,048,446			(8,048,446)	-	(8,048,446)
Interest on Long-Term Debt	362,957			(362,957)	-	(362,957)
Unallocated Depreciation and Amortization	1,327,864		74,319	(1,253,545)	-	(1,253,545)
Total Governmental Activities	38,053,319	964,289	757,157	(36,331,873)	-	(36,331,873)
Business-Type Activities:						
Food Service	1,207,759	1,235,344	-	-	27,585	27,585
Total Business-Type Activities	1,207,759	1,235,344	-	-	27,585	27,585
Total Primary Government	\$ 39,261,078	\$ 2,199,633	\$ 757,157	(36,331,873)	27,585	(36,304,288)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				24,104,816		24,104,816
Taxes Levied for Debt Service				1,092,316		1,092,316
Federal and State Aid not Restricted				5,987,607		5,987,607
Tuition				6,158,051		6,158,051
Investment Earnings				518,922		518,922
Miscellaneous Income				97,326		97,326
Total General Revenues				37,959,038	-	37,959,038
Transfers				(9,402)	9,402	-
Change in Net Position				1,617,763	36,987	1,654,750
Net Position—Beginning				21,024,742	579,992	21,604,734
Net Position—Ending				\$ 22,642,505	\$ 616,979	\$ 23,259,484

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, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 8,337,604	\$ 619,797	\$	\$	\$ 8,957,401
Investments			7,569,767		7,569,767
Interfund Receivable	352,732				352,732
Receivables from Other Governments	400,482	121,168			521,650
Total Assets	<u>\$ 9,090,818</u>	<u>\$ 740,965</u>	<u>\$ 7,569,767</u>	<u>\$ -</u>	<u>\$ 17,401,550</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 783,994	\$	\$	\$	\$ 783,994
Interfund Payable		123,595	222,849		346,444
Unearned Revenue		36,002			36,002
Other Liabilities	18,919				18,919
Payroll Deductions and Withholdings Payable	57,188				57,188
Total Liabilities	<u>860,101</u>	<u>159,597</u>	<u>222,849</u>	<u>-</u>	<u>1,242,547</u>
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	1,262,593				1,262,593
Excess Surplus - Prior Year - Designated for Subsequent Year Expenditures	1,108,551				1,108,551
Emergency Reserve	199,755				199,755
Maintenance Reserve	550,629				550,629
Capital Reserve	2,237,878				2,237,878
Capital Reserve - Designated for Subsequent Year Expenditures	2,033,795				2,033,795
Capital Projects			7,346,918		7,346,918
Unemployment Reserve	76,751				76,751
Student/Athletic Activities		547,821			547,821
Scholarships		33,547			33,547
Assigned to:					
Year End Encumbrances	160,730				160,730
Unassigned:					
General Fund	600,035				600,035
Total Fund Balances	<u>8,230,717</u>	<u>581,368</u>	<u>7,346,918</u>	<u>-</u>	<u>16,159,003</u>
Total Liabilities and Fund Balances	<u>\$ 9,090,818</u>	<u>\$ 740,965</u>	<u>\$ 7,569,767</u>	<u>\$ -</u>	<u>\$ 17,401,550</u>

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, 2023

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)	\$ 16,159,003
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 \$43,743,553 and the accumulated depreciation is \$19,810,395. (Note 3)	
	23,933,158
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)	
	(12,330,185)
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.	
	(75,228)
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	14,620
Difference in Pension Experience	34,057
Difference in Pension Earnings	195,301
Change in Proportion/Proportionate Share	199,075
Pension Payment Subsequent to Measurement Date	389,289
Accounts Payable for Pension Expense	(389,289)
Net Pension Liability	(4,718,658)
Deferred Inflows of Resources:	
Change in Pension Assumptions	(706,570)
Change in Pension Proportion	(32,034)
Difference in Pension Experience	(30,034)
Net position of governmental activities	\$ 22,642,505

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, 2023

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Local Tax Levy	\$ 24,104,816	\$	\$	\$ 1,092,316	\$ 25,197,132
Tuition	6,158,051				6,158,051
Other Local Sources	394,541	964,289	221,706		1,580,536
State Sources	8,825,335	6,660		124,070	8,956,065
Federal Sources		750,497			750,497
Total Revenues	<u>39,482,743</u>	<u>1,721,446</u>	<u>221,706</u>	<u>1,216,386</u>	<u>42,642,281</u>
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	10,857,299	387,925			11,245,224
Special Education Instruction	1,208,290	246,893			1,455,183
Other Instruction	1,360,559				1,360,559
Support Services and Undistributed Costs:					
Tuition	2,149,379				2,149,379
Student & Instruction Related Services	3,354,861	995,885			4,350,746
School Administrative Services	699,137				699,137
General Administrative Services	627,792				627,792
Plant Operations and Maintenance	3,326,046				3,326,046
Pupil Transportation	1,996,190				1,996,190
Unallocated Benefits	11,679,352				11,679,352
Debt Service:					
Principal				942,000	942,000
Interest				295,189	295,189
Capital Outlay	1,985,837	74,319	1,480,082		3,540,238
Total Expenditures	<u>39,244,742</u>	<u>1,705,022</u>	<u>1,480,082</u>	<u>1,237,189</u>	<u>43,667,035</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>238,001</u>	<u>16,424</u>	<u>(1,258,376)</u>	<u>(20,803)</u>	<u>(1,024,754)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	221,706			20,803	242,509
Transfers out	(30,205)		(221,706)		(251,911)
Total Other Financing Sources and Uses	<u>191,501</u>	<u>-</u>	<u>(221,706)</u>	<u>20,803</u>	<u>(9,402)</u>
Net Change in Fund Balances	429,502	16,424	(1,480,082)	-	(1,034,156)
Fund Balance—Beginning	7,801,215	564,944	8,827,000	-	17,193,159
Fund Balance—Ending	<u>\$ 8,230,717</u>	<u>\$ 581,368</u>	<u>\$ 7,346,918</u>	<u>\$ -</u>	<u>\$ 16,159,003</u>

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, 2023

Total net change in fund balances - governmental funds (from B-2) \$ (1,034,156)

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	\$ (1,590,604)	
	Capital outlays	<u>2,346,533</u>	
			755,929

The repayment of the principal of long-term debt, including financed purchase obligations, consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.

1,260,294

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.

7,993

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).

(41,405)

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

669,108

Change in net position of governmental activities (A-2)

\$ 1,617,763

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, 2023

	BUSINESS-TYPE ACTIVITIES		
	MAJOR FUND	MAJOR FUND	TOTAL ENTERPRISE FUND
	FOOD SERVICE	SHARED SERVICES	
<u>ASSETS</u>			
Current assets:			
Cash and Cash Equivalents	\$ 337,905	\$ 22,566	\$ 360,471
Accounts Receivable (Net)	123		123
Inventories	5,882		5,882
Total Current Assets	343,910	22,566	366,476
Noncurrent Assets:			
Furniture, Machinery & Equipment	730,916		730,916
Less Accumulated Depreciation	(419,671)		(419,671)
Total Noncurrent Assets	311,245	-	311,245
Total Assets	655,155	22,566	677,721
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	1,223		1,223
Interfund Payable	1,658	4,630	6,288
Unearned Revenue	35,295		35,295
Intergovernmental Payable		17,936	17,936
Total Current Liabilities	38,176	22,566	60,742
<u>NET POSITION</u>			
Investment in Capital Assets	311,245		311,245
Unrestricted	305,734		305,734
Total Net Position	\$ 616,979	\$ -	\$ 616,979

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, 2023

	BUSINESS-TYPE ACTIVITIES		
	MAJOR FUND	MAJOR FUND	TOTAL ENTERPRISE FUND
	FOOD SERVICE	SHARED SERVICES	
Operating Revenues:			
Charges for Services:			
Charges and Fees	\$ 1,235,344	\$ -	\$ 1,235,344
Total Operating Revenues	1,235,344	-	1,235,344
Operating Expenses:			
Cost of Sales	611,651		611,651
Salaries	347,471		347,471
Employee Benefits	97,755		97,755
Insurance	32,711		32,711
Administrative Expenses	4,617		4,617
Purchased Services	6,508		6,508
Contracted Services	300		300
Repairs & Maintenance	18,007		18,007
General Supplies	4,077		4,077
Management Fee	31,488		31,488
Depreciation	53,174		53,174
Total Operating Expenses	1,207,759	-	1,207,759
Operating Income	27,585	-	27,585
Other Financing Sources:			
Transfer from General Fund	9,402		9,402
Total Other Financing Sources	9,402	-	9,402
Change in Net Position	36,987	-	36,987
Total Net Position—Beginning	579,992	-	579,992
Total Net Position—Ending	\$ 616,979	\$ -	\$ 616,979

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, 2023

	BUSINESS-TYPE ACTIVITIES		
	MAJOR FUND	MAJOR FUND	TOTAL ENTERPRISE FUND
	FOOD SERVICE	SHARED SERVICES	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from Customers	\$ 1,239,417	\$ 5,122	\$ 1,244,539
Payments to Employees	(9,150)		(9,150)
Payments to Food Service Mgmt. Co.	(1,149,961)		(1,149,961)
Payments for Services	(18,007)		(18,007)
Payments to Suppliers	(4,077)		(4,077)
Net Cash Provided by Operating Activities	<u>58,222</u>	<u>5,122</u>	<u>63,344</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Interfund Loans	1,603		1,603
Operating Transfers In	9,402		9,402
Net Cash Provided by Non-Capital Financing Activities	<u>11,005</u>	<u>-</u>	<u>11,005</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Purchases of Capital Assets	(40,970)	-	(40,970)
Net Cash (Used in) Capital And Related Financing Activities	<u>(40,970)</u>	<u>-</u>	<u>(40,970)</u>
Net Increase in Cash and Cash Equivalents	28,257	5,122	33,379
Balances—Beginning of Year	<u>309,648</u>	<u>17,444</u>	<u>327,092</u>
Balances—End of Year	<u>\$ 337,905</u>	<u>\$ 22,566</u>	<u>\$ 360,471</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 27,585	\$	\$ 27,585
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	53,174		53,174
(Increase) in Accounts Receivable	(73)		(73)
Decrease in Inventory	25		25
Increase in Unearned Revenue	4,147		4,147
(Decrease) in Accounts Payable	(26,636)		(26,636)
Increase in Intergovernmental Payable		5,122	5,122
Total Adjustments	<u>30,637</u>	<u>5,122</u>	<u>35,759</u>
Net Cash Provided by Operating Activities	<u>\$ 58,222</u>	<u>\$ 5,122</u>	<u>\$ 63,344</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, 2023**

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 1,293 students in grades 9-12 for the 2022-2023 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, 2023**

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, 2023**

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 ended operations as of 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, 2023**

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, 2023**

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, 2023**

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, 2023**

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 2022-2023 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, 2023 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 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, 2023**

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, 2023**

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, 2022.

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, 2023**

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, 2023**

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, 2023**

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. 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 reviewed the requirements of GASB Statement No. 96 and deemed the impact immaterial to 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 reviewed the requirements of GASB Statement No. 99 and deemed the impact immaterial to 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.

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.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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

X. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2023 through December 5, 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, 2023 the carrying amount of the District's cash and cash equivalents was \$9,317,872.

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)	8,987,867
Un-insured	<u>50,173</u>
Total Deposits	<u>\$ 9,288,040</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.

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

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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

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, 2023, the District's bank and book balance in NJARM was \$9,049,849 and \$7,569,767, respectively 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, 2023**

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	\$ 43,743,553
Less: accumulated depreciation	<u>(19,810,395)</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 23,933,158</u></u>

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning <u>Balance</u>	Additions	Deletions	Ending <u>Balance</u>
Governmental Activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 850,560	\$	\$	\$ 850,560
Construction in Progress	<u>-</u>	<u>1,435,197</u>	<u>-</u>	<u>1,435,197</u>
Total Capital Assets Not Being Depreciated	<u>850,560</u>	<u>1,435,197</u>	<u>-</u>	<u>2,285,757</u>
Land Improvements	3,980,037	194,462		4,174,499
Building and Building Improvements	32,144,145	207,397		32,351,542
Machinery, Equipment, Furniture & Vehicles	<u>4,433,378</u>	<u>509,477</u>	<u>11,100</u>	<u>4,931,755</u>
Totals at Historical Cost	<u>40,557,560</u>	<u>911,336</u>	<u>11,100</u>	<u>41,457,796</u>
Less Accumulated Depreciation For:				
Land Improvements	(1,203,571)	(344,406)		(1,547,977)
Building and Building Improvements	(13,248,132)	(983,461)		(14,231,593)
Machinery, Equipment, Furniture & Vehicles	<u>(3,779,188)</u>	<u>(262,737)</u>	<u>11,100</u>	<u>(4,030,825)</u>
Total Accumulated Depreciation	<u>(18,230,891)</u>	<u>(1,590,604)</u>	<u>11,100</u>	<u>(19,810,395)</u>
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	<u>22,326,669</u>	<u>(679,268)</u>	<u>-</u>	<u>21,647,401</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 23,177,229</u></u>	<u><u>\$ 755,929</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,933,158</u></u>
Business-type Activities				
Equipment	\$ 692,146	\$ 40,970	\$ 2,200	\$ 730,916
Less Accumulated Depreciation for:				
Equipment	<u>(368,697)</u>	<u>(53,174)</u>	<u>(2,200)</u>	<u>(419,671)</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 323,449</u></u>	<u><u>\$ (12,204)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 311,245</u></u>

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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

* Depreciation expense was charged to governmental functions as follows:

Instruction	\$	61,010
Student & Instr. Related services		87,638
School Administrative Services		41,917
Plant Operations & Maintenance		36,870
Pupil Transportation		35,305
Unallocated		<u>1,327,864</u>
Total deprecation expense	\$	<u>1,590,604</u>

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, 2023 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	\$ 9,877,000	\$	\$ 942,000	\$ 8,935,000	\$ 1,100,000
Total Bonds Payable	<u>9,877,000</u>		<u>942,000</u>	<u>8,935,000</u>	<u>1,100,000</u>
Other Liabilities:					
Financed Purchase Obligations	3,196,191		318,294	2,877,897	287,897
Compensated Absences Payable	<u>475,883</u>	<u>41,405</u>		<u>517,288</u>	<u>51,729</u>
Total Other Liabilities	<u>3,672,074</u>	<u>41,405</u>	<u>318,294</u>	<u>3,395,185</u>	<u>339,626</u>
Subtotal Bonds and Other Liabilities	13,549,074	41,405	1,260,294	12,330,185	1,439,626
Net Pension Liability (PERS)	<u>3,560,941</u>	<u>1,157,717</u>		<u>4,718,658</u>	
Total Liabilities	\$ <u>17,110,015</u>	\$ <u>1,199,122</u>	\$ <u>1,260,294</u>	\$ <u>17,048,843</u>	<u>1,439,626</u>

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, 2023**

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, 2023 was \$710,000, which is payable in annual installments due through November 15, 2024 at an interest rate of 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, 2023 was \$8,225,000, 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, 2023 is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	520,000	183,988	703,988
2029-2033	2,825,000	674,800	3,499,800
2034-2037	2,530,000	207,238	2,737,238
	<u>\$ 8,935,000</u>	<u>\$ 1,987,375</u>	<u>\$ 10,922,375</u>

B. Bonds Authorized But Not Issued -- As of June 30, 2023, the District had no authorized but not issued bonds.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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:

<u>Purpose</u>	<u>Date of Lease</u>	<u>Amount of Issue</u>	<u>Balance End of Year</u>	<u>Interest Rate</u>	<u>Final Payment</u>
Energy Savings Improvement Program	12/22/2016	\$4,031,000	\$2,812,000	2.42%	7/22/2032
Computer Equipment & Vehicles	5/20/2019	<u>321,000</u>	<u>65,897</u>	2.49%	7/15/2023
Total:		<u>\$4,352,000</u>	<u>\$2,877,897</u>		

Principal and interest due on financed purchase obligations outstanding as at June 30, 2023 is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	272,000	43,125	315,125
2029-2033	<u>1,579,000</u>	<u>106,608</u>	<u>1,685,608</u>
	<u>\$ 2,877,897</u>	<u>\$ 384,168</u>	<u>\$ 3,262,065</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 special funding situation, as under current statute, all employer contributions

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS (CONT'D.)

are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan. District employees employed by the Enterprise Funds are not eligible for pension benefits. Employees in the Food Service Enterprise Fund are employees of the Food Service Management Company and therefore not eligible for pension benefits. Employees of the remaining Enterprise Funds are either part-time or stipend employees and are therefore not eligible for pension benefits.

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 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide 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 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS (CONT'D.)

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.

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' pensionable 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, 2023, the State of New Jersey contributed \$6,339,848 to the TPAF for on-behalf 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 \$1,015,341 during the year ended June 30, 2023 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, 2023, 2022 and 2021 were \$394,291, \$352,026, and \$327,609, 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 Employees' Retirement System (PERS)

At June 30, 2023, the District reported a liability of \$4,718,658 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2021, which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.0312672470 percent, which was an increase of .001208232 percent from its proportion measured as of June 30, 2021.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS (CONT'D.)

For the year ended June 30, 2023, the District recognized full accrual pension benefit of \$(274,815) 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 14,620	\$ 706,570
Net difference between projected and actual earnings on pension plan investments	195,301	
Changes in proportion	199,075	32,034
Difference between expected and actual experience	34,057	30,034
District contributions subsequent to the measurement date	389,289	
	\$ 832,342	\$ 768,638

\$389,289 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2024	\$	(369,935)
2025		(160,080)
2026		(50,096)
2027		253,386
2028		1,140
Total	\$	(325,585)

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS (CONT'D.)

Actuarial Assumptions

The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.75 - 6.55%
	based on years of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. 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, 2022) 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. Best estimates of arithmetic real rates of return for each major asset class

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS (CONT'D.)

included in PERS's target asset allocation as of June 30, 2022 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%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2023**

NOTE 5. PENSION PLAN (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, 2022, 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:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 6,062,093	\$ 4,718,658	\$ 3,575,340

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, 2022 are as follows:

Deferred outflows of resources	\$ 1,660,772,008
Deferred inflows of resources	3,236,303,935
Net pension liability	15,219,184,920
District's proportion	0.0312672470%

Collective pension benefit for the Local Group for the measurement period ended June 30, 2022 is \$1,032,778,934.

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, 2022, 2021, 2020, 2019, 2018, and 2017 is 5.04, 5.13, 5.16, 5.21, 5.63, and 5.48 years, respectively.

Special Funding Situation

A special funding situation exists for certain Local employers of the PERS. The State of New Jersey, a nonemployer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2011 and Chapter 122, P.L. 2001. The June 30, 2022 State special funding situation net pension liability amount of \$127.8 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS (CONT'D.)

State contribution through the valuation date. The special funding situation for Chapter 133, P.L. 2011 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). AS of June 30, 2022, there was no net pension liability associated with this special funding situation there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$50.2 million, for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The District's expense related to the special funding situation is \$9,928.

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 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 \$61,477,871 The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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, 2022, the State's proportionate share of the TPAF net pension liability associated with the District was 0.1191560569 percent, which was a decrease of 0.0024780170 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized on-behalf pension benefit and revenue in the government-wide financial statements of \$1,654,541 for contributions incurred by the State.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS (CONT'D.)

Actuarial assumptions

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:	2.75 - 5.65%
	based on years of service
Investment rate of return	7.00%

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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5. PENSION PLANS (CONT'D.)

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, 2022) 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 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%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 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 determining the total pension liability.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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, 2022 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:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 72,084,111	\$ 61,477,871	\$ 52,543,448

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, 2022 are as follows:

Deferred outflows of resources	\$ 4,996,491,160
Deferred inflows of resources	19,532,696,776
Net pension liability	51,594,415,806
District's proportion	0.1191560569%

Collective pension expense of the Local Group for the plan for the measurement period ended June 30, 2022 is \$1,424,884,581.

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, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015 is 7.83, 7.93, 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
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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, 2023, the District's total DCRP covered payroll was \$395,368. Covered payroll refers to all compensation paid by the District to active employees covered by the Plan. District and employee contributions to the DCRP for the year ended June 30, 2023 were \$11,861 and \$21,745, respectively.

NOTE 6. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan:

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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

employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability.

The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds the post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs.

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. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. 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 Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Total OPEB Liability

The Nonemployer OPEB liability from the State of New Jersey's plan is \$50,646,462,966.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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

Changes in 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, 2022		\$ 52,101,088
Increased by:		
Service cost		2,501,232
Interest cost		1,172,236
Member contributions		37,250
Differences between expected and actual experience		1,448,850
		57,260,656
Decreased by:		
Differences between expected and actual experience		11,866,031
Benefit payments		1,161,135
		13,027,166
Balance at June 30, 2023		\$ 44,233,490

The State's proportionate share of deferred outflows and inflows or resources associated with the District at June 30, 2022 was \$16,920,311 and \$29,087,619, respectively.

Employees covered by benefit terms

The following employees were covered by the benefit terms:

Local Education	June 30, 2022
Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	364,817

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 total OPEB liability on the Statement of Net Position. The State's proportionate share of the total OPEB liability associated with the District as of June 30, 2022 was \$44,233,490. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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

Actuarial assumptions and other inputs

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	TPAF	PERS
Inflation rate	2.50%	2.50%
Salary Increases:		
Through 2026	2.75 - 5.65%	2.75 - 6.55%
	based on years of service	based on years of service

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, 2021 valuation were based on the results of the actual experience studies for the periods July 1, 2018 to June 30, 2021.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. 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 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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

fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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, 2022 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 (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	At Current Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 51,991,815	\$ 44,233,490	\$ 38,015,581

The following represents sensitivity of the Total Non-employer OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 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)	\$ 36,561,683	\$ 44,233,490	\$ 54,310,874

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

For the year ended June 30, 2023, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$1,653,180 for OPEB expenses incurred by the State.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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

Collective balances of the Education Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 20,104,625,333
Deferred inflows of resources	\$ 34,996,842,046
Collective OPEB expense	\$ 155,653,562
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, 2023**

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>
2020-2021	\$ 476	\$ 69,243	\$ 90,332	\$ 73,101
2021-2022	114	71,218	53,193	73,215
2022-2023	3,517	34,613	40,655	76,751

NOTE 8. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 352,732	
Special Revenue Fund		\$ 123,595
Capital Projects Fund		222,849
Shared Services Fund		4,630
Food Service Fund		1,658
Total	<u>\$ 352,732</u>	<u>\$ 352,732</u>

The interfund payables in the Capital Projects Fund and Food Service Fund represents interest earned in these funds' depository cash accounts in June 2023 that have yet to be transferred to the General Fund as of year-end. The interfund payable in the Special Revenue Fund consists of \$2,417 in interest earned in the Student Activities and Athletics depository cash accounts in June 2023 that have yet to be transferred to the General Fund as of year-end and \$121,178 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, 2023. 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, 2023**

NOTE 9. FUND BALANCE APPROPRIATED

General Fund - Of the \$8,230,717 General Fund balance at June 30, 2023, \$160,730 is assigned for amounts encumbered at June 30, 2023, for which the contracted goods or services had not been delivered or rendered; \$1,108,551 which represents prior year excess surplus utilized in the 2023-2024 budget. Additional restricted reserves of \$4,271,673, \$550,629, \$199,755, and \$76,751 have been established by the Board of Education for Capital, Maintenance, Emergency, and Unemployment Compensation Reserves, respectively. Of the \$4,271,673 Capital Reserve balance, \$2,033,795 has been designated for expenditures in the 2023-2024 budget. Unassigned General Fund Balance was \$600,035. Lastly, \$1,262,593 represents current year excess surplus that must be included in the 2024-2025 budget.

Special Revenue Fund – At June 30, 2023, the Special Revenue Fund reported a fund balance of \$581,368. These amounts are restricted to funding authorized for student accounts and scholarships awarded.

Capital Projects Fund – At June 30, 2023, the Capital Projects Fund reported a fund balance of \$7,346,918, of which \$3,806,493 was encumbered for a capital project. 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. The excess fund balance pledged to future tax relief at June 30, 2023, calculated on a budgetary basis pursuant to statute, is \$2,371,144, and is comprised of \$1,108,551 that was appropriated as part of the 2023-2024 school budget, and \$1,262,593, which represents the minimum amount of fund balance that must be appropriated as part of the 2024-2025 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 fund balance that is anticipated in the budget certified for taxes. Pursuant to N.J.A.C. 6:23A-5.1

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

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

(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, 2023, after a withdrawal of \$575,000 for expenditures in the 2022-2023 Budget, interest earned of \$65,358 and deposits of \$2,060,558, the balance in the Capital Reserve Account was \$4,271,673. The District includes a capital reserve withdrawal in the amount of \$2,033,795 in the 2023-2024 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, 2023 is as follows:

Emergency Reserve: A balance of \$199,695 existed at June 30, 2022. 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, 2023 of \$199,755. 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 \$548,229 existed at June 30, 2022. An additional \$2,400 of investment earnings were credited to this account during the year. The Maintenance Reserve balance at June 30, 2023 was \$550,629.

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, 2023, the Unemployment Compensation reserve balance is \$76,751.

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, 2023**

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 2023 User Friendly Budget for the Borough of Allendale indicates PILOT billings for 2022 were \$167,148; whereas the amount of property taxes that otherwise may have been billed based upon the assessed valuations of these projects is calculated to be \$349,800. The Borough of Upper Saddle River reported no tax abatements granted for calendar year 2022.

NOTE 15. CONTINGENT LIABILITIES

At June 30, 2023, 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, 2023 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, 2023**

NOTE 16. TRANSFERS

The following presents a reconciliation of transfers during the 2023 fiscal year:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 221,706	\$ 30,205
Capital Projects Fund		221,706
Debt Service Fund	20,803	
Food Service Fund	9,402	
	<hr/>	<hr/>
Total	<u>\$ 251,911</u>	<u>\$ 251,911</u>

During the 2022-2023 fiscal year, the transfer of \$9,402 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 \$20,803 from the General Fund to the Debt Service Fund was to correct the under-budgeting of interest payments on long-term debt issuances from the Debt Service Fund. The transfer of \$221,706 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.

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	2023
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%	0.031267%
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	\$ 4,718,658
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	\$ 2,364,212
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%	199.59%
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%	62.91%

* 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	2023
Contractually Required Contribution	\$ 207,907	\$ 224,096	\$ 238,896	\$ 287,566	\$ 300,132	\$ 303,021	\$ 293,828	\$ 327,609	\$ 352,026	\$ 394,291
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)	\$ (394,291)
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	\$ 2,364,212
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%	16.68%

* 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	2023
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%	0.1191561%
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	\$ 61,477,871
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	\$ 14,223,428
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%	432.23%
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%	32.29%

* 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, 2023**

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, 2022, dated May 18, 2023. 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, 2021 and remains at 7.00% as of June 30, 2022.

TPAF

Changes in benefit terms:

There were none

Changes in assumptions:

The discount rate has not changed from 7.00% as of June 30, 2021 and remains at 7.00% as of June 30, 2022.

**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	Year Ended June 30, 2023
State's proportion of the OPEB Liability associated with the District -	0.08%	0.09%	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	44,233,490
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>	<u>\$ 44,233,490</u>
Beginning Balance	\$ 48,909,665	\$ 45,383,564	\$ 39,712,038	\$ 36,697,428	\$ 59,443,192	\$ 52,101,088
Increased by:						
Service cost	2,067,846	1,710,659	1,526,971	1,641,802	2,930,576	2,501,232
Interest cost	1,438,533	1,667,784	1,574,999	1,324,463	1,351,557	1,172,236
Diff. between expected and actual exp.				9,924,761		1,448,850
Changes of assumptions			547,162	10,858,229	51,402	
Member contributions	38,707	36,700	33,393	31,366	34,553	37,250
	3,545,086	3,415,143	3,682,525	23,780,621	4,368,088	5,159,568
Decreased by:						
Diff. between expected and actual exp.		(3,467,628)	(5,570,633)		(10,590,089)	(11,866,031)
Changes of assumptions	(6,020,007)	(4,557,155)			(55,455)	
Changes of benefit terms					(1,064,648)	
Gross benefit payments	(1,051,180)	(1,061,886)	(1,126,502)	(1,034,857)	(1,064,648)	(1,161,135)
	(7,071,187)	(9,086,669)	(6,697,135)	(1,034,857)	(11,710,192)	(13,027,166)
Ending Balance	<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>	<u>\$ 44,233,490</u>
Covered by employee payroll	\$ 15,417,637	\$ 15,634,774	\$ 15,723,217	\$ 16,141,529	\$ 16,569,492	\$ 16,983,008
Total OPEB liability as a percentage of covered employee payroll.	294.36%	254.00%	233.40%	368.26%	314.44%	260.46%

* 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, 2023

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 2022, the discount rate changed to 3.54% from 2.16% in 2021. For pre-Medicare PPO and HMO medical benefits, the initial trend rate changed to 6.25% from 5.65%. For prescription drug benefits, the initial trend rate changed to 8.00% from 6.75%. 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, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 23,961,205	\$ 143,611	\$ 24,104,816	\$ 24,104,816	\$
Tuition-Individuals	272,303	7,500	279,803	439,275	159,472
Tuition-LEAs	5,594,514		5,594,514	5,718,776	124,262
Interest Earned on Capital Reserve Funds	5,000		5,000	65,358	60,358
Interest Earned on Maintenance Reserve Funds	2,400		2,400	2,400	
Interest Earned on Emergency Reserve Funds	60		60	60	
Unrestricted Miscellaneous Revenue	116,000	1,000	117,000	326,723	209,723
Total - Local Sources	29,951,482	152,111	30,103,593	30,657,408	553,815
State Sources:					
Extraordinary Aid	100,000		100,000	156,840	56,840
Categorical Special Ed. Aid	969,794		969,794	969,794	
Categorical Security Aid	77,671		77,671	77,671	
Categorical Transportation Aid	272,216		272,216	272,216	
Nonpublic Transportation				22,380	22,380
Lead Testing for Schools Aid				3,119	3,119
Non-Budgeted State "On-Behalf" Revenues:					
TPAF Pension Contribution				4,950,888	4,950,888
TPAF OPEB Contribution				1,318,631	1,318,631
TPAF NCGI & LTDI Contributions				70,329	70,329
TPAF Reimbursed Employer FICA Contribution				1,015,341	1,015,341
Total - State Sources	1,419,681	-	1,419,681	8,857,209	7,437,528
Total Revenues	31,371,163	152,111	31,523,274	39,514,617	7,991,343

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Grades 9-12	\$ 10,701,928	\$ (474,963)	\$ 10,226,965	\$ 10,055,391	\$ 171,574
Regular Programs - Home Instr.:					
Salaries of Teachers	64,000		64,000	27,570	36,430
Regular Programs - Undistrib. Instr.:					
Purchased Prof./Educational Services	30,928	300	31,228	10,106	21,122
Purchased Technical Services	142,750	(55,828)	86,922	80,201	6,721
Other Purchased Services	110,180	24,907	135,087	118,116	16,971
General Supplies	650,681	128,102	778,783	511,207	267,576
Textbooks	62,200	(1,075)	61,125	37,507	23,618
Other Objects	20,965		20,965	17,201	3,764
Total Regular Programs	<u>11,783,632</u>	<u>(378,557)</u>	<u>11,405,075</u>	<u>10,857,299</u>	<u>547,776</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,311,308		1,311,308	1,208,290	103,018
Total Resource Room/Resource Center	<u>1,311,308</u>	<u>-</u>	<u>1,311,308</u>	<u>1,208,290</u>	<u>103,018</u>
Total Special Education	<u>1,311,308</u>	<u>-</u>	<u>1,311,308</u>	<u>1,208,290</u>	<u>103,018</u>
Basic Skills/Remedial:					
Salaries of Teachers	60,399		60,399	59,712	687
Total Basic Skills/Remedial	<u>60,399</u>	<u>-</u>	<u>60,399</u>	<u>59,712</u>	<u>687</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
School - Sponsored Cocurricular/Extracurricular Activities:					
Salaries	\$ 419,983	\$	\$ 419,983	\$ 380,251	\$ 39,732
Purchased Services	18,300	516	18,816	14,363	4,453
Supplies and Materials	33,050	(902)	32,148	27,809	4,339
Other Objects	28,900	(1,856)	27,044	10,642	16,402
Total School - Sponsored Cocurricular Activities	500,233	(2,242)	497,991	433,065	64,926
School - Sponsored Athletics - Instruction:					
Salaries	719,879		719,879	683,551	36,328
Purchased Services	83,500	3,660	87,160	86,446	714
Supplies and Materials	78,900	15,219	94,119	86,961	7,158
Other Objects	26,000	2,658	28,658	10,824	17,834
Total School - Sponsored Athletics	908,279	21,537	929,816	867,782	62,034
Total Instruction	14,563,851	(359,262)	14,204,589	13,426,148	778,441

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	\$ 335,960	\$ 37,622	\$ 373,582	\$ 351,132	\$ 22,450
Tuition to County Vocational School Dist. - Regular	268,758	89,586	358,344	358,344	
Tuition to CSSD & Regional Day Schools	328,000	(127,208)	200,792	149,392	51,400
Tuition to Private Schools for the Disabled - Within State	1,725,775		1,725,775	1,286,561	439,214
Tuition to Private Schools for the Disabled, Outside the State	285,385	(281,435)	3,950	3,950	
Total Undistrib. Expend. - Instruc.	<u>2,943,878</u>	<u>(281,435)</u>	<u>2,662,443</u>	<u>2,149,379</u>	<u>513,064</u>
Attendance and Social Work Services:					
Salaries	68,442		68,442	48,722	19,720
Total Attendance and Social Work Serv.	<u>68,442</u>	<u>-</u>	<u>68,442</u>	<u>48,722</u>	<u>19,720</u>
Health Services:					
Salaries	148,912	131,000	279,912	248,329	31,583
Purchased Profess. and Tech. Serv.	18,500	1,500	20,000	20,000	
Other Purchased Services	3,000	(440)	2,560	515	2,045
Supplies and Materials	8,000	(982)	7,018	7,018	
Other Objects	925		925	634	291
Total Health Services	<u>179,337</u>	<u>131,078</u>	<u>310,415</u>	<u>276,496</u>	<u>33,919</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Speech, OT, PT & Related Services					
Salaries	\$ 107,965	\$	\$ 107,965	\$ 105,464	\$ 2,501
Purchased Profess./Educa. Services	85,410	(50,862)	34,548	23,411	11,137
Total Speech, OT, PT & Related Services	193,375	(50,862)	142,513	128,875	13,638
Other Support Services-Student - Extra Services					
Salaries	137,228	1,377	138,605	138,605	
Purchased Profess./Educa. Services	27,000	60,270	87,270	81,151	6,119
Total Other Support Services-Student - Extra Services	164,228	61,647	225,875	219,756	6,119
Guidance:					
Salaries of Other Professional Staff	795,033	52,657	847,690	846,572	1,118
Salaries of Secret. & Clerical Assts.	171,003	3,529	174,532	174,531	1
Other Purchased Prof. & Tech. Services	300		300		300
Other Purchased Services	2,000	1,000	3,000	1,774	1,226
Supplies and Materials	8,685	(1,000)	7,685	3,231	4,454
Other Objects	2,890		2,890	2,114	776
Total - Guidance	979,911	56,186	1,036,097	1,028,222	7,875

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

EXPENDITURES (CONT'D.):	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Child Study Teams:					
Salaries of Other Profess. Staff	\$ 654,847	\$ (3,706)	\$ 651,141	\$ 644,122	\$ 7,019
Salaries of Secret. & Clerical Assts.	53,301	671	53,972	53,972	
Purchased Profess./Educa. Services		2,500	2,500	2,500	
Misc. Purchased Services	2,000		2,000	1,567	433
Supplies and Materials	6,038	4,357	10,395	10,017	378
Other Objects	2,762	(1,007)	1,755	1,675	80
Total - Child Study Teams	718,948	2,815	721,763	713,853	7,910
Improv. of Instruction Services:					
Salaries of Professional Staff	163,909	1,547	165,456	165,456	
Salaries of Other Professional Staff	120,114	4,886	125,000	125,000	
Salaries of Secty. and Clerical Assts.	14,152	(7,979)	6,173	225	5,948
Other Purchased Services	3,000	7,904	10,904	3,000	7,904
General Supplies	500	65	565	565	
Other Objects	2,100	(70)	2,030	239	1,791
Total Improv. of Instruction Services	303,775	6,353	310,128	294,485	15,643
Educational Media Serv./School Library:					
Salaries	489,868	96,461	586,329	578,076	8,253
Purch. Profess. and Tech. Serv.	9,000		9,000	4,168	4,832
Other Purchased Services	1,000		1,000		1,000
Supplies and Materials	58,629		58,629	45,121	13,508
Other Objects	330		330		330
Total Educa. Media Serv./School Library	558,827	96,461	655,288	627,365	27,923
Instructional Staff Training Services:					
Purch. Profess. Educ. Serv.	21,525	(9,640)	11,885	2,176	9,709
Other Purchased Services	43,200	3,387	46,587	14,911	31,676
Total Instr. Staff Training Serv.	64,725	(6,253)	58,472	17,087	41,385

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ 306,782	\$ 6,073	\$ 312,855	\$ 311,506	\$ 1,349
Legal Services	150,000		150,000	96,590	53,410
Audit Fees	25,000	23,500	48,500	23,500	25,000
Other Purch. Professional Services	85,000	(1,364)	83,636	68,886	14,750
Communications/Telephone	104,096	6,063	110,159	99,170	10,989
BOE Other Purchased Services	6,000		6,000	3,444	2,556
Misc. Purchased Services	22,800	(5,199)	17,601	8,220	9,381
General Supplies	2,000	(460)	1,540	1,319	221
Misc. Expenditures	3,000	460	3,460	3,460	
BOE Membership Dues and Fees	15,000		15,000	11,697	3,303
Total Support Serv. General Administration	719,678	29,073	748,751	627,792	120,959
Support Serv. School Administration:					
Salaries of Principals/Asst. Principals	333,500	159,340	492,840	492,840	
Salaries of Other Professional Staff	159,340	(159,340)			
Salaries of Secty. and Clerical Assts.	207,157		207,157	202,312	4,845
Other Purchased Services	3,500		3,500	260	3,240
Other Objects	4,850		4,850	3,725	1,125
Total Support Serv. School Admin.	708,347	-	708,347	699,137	9,210

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Central Services:					
Salaries	\$ 468,451	\$	\$ 468,451	\$ 460,251	\$ 8,200
Purch. Professional Services	9,000	(87)	8,913	8,890	23
Purch. Technical Services	11,000	(286)	10,714	7,605	3,109
Other Purchased Services	2,500	343	2,843	2,843	
Supplies and Materials	4,000		4,000	3,774	226
Miscellaneous Expenditures	2,500	30	2,530	2,530	
Total Central Services	497,451	-	497,451	485,893	11,558
Required Maint. For School Facilities:					
Salaries	319,178		319,178	316,752	2,426
Cleaning, Repair & Maint. Services	154,510	104,045	258,555	250,155	8,400
General Supplies	43,550	(6,951)	36,599	30,409	6,190
Total Required Maint. For School Facilities	517,238	97,094	614,332	597,316	17,016
Custodial Services:					
Salaries	688,904	1,935	690,839	684,090	6,749
Cleaning, Repair & Maint. Services	89,025	(36,167)	52,858	47,556	5,302
Lease Purchase Payments-ESIP	326,516		326,516	326,516	
Other Purchased Property Services	95,000	13,398	108,398	108,398	
Insurance	411,482	(105,720)	305,762	272,531	33,231
General Supplies	64,400	(1)	64,399	53,900	10,499
Energy (Natural Gas)	160,000	(15,324)	144,676	127,618	17,058
Energy (Electricity)	200,000	2,926	202,926	202,065	861
Other Objects	12,040	31,732	43,772	33,530	10,242
Total Custodial Services	2,047,367	(107,221)	1,940,146	1,856,204	83,942

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ 106,378	\$	\$ 106,378	\$ 105,362	\$ 1,016
Cleaning, Repair & Maint. Services	122,600	20,243	142,843	123,837	19,006
General Supplies	27,250	642	27,892	20,764	7,128
Total Care & Upkeep of Grounds	256,228	20,885	277,113	249,963	27,150
Security:					
Salaries	39,200	23,517	62,717	62,717	
Purch. Professional & Technical Serv.	150,000	(13,237)	136,763	71,123	65,640
General Supplies	50,000	(12,101)	37,899	1,581	36,318
Other Objects	2,500	(1,156)	1,344	1,249	95
Total Security	241,700	(2,977)	238,723	136,670	102,053
Total Operation & Maint. Of Plant Services	3,062,533	7,781	3,070,314	2,840,153	230,161
Student Transportation Services:					
Salaries for Pupil Transportation (Other Than Between Home & School)	273,422	69,119	342,541	342,541	
Cleaning, Repair & Maint. Services	38,800	18,959	57,759	56,847	912
Lease Purchase Payments-School Buses	12,157		12,157	12,157	
Contracted Services - Aid in Lieu of Payments - Non-Pub Sch.	50,000	22,869	72,869	72,869	
Contracted Services (Between Home & School) - Vendors BERGEN TECH		60,700	60,700	60,571	129
Contracted Services (Other Than Between Home & School) - Vendors	55,000	(46,200)	8,800	8,800	
Contracted Services (Regular Students) - ESCs & CTSA	532,000	125,876	657,876	657,874	2
Contracted Services (Special Ed. Students) - ESCs & CTSA	343,072	416,030	759,102	759,102	

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ 715	\$ 1,215	\$ 1,215	\$
Transportation supplies	13,000	3,389	16,389	16,389	
Other Objects	7,285	763	8,048	7,825	223
Total Student Transportation Services	1,325,236	672,220	1,997,456	1,996,190	1,266
Unallocated Employee Benefits:					
Social Security Contributions	351,082	(11,208)	339,874	334,282	5,592
Other Retirement Contributions-PERS	400,575	9,369	409,944	409,944	
Unemployment Compensation	60,000	(59,290)	710	428	282
Workmen's Compensation	90,000	(9,295)	80,705	71,273	9,432
Health Benefits	3,333,579	61,906	3,395,485	3,395,485	
Tuition Reimbursements	65,400	(9,840)	55,560	47,000	8,560
Other Employee Benefits	75,000	(18,919)	56,081	53,081	3,000
Unused Sick Payments to Terminated/Retired Staff	200,000	(187,330)	12,670	12,670	
Total Unallocated Employee Benefits:	4,575,636	(224,607)	4,351,029	4,324,163	26,866
On-behalf TPAF Pension Contrib. (non-budgeted)				4,950,888	(4,950,888)
On-behalf TPAF OPEB Contrib. (non-budgeted)				1,318,631	(1,318,631)
On-behalf TPAF NCGI Contrib. (non-budgeted)				70,329	(70,329)
On-behalf TPAF Employer FICA Contrib. (non-budgeted)				1,015,341	(1,015,341)
Total On-behalf Contributions	-	-	-	7,355,189	(7,355,189)
Total Personal Services - Employee Benefits	4,575,636	(224,607)	4,351,029	11,679,352	(7,328,323)

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Undistributed Expenditures	\$ 17,064,327	\$ 500,457	\$ 17,564,784	\$ 23,832,757	\$ (6,267,973)
Total Expenditures - Current Expense	<u>31,628,178</u>	<u>141,195</u>	<u>31,769,373</u>	<u>37,258,905</u>	<u>(5,489,532)</u>
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	682,000	626,767	1,308,767	1,290,734	18,033
Undistributed Expenditures:					
Required Maintenance		71,823	71,823	34,636	37,187
Care and Upkeep of Grounds		151,558	151,558	120,205	31,353
Care and Upkeep of Grounds- Equipment		50,663	50,663		50,663
Total Equipment	<u>682,000</u>	<u>900,811</u>	<u>1,582,811</u>	<u>1,445,575</u>	<u>137,236</u>
Facilities Acquis. & Constr. Services:					
Professional Services	3,000	(3,000)			
Construction Services	575,000	3,000	578,000	514,442	63,558
Assessment for Debt Service-SDA Funding	25,820		25,820	25,820	
Total Facil. Acquis. & Constr. Services	<u>603,820</u>	<u>-</u>	<u>603,820</u>	<u>540,262</u>	<u>63,558</u>
Total Capital Outlay	<u>1,285,820</u>	<u>900,811</u>	<u>2,186,631</u>	<u>1,985,837</u>	<u>200,794</u>
Total Expenditures	<u>32,913,998</u>	<u>1,042,006</u>	<u>33,956,004</u>	<u>39,244,742</u>	<u>(5,288,738)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>(1,542,835)</u>	<u>(889,895)</u>	<u>(2,432,730)</u>	<u>269,875</u>	<u>2,702,605</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources (Uses)					
Operating Transfers In/(out):					
Transfer to Cover Deficit (Agency Funds)	\$ (50,000)	\$ 1,200	\$ (48,800)	\$ (20,803)	\$ 48,800
Transfer to Debt Service Fund		(20,803)	(20,803)	(20,803)	
Transfer to Cover Deficit - Enterprise Fund	(10,000)	(1,200)	(11,200)	(9,402)	1,798
Transfer from Capital Projects Fund				221,706	221,706
	<u>(60,000)</u>	<u>(20,803)</u>	<u>(80,803)</u>	<u>191,501</u>	<u>272,304</u>
Total Other Financing Sources (Uses)					
(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Uses	(1,602,835)	(910,698)	(2,513,533)	461,376	2,974,909
Fund Balances, July 1	<u>7,886,318</u>		<u>7,886,318</u>	<u>7,886,318</u>	
Fund Balances, June 30	\$ <u>6,283,483</u>	\$ <u>(910,698)</u>	\$ <u>5,372,785</u>	\$ <u>8,347,694</u>	\$ <u>2,974,909</u>
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted general fund balance	\$ (1,032,295)		\$ (1,032,295)	\$ 1,882,256	\$ 2,914,551
Budgeted withdrawal from capital reserve	(578,000)	\$ (20,803)	(598,803)	(598,803)	
Interest Earned on Maintenance Reserve	2,400		2,400	2,400	
Interest Earned on Emergency Reserve	60		60	60	
Interest Earned on Capital Reserve	5,000		5,000	65,358	60,358
Adjustment for prior year encumbrances, net		(889,895)	(889,895)	(889,895)	
Total	<u>\$ (1,602,835)</u>	<u>\$ (910,698)</u>	<u>\$ (2,513,533)</u>	<u>\$ 461,376</u>	<u>\$ 2,974,909</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year Expenditures				\$ 1,108,551	
Excess Surplus - Current Year				1,262,593	
Emergency Reserve				199,755	
Maintenance Reserve				550,629	
Capital Reserve				2,237,878	
Capital Reserve - Designated for Subsequent Year Expenditures				2,033,795	
Unemployment Reserve				76,751	
Assigned Fund Balance:					
Year-End Encumbrances				160,730	
Unassigned Fund Balance				<u>717,012</u>	
				8,347,694	
Reconciliation to Governmental Funds Statements (GAAP):					
Remaining State Aid Payments not recognized as Revenue on GAAP basis				<u>(116,977)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 8,230,717</u>	

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local Sources					
Revenues from Local Sources	\$ 933,278	\$ 43,885	\$ 977,163	\$ 964,289	\$ (12,874)
Total Local Revenues	933,278	43,885	977,163	964,289	(12,874)
State Sources					
NJSDA Emergent		36,002	36,002	36,002	
School Climate Grant		6,660	6,660	6,660	
Total State Revenues	-	42,662	42,662	42,662	-
Federal Sources					
Title I	68,196	9,821	78,017	62,075	(15,942)
IDEA Part B	243,534	3,359	246,893	246,893	
CRRSA Act- Learning Acceleration Grant	1,000	2,117	3,117	2,187	(930)
CRRSA Act- Mental Health Grant	11,675	8,427	20,102	13,354	(6,748)
ACSERS Program		214,885	214,885	214,885	
ARP-ESSER III	449,426	(62,082)	387,344	59,753	(327,591)
ESSER- Accelerated Learning		74,636	74,636	17,764	(56,872)
ESSER- Summer Learning and Enrichment		39,830	39,830	12,867	(26,963)
ESSER- Accelerated Learning		38,635	38,635	27,859	(10,776)
ESSER- Mental Health		45,000	45,000	8,541	(36,459)
Total Federal Revenues	773,831	374,628	1,148,459	666,178	(482,281)
Total Revenues	1,707,109	461,175	2,168,284	1,673,129	(495,155)
EXPENDITURES:					
Instruction					
Salaries of Teachers	186,128	(122,249)	63,879	38,443	25,436
Other Purchased Services (400-500 series)	470,934	218,244	689,178	461,778	227,400
General Supplies	44,385	118,796	163,181	118,665	44,516
Total Instruction	701,447	214,791	916,238	618,886	297,352
Support Services					
Salaries of Other Professional Staff	2,728	94,443	97,171	27,538	69,633
Personal Services - Employee Benefits	14,268	(2,933)	11,335	4,150	7,185
Purchased Professional and Technical Services	47,750	700	48,450	13,500	34,950
Other Purchased Services (400-500 series)	4,000	-	4,000	449	3,551
General Supplies	2,425	(31)	2,394	2,383	11
Scholarships Awarded	33,278	-	33,278	3,981	29,297
Student/Athletic Activities	900,000	43,884	943,884	943,884	
Total Support Services	1,004,449	136,063	1,140,512	995,885	144,627
Facilities Acquisition and Construction Services:					
Noninstructional Equipment	1,213	110,321	111,534	41,934	69,600
Total Facilities Acquisition and Construction Services	1,213	110,321	111,534	41,934	69,600
Total Expenditures	1,707,109	461,175	2,168,284	1,656,705	511,579
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ 16,424	\$ (16,424)
Fund Balance, July 1				564,944	
Fund Balance, June 30				\$ 581,368	
Recapitulation:					
Restricted					
Scholarships				\$ 33,547	
Student Activities				547,821	
Total Fund Balance				\$ 581,368	

**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, 2023

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) \$ 39,514,617	(C-2) \$ 1,673,129
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)		48,317
State aid payment recognized for budgetary purposes, not recognized for GAAP statements (Net)	(31,874)	
Total revenues as reported on the statement of revenues, expenditures and change in fund balances - governmental funds	(B-2) \$ <u>39,482,743</u>	(B-2) \$ <u>1,721,446</u>
Other Financing Sources/(Uses):		
Actual amounts (budgetary basis) "other financing sources" (uses) from the budgetary comparison schedule	(C-1) \$ <u>191,501</u>	(C-2) \$ <u> </u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	(B-2) \$ <u>191,501</u>	(B-2) \$ <u> -</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule	(C-1) \$ 39,244,742	(C-2) \$ 1,656,705
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.		48,317
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) \$ <u>39,244,742</u>	(B-2) \$ <u>1,705,022</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, 2023

	I.D.E.A. PART B BASIC 2022-23	TITLE I 2022-23	CRRSA Learning Acceleration 2022-23	CRRSA Mental Health 2022-23	American Rescue Plan ESSER III 2022-23	ESSER Learning Acceleration 2022-23	ESSER Summer Learning 2022-23	ESSER Beyond the School Day 2022-23	ESSER Mental Health 2022-23	ACSERS 2022-23	NJ SDA Emergent 2022-23	School Climate Grant 2022-23	Scholarship Funds 2022-23	Student Activity Funds 2022-23	TOTALS 2022-23
REVENUES															
Local Sources	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
State Sources											36,002	6,660	4,750	959,539	964,289
Federal Sources	246,893	62,075	2,187	13,354	59,753	17,764	12,867	27,859	8,541	214,885				42,662	666,178
Total Revenues	246,893	62,075	2,187	13,354	59,753	17,764	12,867	27,859	8,541	214,885	36,002	6,660	4,750	959,539	1,673,129
EXPENDITURES															
Instruction:															
Salaries of Teachers		25,340	1,418				11,685								38,443
Other Purch. Services (400-500 series)	246,893									214,885					461,778
General Supplies		31,596			56,643	1,413	288	26,956	1,041			728			118,665
Total Instruction	246,893	56,936	1,418	-	56,643	1,413	11,973	26,956	1,041	214,885	-	728	-	-	618,886
Support Services:															
Salaries of Other Prof. Staff		3,000	-	5,940	2,880	14,815			903						27,538
Personal Services - Empl. Benefits		1,939			230	1,087	894								4,150
Other Purch. Prof. Services						449									449
Purch. Professional and Technical Services				6,000					7,500						13,500
Supplies and Materials		200	769	1,414											2,383
Scholarships Awarded													3,981		3,981
Student/Athletic Activities														943,884	943,884
Total Support Services	-	5,139	769	13,354	3,110	16,351	894	903	7,500	-	-	-	3,981	943,884	995,885
Facilities Acquis. & Const. Serv.:															
Non-Instructional Equipment											36,002	5,932			41,934
Total Facil. Acquis. & Const. Serv.	-	-	-	-	-	-	-	-	-	-	36,002	5,932	-	-	41,934
Total Expenditures	\$ 246,893	\$ 62,075	\$ 2,187	\$ 13,354	\$ 59,753	\$ 17,764	\$ 12,867	\$ 27,859	\$ 8,541	\$ 214,885	\$ 36,002	\$ 6,660	\$ 3,981	\$ 943,884	\$ 1,656,705
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	769	15,655	16,424
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-	-	32,778	532,166	564,944
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,547	\$ 547,821	\$ 581,368

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2023

	I.D.E.A. PART B BASIC 2022-23	TITLE I 2022-23	CRRSA Learning Acceleration 2022-23	CRRSA Mental Health 2022-23	American Rescue Plan ESSER III 2022-23	ESSER Learning Acceleration 2022-23	ESSER Summer Learning 2022-23	ESSER Beyond the School Day 2022-23	ESSER Mental Health 2022-23	ACSERS 2022-23	NJ SDA Emergent 2022-23	School Climate Grant 2022-23	Scholarship Funds 2022-23	Student Activity Funds 2022-23	TOTALS 2022-23
REVENUES															
Local Sources	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
State Sources											36,002	6,660	4,750	959,539	964,289
Federal Sources	246,893	62,075	2,187	13,354	59,753	17,764	12,867	27,859	8,541	214,885				42,662	666,178
Total Revenues	246,893	62,075	2,187	13,354	59,753	17,764	12,867	27,859	8,541	214,885	36,002	6,660	4,750	959,539	1,673,129
EXPENDITURES															
Instruction:															
Salaries of Teachers		25,340	1,418				11,685								38,443
Other Purch. Services (400-500 series)	246,893									214,885					461,778
General Supplies		31,596			56,643	1,413	288	26,956	1,041			728			118,665
Total Instruction	246,893	56,936	1,418	-	56,643	1,413	11,973	26,956	1,041	214,885	-	728	-	-	618,886
Support Services:															
Salaries of Other Prof. Staff		3,000	-	5,940	2,880	14,815			903						27,538
Personal Services - Empl. Benefits		1,939			230	1,087	894								4,150
Other Purch. Prof. Services						449									449
Purch. Professional and Technical Services				6,000					7,500						13,500
Supplies and Materials		200	769	1,414											2,383
Scholarships Awarded													3,981		3,981
Student/Athletic Activities														943,884	943,884
Total Support Services	-	5,139	769	13,354	3,110	16,351	894	903	7,500	-	-	-	3,981	943,884	995,885
Facilities Acquis. & Const. Serv.:															
Non-Instructional Equipment											36,002	5,932			41,934
Total Facil. Acquis. & Const. Serv.	-	-	-	-	-	-	-	-	-	-	36,002	5,932	-	-	41,934
Total Expenditures	\$ 246,893	\$ 62,075	\$ 2,187	\$ 13,354	\$ 59,753	\$ 17,764	\$ 12,867	\$ 27,859	\$ 8,541	\$ 214,885	\$ 36,002	\$ 6,660	\$ 3,981	\$ 943,884	\$ 1,656,705
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	769	15,655	16,424
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-	-	32,778	532,166	564,944
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,547	\$ 547,821	\$ 581,368

CAPITAL PROJECTS FUND

SECTION – F

NORTHERN HIGHLANDS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2023

<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	\$ -	\$ 1,480,082	\$ 7,346,918
		<u>\$ 8,827,000</u>	<u>\$ -</u>	<u>\$ 1,480,082</u>	<u>\$ 7,346,918</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, 2023

Revenues:	
Interest Income	\$ 221,706
Total Revenues	<u>221,706</u>
Expenditures:	
Purchased Professional and Technical Services	329,156
Construction Services	<u>1,150,926</u>
Total Expenditures	<u>1,480,082</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(1,258,376)</u>
Other Financing Sources/(Uses):	
Transfers Out	<u>(221,706)</u>
Total Other Financing Sources/(Uses)	<u>(221,706)</u>
Net Change in Fund Balance	(1,480,082)
Fund Balance - Beginning	<u>8,827,000</u>
Fund Balance - Ending	<u><u>\$ 7,346,918</u></u>

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, 2023

	<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>8,827,000</u>	<u>-</u>	<u>8,827,000</u>	<u>8,827,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		329,156	329,156	484,575
Construction Services		1,150,926	1,150,926	8,342,425
Total expenditures	<u>-</u>	<u>1,480,082</u>	<u>1,480,082</u>	<u>8,827,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 8,827,000</u>	<u>\$ (1,480,082)</u>	<u>\$ 7,346,918</u>	<u>\$ -</u>

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	16.77%
Original target completion date	June 30, 2025

LONG-TERM DEBT

SECTION – I

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
JUNE 30, 2023

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2022</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2023</u>
School Bonds, Series 2013	12/10/2013	\$ 2,760,000	2023	\$ 350,000	3.000%	\$ 1,050,000	-	\$ 340,000	\$ 710,000
			2024	360,000	3.000%				
School Bonds, Series 2022	5/4/2022	8,827,000	2024	750,000	3.000%	8,827,000		602,000	8,225,000
			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%				
						<u>8,827,000</u>	<u>-</u>	<u>602,000</u>	<u>8,225,000</u>
						<u>\$ 9,877,000</u>	<u>\$ -</u>	<u>\$ 942,000</u>	<u>\$ 8,935,000</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF FINANCED PURCHASE OBLIGATIONS
JUNE 30, 2023

PURPOSE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE	RETIRED	BALANCE
			DATE	AMOUNT		JUNE 30, 2022		JUNE 30, 2023
Energy Savings Improvement Program (ESIP)	12/22/2016	\$ 4,031,000	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%	\$ 3,066,000	\$ 254,000	\$ 2,812,000			
Computer Equipment and Vehicles	5/20/2019	321,000	7/15/2023	65,897	2.492%	130,191	64,294	65,897
						\$ 3,196,191	\$ 318,294	\$ 2,877,897

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,092,316	\$ -	\$ 1,092,316	\$ 1,092,316	\$ -
Total Local Sources:	1,092,316	-	1,092,316	1,092,316	-
State Aid - Debt Service	124,070	-	124,070	124,070	-
Total - State Sources	124,070	-	124,070	124,070	-
Total Revenues	1,216,386	-	1,216,386	1,216,386	-
EXPENDITURES:					
Regular Debt Service:					
Redemption of Bond Principal	942,000		942,000	942,000	-
Bond Interest	274,386	20,803	295,189	295,189	-
Total expenditures	1,216,386	20,803	1,237,189	1,237,189	-
(Deficiency) of Revenues (Under) Expenditures	-	(20,803)	(20,803)	(20,803)	-
Other Financing Sources					
Transfer from General Fund		20,803	20,803	20,803	-
Total Other Financing Sources	-	20,803	20,803	20,803	-
Net Change in Fund Balance	-	-	-	-	-
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)

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020 (Restated)	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$ 19,467,179	\$ 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
Restricted	8,051,320	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
Unrestricted	(4,875,994)	(4,174,794)	(4,754,958)	(6,349,474)	(6,078,598)	(6,055,847)	(6,422,279)	(5,531,838)	(5,856,167)	(5,054,280)
Total governmental activities net position/net assets	<u>\$ 22,642,505</u>	<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>
Business-type activities										
Investment in capital assets	\$ 311,245	\$ 323,449	\$ 375,173	\$ 389,869	\$ 255,001	\$ 232,078	\$ 198,488	\$ 215,405	\$ 186,767	\$ 174,398
Unrestricted	305,734	256,543	129,060	204,205	312,759	194,878	154,756	71,767	87,153	76,045
Total business-type activities net position/net assets	<u>\$ 616,979</u>	<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>
District-wide										
Net investment in capital assets	\$ 19,778,424	\$ 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
Restricted	8,051,320	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
Unrestricted	(4,570,260)	(3,918,251)	(4,625,898)	(6,145,269)	(5,765,839)	(5,860,969)	(6,267,524)	(5,460,071)	(5,769,014)	(4,978,235)
Total district net position/net assets	<u>\$ 23,259,484</u>	<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>

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)

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental activities										
Instruction										
Regular	\$ 12,522,903	\$ 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
Special Education	1,457,935	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
Other Instruction	1,363,118	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
Support Services:										
Tuition	2,149,379	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
Student & Instruction Related Services	4,445,511	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
School Administrative Services	742,637	696,787	1,056,733	734,307	715,612	705,074	706,776	675,792	667,095	672,485
General and Business Administrative Services	562,012	893,971	579,185	975,681	1,052,613	915,361	1,170,843	1,210,130	1,049,124	1,019,032
Plant Operations and Maintenance	3,039,062	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
Pupil Transportation	2,031,495	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
Unallocated Benefits	8,048,446	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
Interest on long-term debt	362,957	191,637	207,920	274,289	318,572	334,784	336,695	275,814	375,500	379,202
Unallocated Depreciation and Amortization	1,327,864	1,307,774	1,075,428	1,004,790	1,065,157	788,675	765,916	630,461	426,067	496,054
Total governmental activities expenses	<u>38,053,319</u>	<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>
Business-type activities:										
Food service	1,207,759	1,028,046	107,113	776,437	914,751	849,933	800,683	789,417	770,499	737,950
Shared Services		103,178	115,808	103,775	241,162	246,495	241,272	231,182	209,778	187,209
Total business-type activities expense	<u>1,207,759</u>	<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>
Total district expenses	<u>\$ 39,261,078</u>	<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>
Program Revenues										
Governmental activities:										
Charges for services:										
Student & Instruction Related Services	\$ 964,289	\$ 902,527	\$ 596,127							
Operating grants and contributions	757,157	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
Capital grants and contributions								333,758	174,455	
Total governmental activities program revenues	<u>1,721,446</u>	<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>
Business-type activities:										
Charges for services										
Food service	1,235,344	1,100,208	12,018	776,866	1,048,598	919,361	863,118	800,667	792,236	744,585
Shared Services		115,993	115,808	103,775	241,186	246,495	241,271	231,182	209,778	187,209
Total business type activities program revenues	<u>1,235,344</u>	<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>
Total district program revenues	<u>\$ 2,956,790</u>	<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>
Net (Expense)/Revenue										
Governmental activities										
Business-type activities	\$ (36,331,873)	\$ (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)
Business-type activities	27,585	84,977	(95,095)	429	133,872	69,428	62,435	11,250	21,736	6,635
Total district-wide net expense	<u>\$ (36,304,288)</u>	<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>

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

	Fiscal Year Ending June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 24,104,816	\$ 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
Taxes levied for debt service	1,092,316	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
Federal and State Aid not Restricted	5,987,607	7,167,680	10,517,659	204,987	378,124	214,645	107,123	550,097	539,683	10,311
Tuition	6,158,051	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
Investment Earnings	518,922	11,035	3,086	117,177	165,414	29,955	29,955			
Miscellaneous income	97,326	77,212	14,225	174,357	185,047	394,197	162,917	178,562	71,725	104,722
Other Restricted Miscellaneous Income			94							
Transfers	(9,402)	(3,596)	(3,990)	(10,886)	(6,931)	(4,285)	(2,901)	(2,001)	(1,740)	
Total governmental activities	37,949,636	38,198,163	40,769,442	30,266,360	29,838,516	29,169,926	28,168,149	27,679,219	26,967,076	25,339,656
Business-type activities:										
Investment Earnings										1
Transfers	9,402	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						
Total business-type activities	9,402	(9,218)	5,254	25,886	6,931	4,285	3,636	2,001	1,741	-
Total government-wide	\$ 37,959,038	\$ 38,188,945	\$ 40,774,696	\$ 30,292,246	\$ 29,845,448	\$ 29,174,211	\$ 28,171,785	\$ 27,681,221	\$ 26,968,817	\$ 25,339,656
Change in Net Position/Net Assets										
Governmental activities	\$ 1,617,763	\$ 3,276,455	\$ 3,232,506	\$ 2,141,368	\$ 1,860,314	\$ 1,680,335	\$ 277,873	\$ 560,963	\$ 1,208,582	\$ 480,719
Business-type activities	36,987	75,759	(89,841)	26,315	140,803	73,713	66,071	13,252	23,478	6,635
Total district	\$ 1,654,750	\$ 3,352,214	\$ 3,142,665	\$ 2,167,683	\$ 2,001,117	\$ 1,754,049	\$ 343,944	\$ 574,215	\$ 1,232,060	\$ 487,354

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,									
	2023	2022	2021	2020 (Restated)	2019	2018	2017	2016	2015	2014
General Fund										
Restricted/Committed/Assigned	\$ 7,630,682	\$ 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
Unreserved/Unassigned	600,035	1,207,766	1,350,277	633,834	577,836	541,366	548,839	221,602	228,807	252,934
Total General Fund	<u>\$ 8,230,717</u>	<u>\$ 7,801,215</u>	<u>\$ 7,437,368</u>	<u>\$ 6,426,159</u>	<u>\$ 5,086,159</u>	<u>\$ 5,156,207</u>	<u>\$ 4,665,816</u>	<u>\$ 4,539,104</u>	<u>\$ 5,131,086</u>	<u>\$ 5,717,485</u>
All Other Governmental Funds										
Restricted/Committed/Assigned										
Capital Projects Fund	\$ 7,346,918	\$ 8,827,000			\$ 546,169	\$ 1,834,944	\$ 2,967,456	\$ 433,240	\$ 1,794,522	\$ 2,522,808
Special Revenue Fund	581,368	564,944	\$ 573,671	\$ 464,577						
Debt Service Fund							20,419	24,411	7,626	3,633
Total All Other Governmental Funds	<u>\$ 7,928,286</u>	<u>\$ 9,391,944</u>	<u>\$ 573,671</u>	<u>\$ 464,577</u>	<u>\$ 546,169</u>	<u>\$ 1,834,944</u>	<u>\$ 2,987,875</u>	<u>\$ 457,651</u>	<u>\$ 1,802,148</u>	<u>\$ 2,526,441</u>
Total Governmental Fund Balances	<u>\$ 16,159,003</u>	<u>\$ 17,193,159</u>	<u>\$ 8,011,039</u>	<u>\$ 6,890,736</u>	<u>\$ 5,632,328</u>	<u>\$ 6,991,150</u>	<u>\$ 7,653,690</u>	<u>\$ 4,996,755</u>	<u>\$ 6,933,234</u>	<u>\$ 8,243,926</u>

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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Tax Levy	\$ 25,197,132	\$ 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
Tuition Charges	6,158,051	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
Interest Earnings	518,922	9,892	7,224	117,177	165,414	29,955	29,955			
Miscellaneous	1,061,614	980,882	615,071	174,357	200,047	394,197	162,917	178,562	71,725	104,722
Other Restricted Miscellaneous			94							
State Sources	8,956,065	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
Federal Sources	750,497	702,346	411,916	330,585	317,365	313,307	292,715	310,162	236,418	196,250
Total Revenue	42,642,281	41,310,483	38,355,286	36,218,624	35,863,042	34,443,584	32,853,324	31,881,182	30,287,208	28,586,062
Expenditures										
Instruction:										
Regular Instruction	11,245,224	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
Special Education Instruction	1,455,183	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
Other Instruction	1,360,559	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
Undistributed:										
Tuition	2,149,379	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
Student & Instruction Related Services	4,350,746	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
School Administrative Services	699,137	689,742	1,049,275	714,693	699,479	696,318	668,020	667,036	658,339	645,418
General Administrative Services	627,792	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
Plant Operations and Maintenance	3,326,046	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
Pupil Transportation	1,996,190	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
Unallocated Benefits	11,679,352	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
Capital Outlay	3,540,238	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
Debt Service:										
Interest	942,000	1,480,000	1,420,000	173,875	222,129	264,904	307,354	339,391	383,596	330,848
Principal	295,189	77,975	131,500	1,375,000	1,327,000	1,275,000	1,215,000	1,170,000	960,000	815,000
Total Expenditures	43,667,035	40,951,767	37,230,993	35,520,462	37,535,932	35,222,840	35,119,450	33,815,660	32,096,161	28,963,230
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,024,754)	358,716	1,124,293	698,162	(1,672,891)	(779,255)	(2,266,126)	(1,934,477)	(1,808,952)	(377,168)
Other Financing Sources (Uses)										
Bond & Lease/Purchase Proceeds		8,827,000			321,000	121,000	4,925,963		500,000	2,760,000
Transfers In	242,509	5,773		203,175	750,187	464,201	3,709	40,475	961,577	318,631
Transfers Out	(251,911)	(9,369)	(3,990)	(214,061)	(757,118)	(468,486)	(6,610)	(42,476)	(963,317)	(319,706)
Total Other Financing Sources (Uses)	(9,402)	8,823,404	(3,990)	(10,886)	314,069	116,715	4,923,061	(2,001)	498,260	2,758,925
Net Change in Fund Balances	\$ (1,034,156)	\$ 9,182,120	\$ 1,120,303	\$ 687,276	\$ (1,358,822)	\$ (662,540)	\$ 2,656,935	\$ (1,936,479)	\$ (1,310,692)	\$ 2,381,757
Debt Service as a Percentage of Noncapital Expenditures	3.08%	4.03%	4.37%	4.48%	4.44%	4.61%	4.69%	4.77%	4.54%	4.05%

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
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
2023	6,158,051	297,216	11,140	75,166		11,019	6,552,592

Source: District Records.

Revenue Capacity

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

Exhibit J-6

ALLENDALE BOROUGH

Calendar Year	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
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
2023	16,094,500	1,739,133,500	1,226,900	96,217,600	183,159,000	-	2,035,831,500	100,000	2,035,931,500	2,067,091,532	0.521

Source: Municipal Tax Assessor

UPPER SADDLE RIVER BOROUGH

Calendar Year	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
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
2023	15,680,502	2,181,977,700	-	121,651,100	6,217,700	18,551,000	2,344,078,002	100,000	2,344,178,002	3,088,226,121	0.644

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 ^a</u>	<u>General Obligation Debt Service ^b</u>	<u>Total Direct School Tax Rate</u>	<u>Municipality ^c</u>	<u>Local School District</u>	<u>County ^c</u>	
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
2023	0.498	0.023	0.521	0.578	0.858	0.242	2.199

Source: Municipal Tax Collector

Upper Saddle River Borough

Calendar Year	Regional School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt	Total Direct School Tax	Municipality ^c	Local School	County ^c	
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
2023	0.616	0.028	0.644	0.478	1.043	0.315	2.480

Source: Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- a** The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.
- b** Rates for debt service are based on each year's requirements.
- c** Municipality - Includes Open Space and Library Tax, County- Includes Open Space Taxes.

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year
Unaudited

Allendale Borough

Property Name	2023		
	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	\$ 160,134,700		9.51%

Source: Municipal Tax Assessor

Upper Saddle River Borough

Property Name	2023		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Toll Brothers	\$ 33,344,000	1	1.48%
Viewstar, LLC	14,500,000	2	0.64%
Toll Brothers	12,232,700	3	0.54%
Upper Saddle River Developers LLC	10,600,600	4	0.47%
Upper Saddle River Executive Center LLC	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	\$ 112,054,300		4.97%

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 ^a	
		Amount	Percentage of Levy
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	42,319,263	41,888,673	98.98%
2022	43,794,134	43,520,337	99.37%

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 ^a	
		Amount	Percentage of Levy
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	56,225,121	55,579,852	98.85%
2022	56,869,450	56,217,973	98.85%

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					Capital Leases	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Financed Purchase Obligations	Bond Anticipation Notes (BANs)					
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	
2023	8,935,000	-	2,877,897	-	-	11,812,897	0.87%	1,424	

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 2023 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		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
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
2023	8,935,000		8,935,000	0.20%	555

Notes: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
 2023 Per Capita calculations utilize 2022 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, 2022
Unaudited

	<u>Allendale Borough</u>	<u>Upper Saddle River Borough</u>
Overlapping Debt of School District:		
Municipal Net Debt(100%)	\$ 10,901,855	\$ 27,686,965
Local School (100%)	1,315,000	297,690
County of Bergen Share (Statutory Net Debt))	<u>9,226,115</u>	<u>10,946,553</u>
Subtotal, overlapping debt	21,442,970	38,931,208
Northern Highlands Regional District Direct Debt	<u>4,086,869</u>	<u>4,848,131</u>
Total direct and overlapping debt	<u>\$ 25,529,839</u>	<u>\$ 43,779,339</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, 2022:

Average Equalized Valuation Basis:

	State Equalized Values of Taxable Property		
	Allendale Borough	Upper Saddle River Borough	Equalized Valuation Basis
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
2022	1,928,714,581	2,806,155,373	4,734,869,954
	\$ 5,166,835,219	\$ 7,222,361,942	\$ 12,963,795,879
			\$ 4,321,265,293
Legal Debt Limit			\$ 129,637,959
Total School Debt			9,537,000
Legal Debt Margin			\$ 120,100,959

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt Limit-Dec. 31, Prior Year	\$ 129,637,959	\$ 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
Total Net School Debt Applicable to Limit	9,537,000	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
Legal Debt Margin	\$ 120,100,959	\$ 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
Net Debt as % of Debt Limit	7.36%	1.63%	2.67%	3.70%	4.76%	5.73%	6.68%	7.62%	8.45%	8.93%

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

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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:

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

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

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

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

* Estimated

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

Employer	2023			2014		
	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment

Information Unavailable

-		0.00%	-		0.00%
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Operating Information

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

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Teachers	110.0	110.0	118.9	118.4	118.7	120.3	120.4	120.9	118.3	118.3
Support Services:										
Tuition										
Student & Instruction Related Services	35.0	35.5	32.8	33.8	33.8	33.8	32.6	31.2	31.7	29.6
General Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	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	4.0
Administrative Information Technology										
Plant operations and maintenance	18.0	18.0	18.0	18.0	18.0	18.0	17.5	19.5	20.5	21.5
Pupil transportation	2.0	2.0	2.5	2.5	2.5	4.5	3.5	3.5	3.5	3.5
Total	<u>178.0</u>	<u>178.5</u>	<u>185.2</u>	<u>185.7</u>	<u>186.0</u>	<u>189.6</u>	<u>187.0</u>	<u>188.1</u>	<u>188.0</u>	<u>185.9</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff ^b	Senior High School				
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	-2.39%	95.39%
2017	1,363	30,908,455	22,677	9.18%	118	1:11.5	1,358.6	1,288.6	1.62%	94.85%
2018	1,359	32,008,242	23,553	4.45%	119	1:11.5	1,356.8	1,288.8	-0.13%	94.99%
2019	1,378	33,368,391	24,215	6.78%	120	1:11.5	1,382.8	1,317.3	1.92%	95.26%
2020	1,406	33,035,277	23,496	-0.24%	120	1:11.5	1,401.1	1,360.9	1.32%	97.13%
2021	1,364	33,921,239	24,869	2.70%	120	1:11.4	1,358.8	1,299.6	-3.02%	95.64%
2022	1,339	37,074,837	27,688	17.84%	118	1:11.4	1,308.0	1,235.0	-3.74%	94.42%
2023	1,306	38,889,608	29,778	19.74%	118	1:11.4	1,293.4	1,217.5	-1.12%	94.13%

Sources: District records

Note: Enrollment based on annual October District count.

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

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

<u>District Building</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>High School</u>										
Northern Highlands Regional High School (1965)										
Square Feet	287,118	287,118	287,118	287,118	287,118	287,118	287,118	287,118	287,118	287,118
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	1,345	1,372	1,336	1,363	1,359	1,378	1,406	1,364	1,339	1,306
Number of Schools at June 30, 2023										
Elementary = 0										
Middle School = 0										
Senior High School = 1										

Source: District Facilities Office

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

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

**UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES**

<u>School Facilities*</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
High School	\$ 597,316	\$ 668,522	\$ 482,940	\$ 782,298	\$ 666,054	\$ 856,826	\$ 1,008,284	\$ 991,431	\$ 1,018,467	\$ 598,512
Grand Total	<u>\$ 597,316</u>	<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>

*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, 2023

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 2022-2023 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, 2023
 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 5, 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
December 5, 2023

David J. Gannon

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

**Report on Compliance for Each Major State Program and
Report on Internal Control Over Compliance Required
by 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 State Program

Opinion on Each Major 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 *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2023. The District's major 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 state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major 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*"), and the audit requirements of New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards 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 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 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*, 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 state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, 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 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 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 state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Cranford, New Jersey
December 5, 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, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL A.L. NO.	FAIN NO.	GRANT PERIOD	AWARD AMOUNT	UNEARNED REVENUE/ (ACCTS. REC.) AT JUNE 30, 2022	CASH RECEIVED	BUDGETARY EXPENDITURES	UNEARNED REVENUE/ (ACCTS. REC.) AT JUNE 30, 2023	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	H027A230100	7/1/22-9/30/23	\$ 246,893	\$	\$ 236,693	\$ (246,893)	\$ (10,200)	
I.D.E.A. Part B	84.027	H027A220100	7/1/21-9/30/22	243,534	(22,691)	22,691			
					<u>(22,691)</u>	<u>259,384</u>	<u>(246,893)</u>	<u>(10,200)</u>	
ESSA Title I, Part A	84.010A	S010A230030	7/1/22-9/30/23	62,075		62,075	(62,075)		
ESSA Title I, Part A	84.010A	S010A220030	7/1/21-9/30/22	68,196	(33,638)	33,638			
CRRSA- ESSER II	84.425D	S425D200027	3/13/20-9/30/23	181,039					
CRRSA- Learning Acceleration	84.425D	S425D200027	3/13/20-9/30/23	25,000	(50)	2,237	(2,187)		
CRRSA- Mental Health	84.425D	S425D200027	3/13/20-9/30/23	45,000		12,397	(13,354)	(957)	
American Rescue Plan- ESSER III	84.425U	S425U200027	3/13/20-9/30/24	406,874	(87,917)	147,670	(59,753)		
American Rescue Plan- ESSER III- Accelerated Learning Coaching and Educator Support	84.425U	S425U200027	3/13/20-9/30/24	74,664	(28)	16,217	(17,764)	(1,575)	
American Rescue Plan- ESSER III- Evidence Based Summer Learning and Enrichment Activities	84.425U	S425U200027	3/13/20-9/30/24	40,000	(170)	12,918	(12,867)	(119)	
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)	29,067	(27,859)	(157)	
American Rescue Plan- ESSER III- NJTSS Mental Health Staffing Support	84.425U	S425U200027	3/13/20-9/30/24	<u>45,000</u>		<u>8,541</u>	<u>(8,541)</u>		
					<u>(123,168)</u>	<u>324,760</u>	<u>(142,325)</u>	<u>(2,808)</u>	
Total U.S. Department of Education					<u>(145,859)</u>	<u>584,144</u>	<u>(451,293)</u>	<u>(13,008)</u>	
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	7/1/22-6/30/23	214,885		107,443	(214,885)	(107,442)	
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)	49,845		-	
Total U.S. Department of the Treasury					<u>(49,845)</u>	<u>157,288</u>	<u>(214,885)</u>	<u>(107,442)</u>	
Total Special Revenue Fund:					<u>(195,704)</u>	<u>741,432</u>	<u>(666,178)</u>	<u>(120,450)</u>	
Total Federal Awards					<u>\$ (195,704)</u>	<u>\$ 741,432</u>	<u>\$ (666,178)</u>	<u>\$ (120,450)</u>	

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, 2023

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2022		CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE AT JUNE 30, 2023	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	23-495-034-5120-089	\$ 969,794	7/1/22-6/30/23	\$	\$	\$ 883,831	\$ (969,794)	\$	(85,963)	\$ (969,794)
Special Education Categorical Aid	22-495-034-5120-089	783,459	7/1/21-6/30/22		(58,830)	58,830				
Security Aid	23-495-034-5120-084	77,671	7/1/22-6/30/23			70,786	(77,671)		(6,885)	(77,671)
Security Aid	22-495-034-5120-084	77,671	7/1/21-6/30/22		(5,832)	5,832				
Transportation Aid	23-495-034-5120-014	272,216	7/1/22-6/30/23			248,087	(272,216)		(24,129)	(272,216)
Transportation Aid	22-495-034-5120-014	272,216	7/1/21-6/30/22		(20,441)	20,441				
Nonpublic School Transportation	23-495-034-5120-014	22,380	7/1/22-6/30/23				(22,380)	(22,380)		(22,380)
Nonpublic School Transportation	22-495-034-5120-014	21,795	7/1/21-6/30/22	(21,795)		21,795				
Extraordinary Aid	23-495-034-5120-044	156,840	7/1/22-6/30/23				(156,840)	(156,840)		(156,840)
Extraordinary Aid	22-495-034-5120-044	122,309	7/1/21-6/30/22	(122,309)		122,309				
Lead Testing for Schools Aid	23-495-034-5120-104	3,119	7/1/22-6/30/23			3,119	(3,119)			(3,119)
T.P.A.F. Social Security Aid	23-495-034-5095-003	1,015,341	7/1/22-6/30/23			965,260	(1,015,341)	(50,081)		(1,015,341)
T.P.A.F. Social Security Aid	22-495-034-5095-003	1,009,986	7/1/21-6/30/22	(49,232)		49,232				
T.P.A.F. Pension Contributions	23-495-034-5095-002	4,950,888	7/1/22-6/30/23			4,950,888	(4,950,888)			(4,950,888)
T.P.A.F. Post Retirement Medical	23-495-034-5095-001	1,318,631	7/1/22-6/30/23			1,318,631	(1,318,631)			(1,318,631)
T.P.A.F. Non-Contributory Insurance	23-495-034-5095-004	70,329	7/1/22-6/30/23			70,329	(70,329)			(70,329)
Total General Fund:				(193,336)	(85,103)	8,789,370	(8,857,209)	(229,301)	(116,977)	(8,857,209)
Special Revenue Fund:										
NJSDA Emergent and Capital Maintenance	Various	36,002	7/1/22-6/30/23			36,002	(36,002)			(36,002)
School Climate Grant	23-E00342	6,660	4/1/23-6/30/23			5,932	(6,660)	(728)		(6,660)
Total Special Revenue Fund:				-	-	41,934	(42,662)	(728)	-	(42,662)
Debt Service Fund:										
Debt Service Aid	23-495-034-5120-075	124,070	7/1/22-6/30/23			124,070	(124,070)			(124,070)
Total Debt Service Fund:						124,070	(124,070)			(124,070)
Total State Financial Assistance				\$ (193,336)	\$ (85,103)	\$ 8,955,374	\$ (9,023,941)	\$ (230,029)	\$ (116,977)	\$ (9,023,941)
Less:										
						\$ (4,950,888)				
						(1,318,631)				
						(70,329)				
State Expenditures Subject to Single Audit						\$ (2,684,093)				

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 SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
JUNE 30, 2023

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance is presented on the budgetary basis of accounting. This basis of accounting is described in Note 1 to the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of 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 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 SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
JUNE 30, 2023

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 (\$31,874) for the general fund and \$48,317 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		\$ 8,825,335	\$ 8,825,335
Special Revenue Fund	\$ 750,497	6,660	757,157
Debt Service Fund		124,070	124,070
	<u>750,497</u>	<u>8,956,065</u>	<u>9,706,562</u>
Total Assistance	<u>\$ 750,497</u>	<u>\$ 8,956,065</u>	<u>\$ 9,706,562</u>

The federal accounts receivable presented on the budgetary basis in the schedule of federal awards includes \$10 in encumbrances and therefore differs from the GAAP basis federal accounts receivable of \$120,440.

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Post-Retirement Medical, 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, 2023. 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, 2023 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, 2023

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal Control over financial reporting:

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

Noncompliance material to basic financial statements noted? Yes X No

Federal Awards- NOT APPLICABLE, FEDERAL SINGLE AUDIT NOT REQUIRED

Internal Control over major programs:

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

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

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

Identification of major programs:

Assistance Listing Number	FAIN Numbers	Name of Federal Program or Cluster

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

Auditee qualified as low-risk auditee? Yes No

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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? X Yes 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)	Name of State Program
495-034-5095-003	T.P.A.F. Social Security Aid

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Section II - Financial Statement Findings

NONE

Section III - State Financial Assistance Findings and Questioned Costs

NONE