



**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, 2025**

**Northern Highlands Regional
High School District**

Allendale, New Jersey

Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

Prepared by

Business Office

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
JUNE 30, 2025**

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INTRODUCTORY SECTION



Northern Highlands Regional High School

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

Dr. Scot Beckerman
Superintendent of Schools

December 5, 2025

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, 2025 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, if expenditures exceed \$750,000, 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. 61, 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 2024-25 fiscal year with an average daily enrollment in-district of 1,253 students, which is a decrease of 7 students from the preceding year. In addition to the students on roll at the high school in Allendale, the District is responsible for approximately 73 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>
2024-2025	1,253	(0.56%)
2023-2024	1,260	(2.55%)
2022-2023	1,293	(1.15%)
2021-2022	1,308	(3.75%)
2020-2021	1,359	(3.34%)

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 1,295 students.

3. MAJOR INITIATIVES:

Students at Northern Highlands Regional High School continue to score above the state and national average on all standardized tests. The class of 2025 averaged well-above their peers on the Scholastic Aptitude Test (SAT) at both the state and national level. Of the 319 graduates in the class of 2025, 96% (304 students) are attending college. More specifically, 96% (302 students) are attending four-year institutions and 1% (3 students) are attending two-year institutions. Our dropout rate is non-existent. Northern Highlands offers 51 honors courses and 28 Advanced Placement courses that demonstrate student growth and high achievement. In May of 2025, 541 students sat for 1,241 AP exams in 32 subject areas. Northern Highlands students continue to achieve outstanding scores. Of the 1,241 AP exams that were given, 93% (1,156) 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 Dickinson 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, 2025.

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 GUDPA 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, 2025 and the amount and percentage of increase (decrease) in relation to the prior year.

Revenues	FY 2024-2025 Amount	Percentage of Total	Total Dollar Increase (Decrease) From 2023-2024	Percentage Increase (Decrease)
Taxes	\$ 26,666,422	59.0%	\$ 565,378	2.2%
Other Local Sources	1,787,183	4.0%	(187,829)	-9.5%
Tuition	6,577,803	14.5%	285,257	4.5%
State Sources	9,774,073	21.6%	190,998	2.0%
Federal Sources	406,039	0.9%	(200,352)	-33.0%
Totals	<u>\$ 45,211,520</u>	<u>100.0%</u>	<u>\$ 653,452</u>	<u>1.5%</u>

The following schedule presents a summary of the governmental fund expenditures for the fiscal year ended June 30, 2025 and the amount and percentage of increase (decrease) in relation to the prior year.

Expenditures	FY 2024-2025 Amount	Percentage of Total	Total Dollar Increase From 2023-2024	Percentage Increase
Current Expense	\$ 39,999,911	86.5%	\$ 993,387	2.5%
Capital Outlays	3,402,016	7.4%	(5,160,327)	-60.3%
Special Revenues	1,610,930	3.5%	(102,715)	-6.0%
Debt Service	1,192,388	2.6%	(178,150)	-13.0%
Totals	<u>\$ 46,205,245</u>	<u>100.0%</u>	<u>\$ (4,447,805)</u>	<u>-8.8%</u>

9. DEBT ADMINISTRATION:

As of June 30, 2025 the District had one (1) general obligation bond issuance outstanding. The outstanding bond issuance is the 2022 school bonds, which were issued on May 4, 2022, in the amount of \$8,827,000. As of June 30, 2025, \$6,880,000 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.

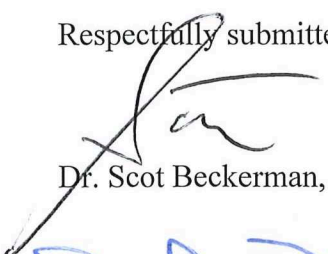
11. OTHER INFORMATION:

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,

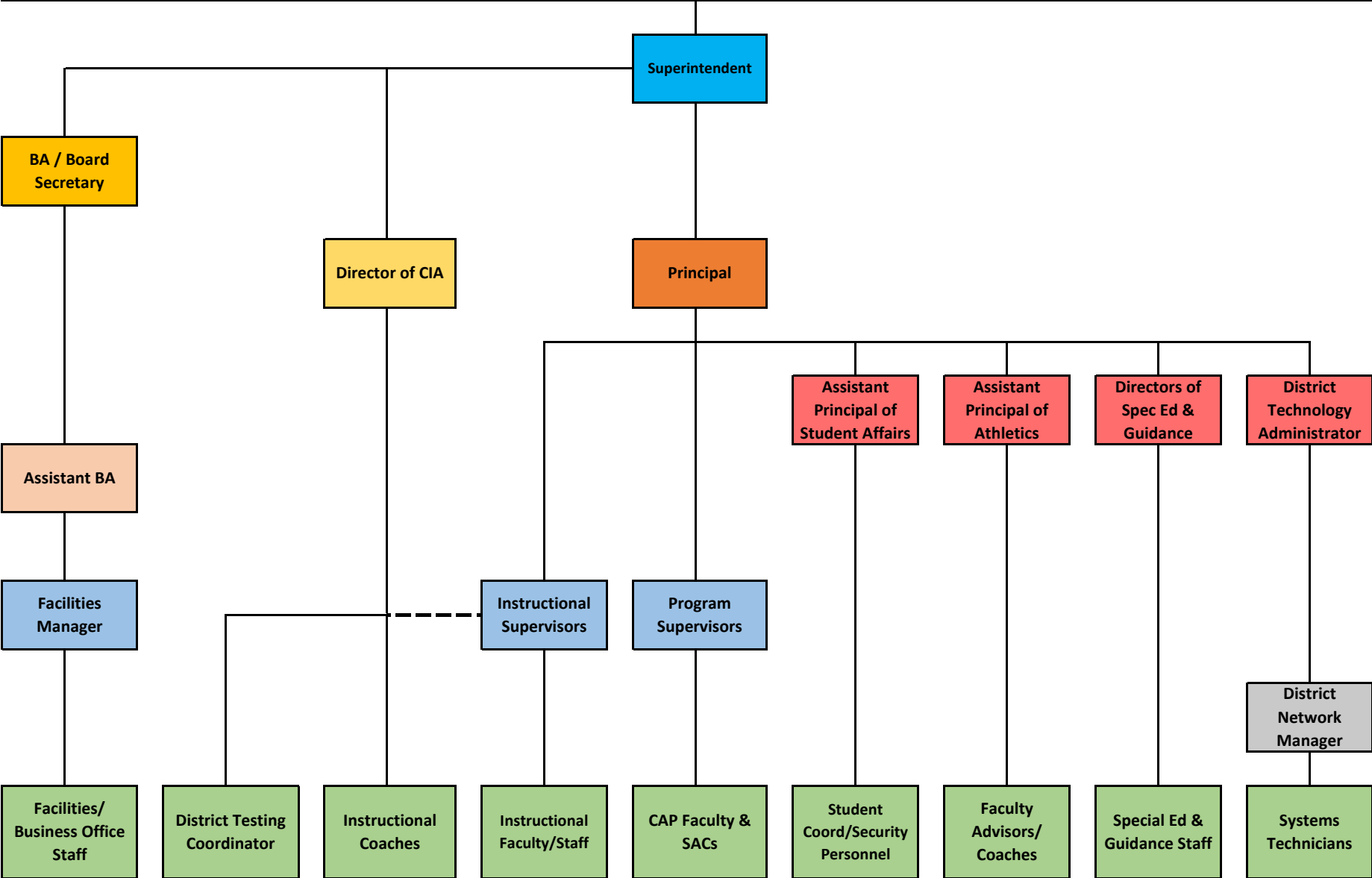


Dr. Scot Beckerman, Superintendent of Schools



Sue Anne Mather, School Business Administrator/Board Secretary

Northern Highlands Regional High School District Organizational Chart
Board of Education
June 30, 2025



Northern Highlands Regional School District Organizational Chart (BOE Approved 2/27/17, Revised 2/26/24)

[---] indicates shared oversight

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

ROSTER OF OFFICIALS

JUNE 30, 2025

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mrs. Christine Ferrarie, President	2025
Dr. Andrew Prince, Vice President	2026
Mrs. Lisa Halperin	2025
Mrs. Jennifer Lenkowsky	2027
Mrs. Maggie Liljegren	2025
Ms. Jennifer Mario	2026
Mrs. Lynn McCarthy	2027
Mrs. Rachel Milston	2026
Mr. James Mulvey	2025
Mrs. Suzanne Warzala	2027
Dr. Douglas Holden (Saddle River Liaison)	2025

Other Officials

Dr. Scot Beckerman, Superintendent of Schools
Ms. Sue Anne Mather, Board Secretary/School Business Administrator
Ms. Nancy M. Bucci, 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
51 Gibraltar Drive
Suite 3B
Morris Plains, NJ 07950

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, 2025, 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, 2025, 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.

Change in Accounting Policy

We draw attention to Note 18 in the notes to financial statements which disclose the effects of the District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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

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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.

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.

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

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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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the 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, schedule of expenditures of federal awards and the schedule of expenditures of 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, schedule of expenditures of federal awards and the schedule of expenditures of 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, 2025. 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, 2025, 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, 2025

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, 2025

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, 2025. 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 2024-2025 fiscal year include the following:

The District's Governmental Activities net position decreased by \$1,388,425 as reflected in Table 4, Changes in Net Position. The District experienced a positive increase in net position from operations of \$1,999,488, however, the District recorded a Cumulative Effect of Change in Accounting Principle totaling (\$3,387,913) in the current year from the implementation of the provisions of GASB Statement No. 101, *Compensated Absences*. The increase in net position from current year operations 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 decreased by \$12,287, as reflected in Table 4, Changes in Net Position. This loss was the result of the operating expenditures increasing at a rate higher than the increases in meal prices, as inflationary pressures have continued to cause the costs of sales and salaries to rise. 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 \$1,005,504, to \$9,047,777 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 \$8,308,833 which represents an increase of \$1,129,854 over the prior year's Fund Balance of \$7,178,979. Of this total, \$1,347,862 of excess surplus was appropriated toward the 2025-2026 budget. \$282,147 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 2026-2027 budget is \$838,097. The Unassigned General Fund Balance is reported at \$648,888. 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 \$46,205,245. Total revenues were \$45,211,520 resulting in a deficiency of revenues under expenditures of \$993,725 for the year. Governmental funds other financing sources and uses during the year consisted of a net transfer out of \$11,779 to the District's proprietary funds. As a result, the net change in governmental fund balances was (\$1,005,504) in 2024-2025.

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

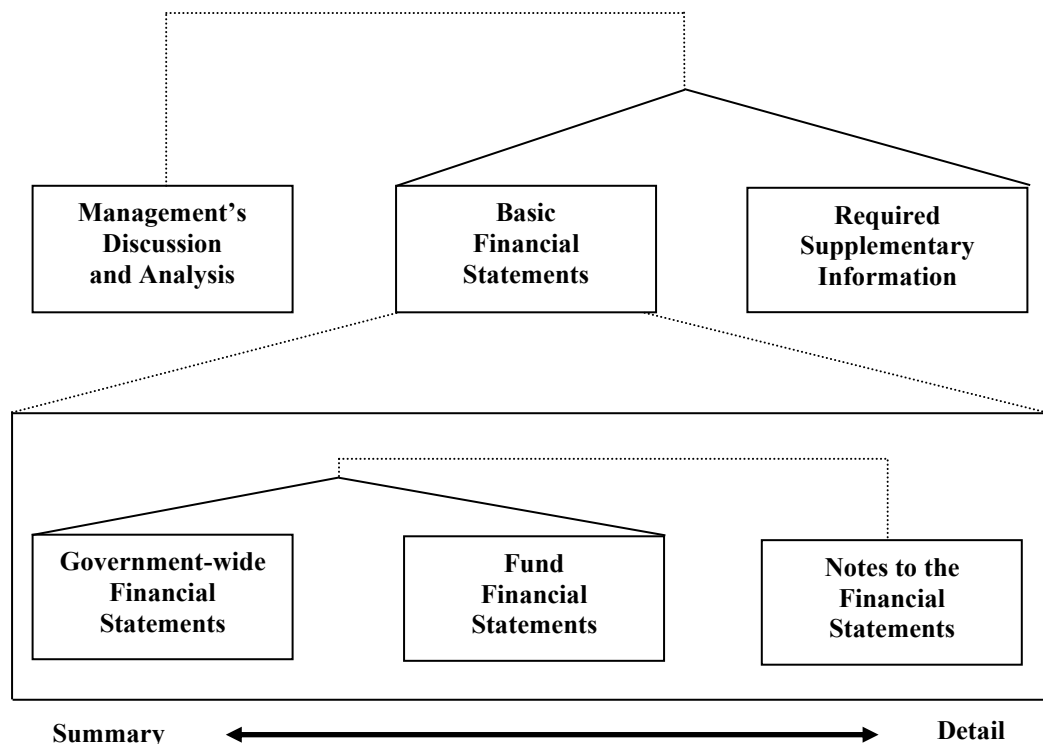


Table - 2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents 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, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- **Business-type activities:** The District charges fees to help it cover the costs of certain services it provides. The District's shared services program and food services are included here.

Fund Financial Statements

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

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

The District has two types 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 \$23,200,043 at June 30, 2025. Of this amount, a deficit amount of \$7,196,534 was reported as unrestricted net position, primarily due to GASB Statement No. 68 accounting and reporting requirements for the PERS defined benefit pension system and GASB Statement No. 101 accounting and reporting requirements for compensated absences. 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 \$617,812 at June 30, 2025. Of this amount, \$259,750 was reported as unrestricted net position, with the balance of \$358,062 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 – 4

Change in Net Position

	<u>Governmental Activities</u>		<u>Dollar</u>	<u>Percentage</u>
	<u>2024</u>	<u>2025</u>	<u>Increase</u>	<u>Increase</u>
			<u>(Decrease)</u>	<u>(Decrease)</u>
Revenues:				
Program revenue				
Charges for Services	\$ 1,036,395	\$ 1,154,090	\$ 117,695	11.36%
Operating Grants and Contributions	677,327	558,039	(119,288)	(17.61%)
General revenue				
Local tax levy	26,101,044	26,666,422	565,378	2.17%
Federal and state aid	6,165,230	5,005,205	(1,160,025)	(18.82%)
Tuition	6,292,546	6,577,803	285,257	4.53%
Miscellaneous revenues	938,618	633,093	(305,525)	(32.55%)
Total revenues	\$ 41,211,160	\$ 40,594,652	\$ (616,508)	(1.50%)
Function/program expense:				
Instruction				
Regular programs	\$ 12,227,451	\$ 12,398,733	\$ 171,282	1.40%
Special programs	1,522,402	1,521,682	(720)	(0.05%)
Other Instructional programs	1,416,420	1,516,146	99,726	7.04%
Support services				
Student services	4,791,526	4,640,663	(150,863)	(3.15%)
Tuition	2,305,227	2,259,924	(45,303)	(1.97%)
General administration and business services	567,918	1,098,755	530,837	93.47%
School administration	709,182	676,819	(32,363)	(4.56%)
Plant services	3,307,795	2,759,934	(547,861)	(16.56%)
Pupil transportation	2,315,430	2,092,450	(222,980)	(9.63%)
Unallocated benefits	8,443,148	7,605,371	(837,777)	(9.92%)
Unallocated depreciation and amortization	1,318,003	1,720,931	402,928	30.57%
Interest on long-term debt	329,955	291,977	(37,978)	(11.51%)
Total expenses	\$ 39,254,457	\$ 38,583,385	\$ (671,072)	(1.71%)
Transfers (From) or To	(10,740)	(11,779)	(1,039)	9.67%
Increase in net position	1,945,963	1,999,488	53,525	2.75%
Net Position- beginning of year, as reported	22,642,505	24,588,468	1,945,963	8.59%
Cumulative effect of change in accounting principle*		(3,387,913)	(3,387,913)	100.00%
Net Position- end of year	\$ 24,588,468	\$ 23,200,043	\$ (1,388,425)	(5.65%)

Table – 4

Change in Net Position

	<u>Business-Type Activities</u>		<u>Dollar</u>	<u>Percentage</u>
	<u>2024</u>	<u>2025</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Increase</u> <u>(Decrease)</u>
Revenues:				
Program revenue				
Charges for Services	\$ 1,276,578	\$ 1,327,052	\$ 50,474	3.95%
Total revenues	\$ 1,276,578	\$ 1,327,052	\$ 50,474	3.80%
Expenses:				
Food Service	\$ 1,274,198	\$ 1,351,118	\$ 76,920	6.04%
Total expenses	\$ 1,274,198	\$ 1,351,118	\$ 76,920	6.04%
Transfers (From) or To	10,740	11,779	1,039	9.67%
Increase (Decrease) net position	\$ 13,120	\$ (12,287)	\$ (25,407)	(193.65%)

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 \$9,047,777, which is a decrease of \$1,005,504 from the prior year. This amount includes the General Fund (increase of \$1,129,854), Special Revenue Fund (increase of \$151,199), Capital Projects Fund (decrease of \$2,286,557) and Debt Service Fund (unchanged). The primary reason for the decrease in fund balance for the current year is due to Capital Projects Fund expenditures of \$1,623,198 related to the Referendum Project. The General Fund experienced an excess of revenues over expenditures in the current year of \$528,274, as there were favorable budget variances and increases in tax levy, tuition charges, and state aid revenues from the prior year. However, the General Fund was required to transfer \$50,000 to the Special Revenue Fund to help fund costs related to operating the District's athletics programs in the student activity fund, as well as transfer \$11,779 to the Food Service Fund to fund the costs of serving meals to students who qualify for free and reduced lunches, as the District does not participate in the National School Lunch Program and is not reimbursed for these meals. These transfers to other funds were offset by \$663,359 in transfers from the Capital Projects Fund from the completion of the Referendum Project, as the General Fund's Capital Reserve was the original funding source for the project's excess funding. The net effect of the General Fund activity above produced a positive net change in fund balance of \$1,129,854 in the current year. The Special Revenue Fund experienced an excess of revenues over expenditures in the current year of \$101,199, as student activity fund receipts outpaced expenditures. There was also a \$50,000 transfer from the General Fund as mentioned above, producing a net change in fund balance of \$151,199 in the current year. The Capital Project Fund expenditures of \$1,623,198 related to the Referendum Project were not offset by any revenues in the current year, leading to a deficit of revenues over expenditures totaling \$1,623,198. However, the Referendum Project was completed in the current year and the remaining \$663,359 in unexpended funding was transferred to the General Fund as mentioned above, producing a negative net change in fund balance of \$2,286,557 in the current 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 \$8.02 million. This is due primarily to the State reimbursement/on behalf payments in the amount of \$7.58 million for TPAF pension, post retirement and social security contributions. This is always a non-budgeted item that the State (and GAAP) requires to be included in the final audited financial statements.

Actual expenditures reflect a negative variance of \$4.38 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. When these items are excluded, actual expenditures reflect a positive variance of \$3.19 million.

Exhibit C-1 provides a breakdown of the budget line items included in the District's approved 2024-25 budget and the variances in actual revenues and expenditures. Revenue realization for the 2024-25 school year was positive for governmental activities when compared to the 2023-24 school year. As shown in Table 5 (GAAP Basis), the tax needed to support the District's budget increased by 2.17% for the 2024-25 school year. The largest non-tax revenue of the District during the year was from State Sources, which amounted to \$9.77 million, 1.99% more than the preceding year. Additionally, the District realized \$78,503 and \$38,073 more on a budgetary basis than anticipated for Extraordinary Aid and Nonpublic Transportation Aid, respectively. Table – 5 compares governmental fund type revenues and expenditures for the current and prior year.

Table – 5

Governmental Fund Type Revenues and Expenditures

	<u>Year Ended June 30</u>		<u>Dollar</u>	<u>Percentage</u>
	<u>2024</u>	<u>2025</u>	<u>Increase</u>	<u>Increase</u>
			<u>(Decrease)</u>	<u>(Decrease)</u>
Revenue by Source:				
Local Tax Levy	\$ 26,101,044	\$ 26,666,422	\$ 565,378	2.17%
Tuition Charges	6,292,546	6,577,803	285,257	4.53%
Other Local Sources	1,975,012	1,787,183	(187,829)	(9.51%)
Total Local Sources	<u>34,368,602</u>	<u>35,031,408</u>	<u>662,806</u>	<u>1.93%</u>
State Sources	9,583,075	9,774,073	190,998	1.99%
Federal Sources	606,391	406,039	(200,352)	(33.04%)
Total Revenues	<u>\$ 44,558,068</u>	<u>\$ 45,211,520</u>	<u>\$ 653,452</u>	<u>1.47%</u>
Function/Program Expenditures:				
Instruction				
Regular programs	\$ 11,391,352	\$ 12,258,081	\$ 866,729	7.61%
Special programs	1,520,704	1,528,286	7,582	0.50%
Other Instructional programs	1,414,878	1,522,817	107,939	7.63%
Support services				
Student services	4,692,201	4,520,653	(171,548)	(3.66%)
Tuition	2,305,227	2,259,924	(45,303)	(1.97%)
Instructional staff support				
General administration and business services	633,919	1,102,382	468,463	73.90%
School administration	686,440	658,388	(28,052)	(4.09%)
Plant services	3,507,364	3,002,858	(504,506)	(14.38%)
Student transportation	2,232,713	2,050,929	(181,784)	(8.14%)
Unallocated benefits	12,264,435	12,554,523	290,088	2.37%
Debt Service				
Principal	1,100,000	955,000	(145,000)	(13.18%)
Interest and Other Charges	270,538	237,388	(33,150)	(12.25%)
Capital Outlay	8,633,279	3,554,016	(5,079,263)	(58.83%)
Total	<u>\$ 50,653,050</u>	<u>\$ 46,205,245</u>	<u>\$ (4,447,805)</u>	<u>(8.78%)</u>

The Cost of Governmental Funds Activities (see Table 5, above) this year was \$46.21 million or a 8.78% decrease from the preceding year. The primary drivers for this decrease were related to a reduction of capital outlay costs, which decreased by \$5,079,263 as the Referendum Project winds down, costs for plant services, which decreased by \$504,506, and student transportation costs, which decreased by \$181,784. The decrease of debt service expenditures was expected as the District did not issue any debt in the current year while continuing to pay down existing obligations. However, these decreases were offset by increased costs of employee salaries throughout the District, as well as a general increase in the costs of supplies and services. 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.

The increased costs of salaries and supplies in the current year 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 \$26.67 million of those activities through property taxes, which reflect a 2.17% increase over the prior year.

As shown above, \$9.77 million of the revenues, which support governmental activities, were received from the State of New Jersey. Of that amount \$7.58 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, 2025, the District reported \$52,919,063 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 \$3,027,220 from the prior year. Although, the net decrease to Construction in Progress is \$5,305,500 for the current year, \$7,080,698 of previously recorded Construction in Progress was completed and transferred to Land Improvements and Buildings & Building Improvements for \$1,533,123 and \$5,547,575, respectively. These transfers out were netted by \$1,775,198 increases to Construction in Progress from the Referendum Project. There were also additional increases to Land Improvements, Building and Building Improvements, and Equipment totaling \$1,260,412. The increases were netted by disposals of Equipment in the current year totaling \$486,623. Table-6 details the composition of capital assets at June 30th of the current and prior year and the net changes for the current year.

Table – 6

Governmental Activity Capital Assets at Year-End

	<u>FY 2024</u>	<u>FY 2025</u>	<u>(Decrease) Increase</u>
Land	\$ 850,560	\$ 850,560	\$ -
Construction in Progress	8,277,308	2,971,808	(5,305,500)
Land Improvements	4,379,561	6,045,154	1,665,593
Buildings and Improvements	32,438,864	38,332,202	5,893,338
Furniture, Equipment and Vehicles	3,945,550	4,719,339	773,789
Total	<u>\$ 49,891,843</u>	<u>\$ 52,919,063</u>	<u>\$ 3,027,220</u>

Long-Term Debt

At the end of this year, the District had \$6,880,000 in bonds (Type II debt) outstanding versus \$7,835,000 last year – an decrease of 12.19%. This is the result of the District retiring \$955,000 of existing bond obligations, while issuing no additional bonds. The District implemented the provisions of GASB Statement No. 101, *Compensated Absences*, in the current year. This statement establishes new recognition and measurement criteria for compensated absences, requiring governments to recognize a liability for certain types of compensated absences when the leave is earned, rather than when it is paid. As a result of the implementation of this new standard, the District recorded a Cumulative Effect of Change in Accounting Principle totaling \$3,387,913 in the current year, which increased the balance from the prior year significantly. The summary of year-end long-term debt and changes for the 2024-2025 school year is as follows:

Table – 7

Outstanding Long-Term Debt at Year-End

	<u>Governmental Activities</u>		<u>(Decrease)/ Increase</u>
	<u>2024</u>	<u>2025</u>	
School Serial Bonds Payable	\$ 7,835,000	\$ 6,880,000	\$ (955,000)
Other Long Term Debt:			
Net Pension Liability	4,218,839	4,000,519	(218,320)
Compensated Absences Payable	542,838	3,830,224	3,287,386
Financed Purchase Obligations	<u>2,590,000</u>	<u>2,356,000</u>	<u>(234,000)</u>
Total	<u>\$ 15,186,677</u>	<u>\$ 17,066,743</u>	<u>\$ 1,880,066</u>

FACTORS AFFECTING THE DISTRICT'S FUTURE

The FY 2024-2025 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 2.17%

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, \$10,302,131, including \$1,765,275 in the current year, for capital, maintenance and emergency projects without the need to issue debt instruments or increase property taxes to provide funding. At year end, the Board set aside additional funds in the amount of \$1,300,000 for its Capital, Maintenance, and Emergency reserves at June 30, 2025 for future projects. The District has \$5,104,730 in these reserves as of June 30, 2025. 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, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 7,895,077	\$ 301,243	\$ 8,196,320
Receivables, Net:	907,055	5	907,060
Inventory		7,655	7,655
Prepaid Expenses	390,158		390,158
Capital Assets, Net	31,515,835	358,062	31,873,897
Total Assets	40,708,125	666,965	41,375,090
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Related	605,834		605,834
Total Deferred Outflows of Resources	605,834	-	605,834
<u>LIABILITIES</u>			
Accounts Payable	433,882	14,276	448,158
Accrued Interest Payable	59,764		59,764
Unearned Revenue	10,188	34,877	45,065
Other Liabilities	18,982		18,982
Payroll Deductions and Withholdings Payable	65,432		65,432
Noncurrent Liabilities:			
Due Within One Year	1,124,022		1,124,022
Due Beyond One Year	11,942,202		11,942,202
Net Pension Liability	4,000,519		4,000,519
Total Liabilities	17,654,991	49,153	17,704,144
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Related	458,925		458,925
Total Deferred Inflows of Resources	458,925	-	458,925
<u>NET POSITION</u>			
Net Investment in Capital Assets	22,286,135	358,062	22,644,197
Restricted for:			
Excess Surplus	2,185,959		2,185,959
Emergency Reserve	199,815		199,815
Maintenance Reserve	553,029		553,029
Capital Reserve	4,351,886		4,351,886
Unemployment Reserve	87,109		87,109
Student Activities	696,664		696,664
Scholarships	35,980		35,980
Unrestricted (Deficit)	(7,196,534)	259,750	(6,936,784)
Total Net Position	\$ 23,200,043	\$ 617,812	\$ 23,817,855

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, 2025

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	\$ 12,398,733	\$	\$ 100,461	\$ (12,298,272)	\$	\$ (12,298,272)
Special Education	1,521,682		252,178	(1,269,504)		(1,269,504)
Other Instruction	1,516,146			(1,516,146)		(1,516,146)
Support Services:						
Tuition	2,259,924			(2,259,924)		(2,259,924)
Student & Instruction Related Services	4,640,663	1,154,090	53,400	(3,433,173)		(3,433,173)
School Administrative Services	676,819			(676,819)		(676,819)
General and Business Administrative Services	1,098,755			(1,098,755)		(1,098,755)
Plant Operations and Maintenance	2,759,934			(2,759,934)		(2,759,934)
Pupil Transportation	2,092,450			(2,092,450)		(2,092,450)
Unallocated Benefits	7,605,371			(7,605,371)		(7,605,371)
Interest on Long-Term Debt	291,977			(291,977)		(291,977)
Unallocated Depreciation and Amortization	1,720,931		152,000	(1,568,931)		(1,568,931)
Total Governmental Activities	38,583,385	1,154,090	558,039	(36,871,256)	-	(36,871,256)
Business-Type Activities:						
Food Service	1,351,118	1,327,052			(24,066)	(24,066)
Total Business-Type Activities	1,351,118	1,327,052	-	-	(24,066)	(24,066)
Total Primary Government	\$ 39,934,503	\$ 2,481,142	\$ 558,039	(36,871,256)	(24,066)	(36,895,322)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				25,661,961		25,661,961
Taxes Levied for Debt Service				1,004,461		1,004,461
Federal and State Aid not Restricted				5,005,205		5,005,205
Tuition				6,577,803		6,577,803
Investment Earnings				457,874		457,874
Miscellaneous Income				175,219		175,219
Total General Revenues				38,882,523	-	38,882,523
Transfers				(11,779)	11,779	-
Change in Net Position				1,999,488	(12,287)	1,987,201
Net Position—Beginning of Year, as Reported				24,588,468	630,099	25,218,567
Cumulative Effect of Change in Accounting Principle				(3,387,913)		(3,387,913)
Net Position—Beginning, as Restated				21,200,555	630,099	21,830,654
Net Position—End of Year				\$ 23,200,043	\$ 617,812	\$ 23,817,855

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, 2025

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 7,156,133	\$ 732,644	\$ 6,300	\$ -	\$ 7,895,077
Interfund Receivable	8,780				8,780
Receivables from Other Governments	888,087	8,968			897,055
Other Accounts Receivable		10,000			10,000
Prepaid Expenses	390,158				390,158
Total Assets	\$ 8,443,158	\$ 751,612	\$ 6,300	\$ -	\$ 9,201,070
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts Payable	\$ 49,911	\$ -	\$ -	\$ -	\$ 49,911
Interfund Payable		8,780			8,780
Unearned Revenue		10,188			10,188
Other Liabilities	18,982				18,982
Payroll Deductions and Withholdings Payable	65,432				65,432
Total Liabilities	134,325	18,968	-	-	153,293
Fund Balances:					
Restricted for:					
Excess Surplus - Current Year	838,097				838,097
Excess Surplus - Prior Year - Designated for					
Subsequent Year Expenditures	1,347,862				1,347,862
Emergency Reserve	199,815				199,815
Maintenance Reserve	553,029				553,029
Capital Reserve	2,393,116				2,393,116
Capital Reserve - Designated for					
Subsequent Year Expenditures	1,958,770				1,958,770
Capital Projects			6,300		6,300
Unemployment Reserve	87,109				87,109
Student/Athletic Activities		696,664			696,664
Scholarships		35,980			35,980
Assigned to:					
Year End Encumbrances	282,147				282,147
Unassigned:					
General Fund	648,888				648,888
Total Fund Balances	8,308,833	732,644	6,300	-	9,047,777
Total Liabilities and Fund Balances	\$ 8,443,158	\$ 751,612	\$ 6,300	\$ -	\$ 9,201,070

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, 2025

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)	\$ 9,047,777
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 \$52,919,063 and the accumulated depreciation is \$21,403,228. (Note 3)	
	31,515,835
Long-term liabilities, including Bonds Payable, Financed Purchase Obligations, and the value of compensated absences earned but unused are not due and payable in the current period and therefore are not reported as liabilities in the funds. (Note 4)	
	(13,066,224)
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.	
	(59,764)
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	4,970
Difference in Pension Experience	80,138
Change in Proportion/Proportionate Share	136,755
Pension Payment Subsequent to Measurement Date	383,971
Accounts Payable for Pension Expense	(383,971)
Net Pension Liability	(4,000,519)
Deferred Inflows of Resources:	
Change in Pension Assumptions	(45,517)
Change in Pension Proportion	(217,265)
Difference in Pension Earnings	(185,493)
Difference in Pension Experience	(10,650)
	(418,865)
Net position of governmental activities	\$ <u><u>23,200,043</u></u>

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Local Tax Levy	\$ 25,661,961	\$	\$	\$ 1,004,461	\$ 26,666,422
Tuition	6,577,803				6,577,803
Other Local Sources	633,093	1,154,090			1,787,183
State Sources	9,434,146	152,000		187,927	9,774,073
Federal Sources		406,039			406,039
Total Revenues	42,307,003	1,712,129	-	1,192,388	45,211,520
<u>EXPENDITURES</u>					
Current:					
Regular Instruction	12,157,620	100,461			12,258,081
Special Education Instruction	1,276,108	252,178			1,528,286
Other Instruction	1,522,817				1,522,817
Support Services and Undistributed Costs:					
Tuition	2,259,924				2,259,924
Student & Instruction Related Services	3,414,362	1,106,291			4,520,653
School Administrative Services	658,388				658,388
Other Administrative Services	1,102,382				1,102,382
Plant Operations and Maintenance	3,002,858				3,002,858
Pupil Transportation	2,050,929				2,050,929
Unallocated Benefits	12,554,523				12,554,523
Debt Service:					
Principal				955,000	955,000
Interest				237,388	237,388
Capital Outlay	1,778,818	152,000	1,623,198		3,554,016
Total Expenditures	41,778,729	1,610,930	1,623,198	1,192,388	46,205,245
Excess (Deficiency) of Revenues over (under) Expenditures	528,274	101,199	(1,623,198)	-	(993,725)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	663,359	50,000			713,359
Transfers out	(61,779)		(663,359)		(725,138)
Total Other Financing Sources and Uses	601,580	50,000	(663,359)	-	(11,779)
Net Change in Fund Balances	1,129,854	151,199	(2,286,557)	-	(1,005,504)
Fund Balance—Beginning	7,178,979	581,445	2,292,857	-	10,053,281
Fund Balance—Ending	\$ 8,308,833	\$ 732,644	\$ 6,300	\$ -	\$ 9,047,777

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, 2025

Total net change in fund balances - governmental funds (from B-2) \$ (1,005,504)

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	\$ (2,137,321)	
	Capital Outlays	<u>3,513,843</u>	
			1,376,522

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. 1,189,000

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. 6,659

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). 100,527

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 332,284

Change in net position of governmental activities (A-2) \$ 1,999,488

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, 2025

	BUSINESS-TYPE ACTIVITIES		
	MAJOR FUND	MAJOR FUND	TOTAL ENTERPRISE FUND
	FOOD SERVICE	SHARED SERVICES	
<u>ASSETS</u>			
Current assets:			
Cash and Cash Equivalents	\$ 301,243	\$	\$ 301,243
Accounts Receivable (Net)	5		5
Inventories	7,655		7,655
Total Current Assets	308,903	-	308,903
Noncurrent Assets:			
Furniture, Machinery & Equipment	812,364		812,364
Less Accumulated Depreciation	(454,302)		(454,302)
Total Noncurrent Assets	358,062	-	358,062
Total Assets	666,965	-	666,965
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	14,276		14,276
Unearned Revenue	34,877		34,877
Total Current Liabilities	49,153	-	49,153
<u>NET POSITION</u>			
Investment in Capital Assets	358,062		358,062
Unrestricted	259,750		259,750
Total Net Position	\$ 617,812	\$ -	\$ 617,812

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, 2025

	BUSINESS-TYPE ACTIVITIES		
	MAJOR FUND	MAJOR FUND	TOTAL ENTERPRISE FUND
	FOOD SERVICE	SHARED SERVICES	
Operating Revenues:			
Charges for Services:			
Charges and Fees	\$ 1,327,052	\$ -	\$ 1,327,052
Total Operating Revenues	<u>1,327,052</u>	<u>-</u>	<u>1,327,052</u>
Operating Expenses:			
Cost of Sales	630,222		630,222
Salaries	419,012		419,012
Employee Benefits	115,898		115,898
Insurance	38,774		38,774
Administrative Expenses	4,890		4,890
Purchased Services	4,704		4,704
Repairs & Maintenance	34,733		34,733
General Supplies	4,077		4,077
Management Fee	38,944		38,944
Depreciation	59,864		59,864
Total Operating Expenses	<u>1,351,118</u>	<u>-</u>	<u>1,351,118</u>
Operating (Loss)	<u>(24,066)</u>	<u>-</u>	<u>(24,066)</u>
Other Financing Sources:			
Transfer from General Fund	<u>11,779</u>		<u>11,779</u>
Total Other Financing Sources	<u>11,779</u>	<u>-</u>	<u>11,779</u>
Change in Net Position	(12,287)	-	(12,287)
Total Net Position—Beginning	<u>630,099</u>	<u>-</u>	<u>630,099</u>
Total Net Position—Ending	<u>\$ 617,812</u>	<u>\$ -</u>	<u>\$ 617,812</u>

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

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>BUSINESS-TYPE ACTIVITIES</u>		
	<u>MAJOR FUND</u>	<u>MAJOR FUND</u>	<u>TOTAL ENTERPRISE FUND</u>
	<u>FOOD SERVICE</u>	<u>SHARED SERVICES</u>	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from Customers	\$ 1,331,017	\$	\$ 1,331,017
Payments to Employees	(9,450)		(9,450)
Payments to Food Service Mgmt. Co.	(1,238,981)		(1,238,981)
Payments for Services	(34,733)		(34,733)
Payments to Suppliers	(4,077)		(4,077)
Payments to Participating School Districts		(17,936)	(17,936)
	<u>43,776</u>	<u>(17,936)</u>	<u>25,840</u>
<u>Net Cash Provided by (Used in) Operating Activities</u>			
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Interfund Loans		(4,630)	(4,630)
Operating Transfers In	11,779		11,779
	<u>11,779</u>	<u>(4,630)</u>	<u>7,149</u>
<u>Net Cash Provided by (Used in) Non-Capital Financing Activities</u>			
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Purchases of Capital Assets	(100,914)	-	(100,914)
	<u>(100,914)</u>	<u>-</u>	<u>(100,914)</u>
<u>Net Cash (Used in) Capital And Related Financing Activities</u>			
	(45,359)	(22,566)	(67,925)
<u>Net Decrease in Cash and Cash Equivalents</u>			
Balances—Beginning of Year	346,602	22,566	369,168
Balances—End of Year	<u>\$ 301,243</u>	<u>\$ -</u>	<u>\$ 301,243</u>
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities:			
Operating (Loss)	\$ (24,066)	\$	\$ (24,066)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities			
Depreciation	59,864		59,864
Decrease in Accounts Receivable	23		23
Decrease in Inventory	717		717
Increase in Unearned Revenue	3,942		3,942
Increase in Accounts Payable	3,296		3,296
(Decrease) in Intergovernmental Payable		(17,936)	(17,936)
	<u>67,842</u>	<u>(17,936)</u>	<u>49,906</u>
<u>Total Adjustments</u>			
Net Cash Provided by Operating Activities	<u>\$ 43,776</u>	<u>\$ (17,936)</u>	<u>\$ 25,840</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, 2025**

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 1,253 students in grades 9-12 for the 2024-2025 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, 2025**

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, 2025**

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, 2025**

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

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

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

are recorded as qualifying expenditures are incurred and all other eligibility requirements have been met, subject to availability requirements. All other revenue items are considered measurable and available only when cash is received by the District.

The District's proprietary funds 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, 2025**

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, 2025**

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 2024-2025 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, 2025 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, 2025**

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:

The liability for compensated absences represents the vacation and sick time ("leave"/"leave days") and salary related payments which have been earned for services previously rendered by employees in accordance with the District's various collective bargaining agreements, accumulates, is allowed to be carried over to subsequent year(s) and is deemed more likely than not (by management) to be used for time off or otherwise paid/settled in the future. The liability is calculated based on each employee's rate of pay and the number of unused leave days accumulated as of year-end, management's assumption that likelihood of future use (either by use during employment or settlement/payment upon separation from service) is probable, and the salary-related payments that are directly and incrementally associated with payments for the leave. The District utilizes historical data of past usage patterns to estimate the expected usage and payment of compensated absences. The liability for compensated absences is reflected in the government-wide financial statements as current and long-term liabilities. In the fund financial statements, only the compensated absences liability that has matured through employee resignation or retirement and is expected to be payable from expendable available financial resources is reported. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 101, "*Compensated Absences.*"

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, 2025**

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, 2024.

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 one item in this category; The Pension related items including the Change in Pension Proportion, the Difference in Pension Earnings, the Difference in Pension Experience and the Change in Pension Assumptions. These items represent the favorable impact of a decline in the District's proportionate share of system wide net pension liability and the favorable impact of changes in actuarial assumptions, and better-than expected investment earnings and pension experience used in the valuation of the pension liability, respectively.

O. Unearned Revenue:

Unearned revenue in the general and special revenue fund represents cash which has been received but not yet earned, and outstanding encumbrances in the special revenue fund. Unearned revenue in the other enterprise funds represents cash received in advance of the related services being provided.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

P. Other Post-Employment Benefits:

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

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

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

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

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

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

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.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

S. Fund Balance Policies (Cont'd):

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 meet 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.

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

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

U. Proprietary Fund Operating and Nonoperating Revenues and Expenses (Cont'd)

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 District adopted GASB Statement No. 100, “*Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*”. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. See Note 18.

The District adopted GASB Statement No. 101, “*Compensated Absences*”. 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. See Note 18.

The GASB issued Statement No. 102 “*Certain Risk Disclosures*” in December 2023. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management has reviewed the Statement and determined it did not have an impact on the financial statements.

The GASB issued Statement No. 103 “*Financial Reporting Model Improvements*” in April 2024. This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

The GASB issued Statement No. 104 “*Disclosure of Certain Capital Assets*” in September 2024. This objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management has not yet determined the impact of this Statement on the financial statements.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

W. Estimates

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

X. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2025 through December 5, 2025, 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, 2025 the carrying amount of the District's cash and cash equivalents was \$8,196,320.

The District had the following depository accounts. All deposits are carried at cost plus accrued interest. The government does not have a deposit policy.

Depository Account	Bank Balance
Insured - FDIC	\$ 250,000
Insured – NJGUDPA (N.J.S.A.17:9-41)	9,239,289
Uninsured	<u>75,500</u>
Total Deposits	<u>\$ 9,564,789</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).

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

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.

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	\$	52,919,063
Less: accumulated depreciation		<u>(21,403,228)</u>
Governmental Activities Capital Assets, Net	\$	<u><u>31,515,835</u></u>

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

Capital asset activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/Transfers</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 850,560	\$	\$	\$ 850,560
Construction in Progress	<u>8,277,308</u>	<u>1,775,198</u>	<u>(7,080,698)</u>	<u>2,971,808</u>
Total Capital Assets Not Being Depreciated	<u>9,127,868</u>	<u>1,775,198</u>	<u>(7,080,698)</u>	<u>3,822,368</u>
Land Improvements	4,379,561	132,470	1,533,123	6,045,154
Building and Building Improvements	32,438,864	345,763	5,547,575	38,332,202
Machinery, Equipment, Furniture & Vehicles	<u>3,945,550</u>	<u>1,260,412</u>	<u>(486,623)</u>	<u>4,719,339</u>
Totals at Historical Cost	<u>40,763,975</u>	<u>1,738,645</u>	<u>6,594,075</u>	<u>49,096,695</u>
Less Accumulated Depreciation For:				
Land Improvements	(1,902,636)	(437,939)		(2,340,575)
Building and Building Improvements	(15,194,937)	(1,282,993)		(16,477,930)
Machinery, Equipment, Furniture & Vehicles	<u>(2,654,957)</u>	<u>(416,389)</u>	<u>486,623</u>	<u>(2,584,723)</u>
Total Accumulated Depreciation	<u>(19,752,530)</u>	<u>(2,137,321)</u>	<u>486,623</u>	<u>(21,403,228)</u>
Total Capital Assets Being Depreciated (Net of Accumulated Depreciation)	<u>21,011,445</u>	<u>(398,676)</u>		<u>27,693,467</u>
Governmental Activities Capital Assets, Net	<u>\$ 30,139,313</u>	<u>\$ 1,376,522</u>	<u>\$ -</u>	<u>\$ 31,515,835</u>
Business-type Activities				
Equipment	\$ 711,450	\$ 100,914	\$	\$ 812,364
Less Accumulated Depreciation for:				
Equipment	<u>(394,438)</u>	<u>(59,864)</u>		<u>(454,302)</u>
Business-type Activities Capital Assets, Net	<u>\$ 317,012</u>	<u>\$ 41,050</u>	<u>\$ -</u>	<u>\$ 358,062</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$	156,488
Student & Instr. Related services		135,813
General Administrative Services		500
School Administrative Services		21,821
Plant Operations & Maintenance		58,529
Pupil Transportation		43,239
Unallocated		<u>1,720,931</u>
Total depreciation expense	<u>\$</u>	<u>2,137,321</u>

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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, 2025 was as follows:

	Balance Reported as of <u>July 1, 2024</u>	Cumulative Effect of Change in <u>Accounting Principle*</u>	<u>Reductions</u>	Balance <u>June 30, 2025</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$ 7,835,000	\$	\$ 955,000	\$ 6,880,000	\$ 495,000
Total Bonds Payable	<u>7,835,000</u>	<u></u>	<u>955,000</u>	<u>6,880,000</u>	<u>495,000</u>
Other Liabilities:					
Financed Purchase Obligations	2,590,000		234,000	2,356,000	246,000
Compensated Absences Payable	<u>542,838</u>	<u>3,387,913</u>	<u>100,527</u>	<u>3,830,224</u>	<u>383,022</u>
Total Other Liabilities	<u>3,132,838</u>	<u>3,387,913</u>	<u>334,527</u>	<u>6,186,224</u>	<u>629,022</u>
Subtotal Bonds and Other Liabilities	10,967,838	3,387,913	1,289,527	13,066,224	1,124,022
Net Pension Liability (PERS)	<u>4,218,839</u>	<u></u>	<u>218,320</u>	<u>4,000,519</u>	<u></u>
Total Liabilities	\$ <u>15,186,677</u>	\$ <u>3,387,913</u>	\$ <u>1,507,847</u>	\$ <u>17,066,743</u>	\$ <u>1,124,022</u>

The change in compensated absences is presented as a net change.

*See Note 18: Change in Accounting Principle and Restatement of Net Position.

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, 2025**

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.) 2022 School Bonds, originally issued May 4, 2022 in the amount of \$8,827,000. The outstanding balance of this issue at June 30, 2025 was \$6,880,000, 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, 2025 is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 495,000	\$ 214,138	\$ 709,138
2027	510,000	199,288	709,288
2028	520,000	183,988	703,988
2029	535,000	168,388	703,388
2030	550,000	152,338	702,338
2031-2035	2,975,000	497,938	3,472,938
2036-2037	1,295,000	63,375	1,358,375
	<u>\$ 6,880,000</u>	<u>\$ 1,479,450</u>	<u>\$ 8,359,450</u>

B. Bonds Authorized But Not Issued -- As of June 30, 2025, the District had no authorized but not issued bonds.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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 an Energy Savings Improvement Program in the amount of \$4,031,000. A summary of the Financed Purchase Agreement 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	<u>\$ 4,031,000</u>	<u>\$ 2,356,000</u>	2.42%	7/22/2032
Total:		<u>\$ 4,031,000</u>	<u>\$ 2,356,000</u>		

Principal and interest due on financed purchase obligations outstanding as at June 30, 2025 is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 246,000	\$ 55,505	\$ 301,505
2027	259,000	49,460	308,460
2028	272,000	43,125	315,125
2029	286,000	36,475	322,475
2030	300,000	29,451	329,451
2031-2033	<u>993,000</u>	<u>40,682</u>	<u>1,033,682</u>
	<u>\$ 2,356,000</u>	<u>\$ 254,698</u>	<u>\$ 2,610,698</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 defined benefit plan, with a special funding situation, as under current statute, all

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D.)

employer contributions 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 (PERS) was established in January 1955 and the contribution policy is set by 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 of New Jersey or any county, municipality, school Board or public agency, provided the employee is not a member of another State-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Members are classified into one of five tiers dependent upon the date of their enrollment. Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tier 1 and 2 members upon reaching the age of 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching the age of 62 and Tier 5 members upon reaching the age of 65. Early retirement benefits are available to Tier 1 and 2 members with 25 years or more of service credit before reaching age 60, Tier 3 and 4 members with 25 years or more of service credit before age 62 and Tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D.)

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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, 2025, the State of New Jersey contributed \$6,510,491 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 \$1,070,843 during the year ended June 30, 2025 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, 2025, 2024 and 2023 were \$400,620, \$389,289, and \$394,295, 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, 2024, the District reported a liability of \$4,000,519 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2023, which was rolled forward to June 30, 2024. 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

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D.)

pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the District's proportion was 0.0294414620 percent, which was an increase of .000314634 percent from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the District recognized full accrual pension expense of \$68,333 in the government-wide financial statements. At June 30, 2025, 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	\$ 4,970	\$ 45,517
Net difference between projected and actual earnings on pension plan investments		185,493
Changes in proportion	136,755	217,265
Difference between expected and actual experience	80,138	10,650
District contributions subsequent to the measurement date	383,971	
	\$ 605,834	\$ 458,925

\$383,971 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:	
2026	\$ (184,187)
2027	119,303
2028	(132,948)
2029	(40,989)
2030	1,759
	\$ (237,062)
Total	

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D.)

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. 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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2024) 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

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D.)

expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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, 2025**

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, 2024, 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	\$ 5,315,707	\$ 4,000,519	\$ 3,169,063

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, 2024 are as follows:

Deferred outflows of resources	\$ 1,079,580,780
Deferred inflows of resources	1,611,322,898
Net pension liability	13,702,423,985
District's proportion	0.0294414620%

Collective pension expense for the Local Group for the measurement period ended June 30, 2024 is \$372,160,096.

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, 2024, 2023, 2022, 2021, 2020, and 2019 is 5.08, 5.08, 5.04, 5.13, 5.16, and 5.21, respectively.

Special Funding Situation

A special funding situation exists for certain Local employers of the PERS. The State of New Jersey, a non-employer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The June 30, 2024 State special funding situation net pension liability amount of \$114.3 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The special funding situation for Chapter 133, P.L.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 5. PENSION PLAN (CONT'D.)

2001 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, 2024, 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 \$53.7 million, for the fiscal year ending June 30, 2024, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2024. 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 \$12,898.

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, 2024 was \$58,034,718. The District's proportionate share was \$0. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. 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, 2024, the State's proportionate share of the TPAF net pension liability associated with the District was 0.1174195095 percent, which was a decrease of 0.0036865235 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized on-behalf pension benefit and revenue in the government-wide financial statements of (\$211,702) for contributions incurred by the State.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D.)

Actuarial assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. 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, 2023 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, 2025**

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, 2024) 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, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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, 2025**

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, 2024 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:

	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
State's proportionate share of the net pension liability associated with the District	\$ 70,670,545	\$ 58,034,718	\$ 50,887,345

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, 2024 are as follows:

Deferred outflows of resources	\$ 1,176,934,477
Deferred inflows of resources	10,530,833,639
Net pension liability	49,425,106,602
District's proportion	0.1174195095%

Collective pension benefit of the Local Group for the plan for the measurement period ended June 30, 2024 is \$148,167,647.

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, 2024, 2023, 2022, 2021, 2020, 2019, 2018, and 2017 is 7.84, 7.93, 7.83, 7.93, 8.04, 8.29, 8.29, and 8.23, years, respectively.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 5. PENSION PLANS (CONT'D)

C: DEFINED CONTRIBUTION RETIREMENT PLAN

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

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

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

For the year ended June 30, 2025, the District's total DCRP covered payroll was \$508,516. 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, 2025 were \$15,255 and \$27,968, respectively.

NOTE 6. POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan:

The State Health Benefits Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. Accordingly, N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 or more years of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for post medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage

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>.

Employees covered by benefit terms

The following employees were covered by the benefit terms:

Local Education	June 30, 2024
Active Plan Members	219,185
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	153,556
Total Plan Members	372,741

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

Actuarial assumptions and other inputs

The total non-employer OPEB liability of \$59,650,630,530 as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024 and included in the June 30, 2024 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	TPAF/ABP	PERS
Salary Increases:	2.75% - 5.65% based on years of service	2.75% - 6.55% 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.

Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the TPAF and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. 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.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Changes in Total Non-employer OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2024:

Balance at June 30, 2023	\$	45,756,182
Increased by:		
Service cost		1,983,061
Interest cost		1,718,800
Changes of assumptions		3,906,391
Member contributions		44,947
Differences between expected and actual experience		118,488
		53,527,869
Decreased by:		
Benefit payments		1,312,676
		1,312,676
Balance at June 30, 2024	\$	52,215,193

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

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

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2024 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 (2.93%) or 1-percentage-point higher (4.93%) than the current rate:

	1% Decrease (2.93%)	At Current Discount Rate (3.93%)	1% Increase (4.93%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 61,155,174	\$ 52,215,193	\$ 45,025,593

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2024 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)	\$ 43,495,636	\$ 52,215,193	\$ 63,572,992

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

For the year ended June 30, 2024, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$2,041,727 for OPEB expenses incurred by the State. Collective balances of the Local Education Group at June 30, 2024 are as follows:

Deferred outflows of resources	\$ 18,640,445,786
Deferred inflows of resources	\$ 25,058,850,175
Collective OPEB expense	\$ 1,999,742,665
District's Proportion	0.09%

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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

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.

The District is billed quarterly for amounts due to the State. The District's ending fund balance for its Unemployment Reserve for 2025, 2024 and 2023 is \$87,109, \$82,277 and \$76,751, respectively.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 8. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2025:

Fund	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 8,780	
Special Revenue Fund		\$ 8,780
Total	<u>\$ 8,780</u>	<u>\$ 8,780</u>

The interfund payable in the Special Revenue Fund consists of \$8,780 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, 2025. All interfunds are expected to be liquidated within one year.

NOTE 9. FUND BALANCE APPROPRIATED

General Fund - Of the \$8,308,833 General Fund balance at June 30, 2025, \$282,147 is assigned for amounts encumbered at June 30, 2025, for which the contracted goods or services had not been delivered or rendered; \$1,347,862 which represents prior year excess surplus utilized in the 2025-2026 budget. Additional restricted reserves of \$4,351,886, \$553,029, \$199,815, and \$87,109 have been established by the Board of Education for Capital, Maintenance, Emergency, and Unemployment Compensation Reserves, respectively. Of the \$4,351,886 Capital Reserve balance, \$1,958,770 has been designated for expenditures in the 2025-2026 budget. Unassigned General Fund Balance was \$648,888. Lastly, \$838,097 represents current year excess surplus that must be included in the 2026-2027 budget.

Special Revenue Fund – At June 30, 2025, the Special Revenue Fund reported a fund balance of \$732,644. These amounts are restricted to funding authorized for student accounts and scholarships awarded.

Capital Projects Fund – At June 30, 2025, the Capital Projects Fund reported a fund balance of \$6,300, all of which 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, 2025, calculated on a budgetary basis pursuant to statute, is \$2,185,959, and is comprised of

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 10. CALCULATION OF EXCESS SURPLUS (CONT'D)

\$1,347,862 that was appropriated as part of the 2025-2026 school budget, and \$838,097, which represents the minimum amount of fund balance that must be appropriated as part of the 2026-2027 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 (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, 2025, after a withdrawal of \$1,765,275 for expenditures in the 2024-2025 Budget, interest earned of \$63,903, unused withdrawals returned totaling \$1,935,118, and deposits of \$1,300,000, the balance in the Capital Reserve Account was \$4,351,886. The District includes a capital reserve withdrawal in the amount of \$1,958,770 in the 2025-2026 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, 2025 is as follows:

Emergency Reserve: A balance of \$199,815 existed at June 30, 2024. During the year, the Board of Education did not approve any withdrawals from the Emergency Reserve. There were no additions made to the reserve in the current year, resulting in an ending balance at June 30, 2025 of \$199,815. 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 \$553,029 existed at June 30, 2024. There were no additions or withdrawals in the current year and the Maintenance Reserve balance remained at \$553,029 on June 30, 2025.

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

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, 2025, the Unemployment Compensation reserve balance is \$87,109.

NOTE 14. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements.

If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 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 2025 User Friendly Budget for the Borough of Allendale indicates PILOT billings for 2024 were \$197,298; whereas the amount of property taxes that otherwise may have been billed based upon the assessed valuations of these projects is calculated to be \$295,505. The Borough of Upper Saddle River reported no tax abatements granted for calendar year 2024.

NOTE 15. CONTINGENT LIABILITIES

At June 30, 2025, there was no litigation pending for which an unfavorable outcome with a material adverse impact on the net position of the District was anticipated.

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

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 15. CONTINGENT LIABILITIES (CONT'D)

and the collectability of any related receivable at June 30, 2025 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.

NOTE 16. TRANSFERS

The following presents a reconciliation of transfers during the 2025 fiscal year:

Fund	Transfers In	Transfers Out
General Fund	\$ 663,359	\$ 61,779
Special Revenue Fund	50,000	
Capital Projects Fund		663,359
Food Service Fund	<u>11,779</u>	<u> </u>
Total	<u>\$ 725,138</u>	<u>\$ 725,138</u>

During the 2024-2025 fiscal year, the transfer of \$11,779 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 \$663,359 from the Capital Projects Fund to the General Fund is for the closeout of the Referendum Project. The original funding source of the unexpended funds for the project was from the General Fund's Capital Reserve account. The transfer of \$50,000 to the Special Revenue Fund was for budgeted transfers to the District's Athletics Account to assist in funding the costs of operating the District's athletic programs.

NOTE 17. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets, Governmental Activities, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$22,286,135 indicated as part of the Governmental Activities net position is calculated as follows:

Capital assets, net of depreciation	\$ 31,515,835
Bonds payable (used to build or acquire capital assets)	(6,880,000)
Unused bond proceeds	6,300
Financed purchases payable	<u>(2,356,000)</u>
Total net investment in capital assets	<u>\$ 22,286,135</u>

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

NOTE 18. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

Effective for the year ended June 30, 2025, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences*. This statement establishes new recognition and measurement criteria for compensated absences, requiring governments to recognize a liability for certain types of compensated absences when the leave is earned, rather than when it is paid.

In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, the provisions of GASB Statement No. 101 were adopted effective July 1, 2024. As a result, the compensated absences liability was restated as of June 30, 2024, and the cumulative effect of the change of \$(3,387,913) was recognized in the 2024 governmental activities change in net position.

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's Proportion of the Net Pension Liability	0.027787%	0.028334%	0.030562%	0.030339%	0.030086%	0.029947%	0.030059%	0.031267%	0.029127%	0.029441%
District's Proportionate Share of the Net Pension Liability	\$ 6,237,685	\$ 8,391,578	\$ 7,114,388	\$ 5,973,637	\$ 5,421,112	\$ 4,883,631	\$ 3,560,941	\$ 4,718,658	\$ 4,218,839	\$ 4,000,519
District's Covered-Employee Payroll	\$ 1,989,773	\$ 2,105,101	\$ 2,131,220	\$ 2,128,261	\$ 2,179,300	\$ 2,292,428	\$ 2,298,963	\$ 2,364,212	\$ 2,325,005	\$ 2,301,526
District's Proportionate Share of the Net Pension Liability as a percentage of the Covered-Employee Payroll	313.49%	398.63%	333.82%	280.68%	248.75%	213.03%	154.89%	199.59%	181.46%	173.82%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	38.21%	31.20%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%	65.23%	68.22%

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

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,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually Required Contribution	\$ 238,896	\$ 287,566	\$ 300,132	\$ 303,021	\$ 293,828	\$ 327,609	\$ 352,026	\$ 394,295	\$ 389,289	\$ 400,620
Contribution in Relation to Contractually Required Contribution	<u>\$ (238,896)</u>	<u>\$ (287,566)</u>	<u>\$ (300,132)</u>	<u>\$ (303,021)</u>	<u>\$ (293,828)</u>	<u>\$ (327,609)</u>	<u>\$ (352,026)</u>	<u>\$ (394,295)</u>	<u>\$ (389,289)</u>	<u>\$ (400,620)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 1,989,773	\$ 2,105,101	\$ 2,131,220	\$ 2,128,261	\$ 2,179,300	\$ 2,292,428	\$ 2,298,963	\$ 2,364,212	\$ 2,325,005	\$ 2,301,526
Contributions as a percentage of Covered Employee Payroll	12.01%	13.66%	14.08%	14.24%	13.48%	14.29%	15.31%	16.68%	16.74%	17.41%

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

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,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Proportion of the Non-State Employer Group Net Pension Liability attributable to the District	0.1299872%	0.1869112%	0.1144267%	0.1159936%	0.1189423%	0.1197573%	0.1216341%	0.1191561%	0.1211060%	0.1174195%
Share of the Liability of the State of New Jersey for the Net Pension Liability of the Non-State Employer Group	\$ 69,473,929	\$ 90,962,890	\$ 77,150,635	\$ 73,792,615	\$ 72,996,028	\$ 78,858,773	\$ 58,475,810	\$ 61,477,871	\$ 61,803,642	\$ 58,034,718
District's Covered-Employee Payroll	\$ 12,838,035	\$ 12,688,907	\$ 13,122,191	\$ 13,308,192	\$ 13,249,225	\$ 13,563,209	\$ 13,978,723	\$ 14,223,428	\$ 14,636,339	\$ 14,873,576
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	541.16%	716.87%	587.94%	554.49%	550.95%	581.42%	418.32%	432.23%	422.26%	390.19%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (See Note Below)	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%	34.68%	37.99%

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

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, 2025**

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, 2024, dated June 11, 2025. 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, 2023 and remains at 7.00% as of June 30, 2024.

TPAF

Changes in benefit terms:

There were none

Changes in assumptions:

The discount rate has not changed from 7.00% as of June 30, 2023 and remains at 7.00% as of June 30, 2024.

**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	Year Ended June 30, 2024	Year Ended June 30, 2025
State's proportion of the OPEB Liability associated with the District -	0.08%	0.09%	0.09%	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	45,756,182	52,215,193
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>	<u>\$ 45,756,182</u>	<u>\$ 52,215,193</u>
Beginning Balance	\$ 48,909,665	\$ 45,383,564	\$ 39,712,038	\$ 36,697,428	\$ 59,443,192	\$ 52,101,088	\$ 44,233,490	\$ 45,756,182
Increased by:								
Service cost	2,067,846	1,710,659	1,526,971	1,641,802	2,930,576	2,501,232	2,004,612	1,983,061
Interest cost	1,438,533	1,667,784	1,574,999	1,324,463	1,351,557	1,172,236	1,611,477	1,718,800
Diff. between expected and actual exp.				9,924,761		1,448,850		118,488
Changes of assumptions			547,162	10,858,229	51,402		92,226	3,906,391
Member contributions	<u>38,707</u>	<u>36,700</u>	<u>33,393</u>	<u>31,366</u>	<u>34,553</u>	<u>37,250</u>	<u>41,296</u>	<u>44,947</u>
	3,545,086	3,415,143	3,682,525	23,780,621	4,368,088	5,159,568	3,749,611	7,771,687
Decreased by:								
Diff. between expected and actual exp.		(3,467,628)	(5,570,633)		(10,590,089)	(11,866,031)	(970,747)	
Changes of assumptions	(6,020,007)	(4,557,155)						
Changes of benefit terms					(55,455)			
Gross benefit payments	<u>(1,051,180)</u>	<u>(1,061,886)</u>	<u>(1,126,502)</u>	<u>(1,034,857)</u>	<u>(1,064,648)</u>	<u>(1,161,135)</u>	<u>(1,256,172)</u>	<u>(1,312,676)</u>
	<u>(7,071,187)</u>	<u>(9,086,669)</u>	<u>(6,697,135)</u>	<u>(1,034,857)</u>	<u>(11,710,192)</u>	<u>(13,027,166)</u>	<u>(2,226,919)</u>	<u>(1,312,676)</u>
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>	<u>\$ 45,756,182</u>	<u>\$ 52,215,193</u>
Covered by employee payroll	\$ 15,417,637	\$ 15,634,774	\$ 15,723,217	\$ 16,141,529	\$ 16,569,492	\$ 16,983,008	\$ 17,427,932	\$ 17,683,618
Total OPEB liability as a percentage of covered employee payroll.	294.36%	254.00%	233.40%	368.26%	314.44%	260.46%	262.55%	295.27%

* 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, 2025

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 2024, the discount rate changed to 3.93% from 3.65% in 2023. For pre-Medicare PPO and HMO medical benefits, the initial trend rate changed to 7.50% from 6.50%. For prescription drug benefits, the initial trend rate changed to 12.25% from 9.50%. Demographic assumptions remained unchanged and are consistent with the assumptions used in the pension plan valuations.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

SECTION - C

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 25,661,961	\$	\$ 25,661,961	\$ 25,661,961	\$
Tuition-Individuals	482,820		482,820	583,972	101,152
Tuition-LEAs	6,004,304		6,004,304	5,993,831	(10,473)
Interest Earned on Capital Reserve Funds	50,000		50,000	63,903	13,903
Interest Earned on Maintenance Reserve Funds	2,400		2,400		(2,400)
Interest Earned on Emergency Reserve Funds	60		60		(60)
Unrestricted Miscellaneous Revenue	422,000		422,000	569,190	147,190
Total - Local Sources	32,623,545	-	32,623,545	32,872,857	249,312
State Sources:					
Extraordinary Aid	125,000		125,000	203,503	78,503
Categorical Special Ed. Aid	1,011,058		1,011,058	1,011,058	
Categorical Security Aid	83,524		83,524	83,524	
Categorical Transportation Aid	471,462		471,462	471,462	
Nonpublic Transportation				38,073	38,073
Board of Public Utility Clean Fleet Program				74,500	74,500
Non-Budgeted State "On-Behalf" Revenues:					
TPAF Pension Contribution				5,036,773	5,036,773
TPAF OPEB Contribution				1,471,749	1,471,749
TPAF NCGI & LTDI Contributions				1,969	1,969
TPAF Reimbursed Employer FICA Contribution				1,070,843	1,070,843
Total - State Sources	1,691,044	-	1,691,044	9,463,454	7,772,410
Total Revenues	34,314,589	-	34,314,589	42,336,311	8,021,722

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Grades 9-12	\$ 11,053,396	\$ (16,530)	\$ 11,036,866	\$ 10,779,198	\$ 257,668
Regular Programs - Home Instr.:					
Salaries of Teachers	25,000	18,309	43,309	43,309	
Regular Programs - Undistrib. Instr.:					
Purchased Prof./Educational Services	26,456	2,920	29,376	22,935	6,441
Purchased Technical Services	161,450	(33,903)	127,547	123,047	4,500
Other Purchased Services	91,280	17,000	108,280	82,298	25,982
General Supplies	836,384	532,321	1,368,705	1,034,149	334,556
Textbooks	72,775	(1,912)	70,863	60,233	10,630
Other Objects	21,175	1,201	22,376	12,451	9,925
Total Regular Programs	<u>12,287,916</u>	<u>519,406</u>	<u>12,807,322</u>	<u>12,157,620</u>	<u>649,702</u>
	12,287,976				
Resource Room/Resource Center:					
Salaries of Teachers	<u>1,407,495</u>		<u>1,407,495</u>	<u>1,276,108</u>	<u>131,387</u>
Total Resource Room/Resource Center	<u>1,407,495</u>	<u>-</u>	<u>1,407,495</u>	<u>1,276,108</u>	<u>131,387</u>
Total Special Education	<u>1,407,495</u>	<u>-</u>	<u>1,407,495</u>	<u>1,276,108</u>	<u>131,387</u>
Basic Skills/Remedial:					
Salaries of Teachers	<u>64,602</u>		<u>64,602</u>	<u>58,794</u>	<u>5,808</u>
Total Basic Skills/Remedial	<u>64,602</u>	<u>-</u>	<u>64,602</u>	<u>58,794</u>	<u>5,808</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
School - Sponsored Cocurricular/Extracurricular Activities:					
Salaries	\$ 430,000	\$ 3,648	\$ 433,648	\$ 407,677	\$ 25,971
Purchased Services	24,000	(2,061)	21,939	18,609	3,330
Supplies and Materials	33,775	1,116	34,891	33,740	1,151
Other Objects	28,450	284	28,734	21,842	6,892
Total School - Sponsored Cocurricular Activities	<u>516,225</u>	<u>2,987</u>	<u>519,212</u>	<u>481,868</u>	<u>37,344</u>
School - Sponsored Athletics - Instruction:					
Salaries	829,022		829,022	822,523	6,499
Purchased Services	86,000		86,000	79,419	6,581
Supplies and Materials	78,500	(7,333)	71,167	62,493	8,674
Other Objects	26,000		26,000	17,720	8,280
Total School - Sponsored Athletics	<u>1,019,522</u>	<u>(7,333)</u>	<u>1,012,189</u>	<u>982,155</u>	<u>30,034</u>
Total Instruction	<u>15,295,760</u>	<u>515,060</u>	<u>15,810,820</u>	<u>14,956,545</u>	<u>854,275</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	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	\$ 348,893	\$ (4,575)	\$ 344,318	\$ 255,638	\$ 88,680
Tuition to County Vocational School Dist. - Regular	452,088	81,096	533,184	485,248	47,936
Tuition to CSSD & Regional Day Schools	142,356	(76,521)	65,835	32,135	33,700
Tuition to Private Schools for the Disabled - Within State	1,709,708	(5,076)	1,704,632	1,392,368	312,264
Tuition to Private Schools for the Disabled, Outside the State	89,459	5,076	94,535	94,535	
Total Undistrib. Expend. - Instruc.	<u>2,742,504</u>	<u>-</u>	<u>2,742,504</u>	<u>2,259,924</u>	<u>482,580</u>
Attendance and Social Work Services:					
Salaries	46,926		46,926	45,926	1,000
Total Attendance and Social Work Serv.	<u>46,926</u>	<u>-</u>	<u>46,926</u>	<u>45,926</u>	<u>1,000</u>
Health Services:					
Salaries	317,880		317,880	292,998	24,882
Purchased Profess. and Tech. Serv.	1,000	20,000	21,000	20,000	1,000
Other Purchased Services	3,000		3,000	2,108	892
Supplies and Materials	8,500	(600)	7,900	7,480	420
Supplies- Menstrual Products		5,356	5,356	5,348	8
Other Objects	1,000		1,000	775	225
Total Health Services	<u>331,380</u>	<u>24,756</u>	<u>356,136</u>	<u>328,709</u>	<u>27,427</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	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	\$ 108,502		\$ 108,502	\$ 108,502	
Purchased Profess./Educa. Services	59,800		59,800	22,708	37,092
Total Speech, OT, PT & Related Services	168,302	-	168,302	131,210	37,092
Other Support Services-Student - Extra Services					
Salaries	115,585		115,585	98,754	16,831
Purchased Profess./Educa. Services	328,104		328,104	228,344	99,760
Total Other Support Services-Student - Extra Services	443,689	-	443,689	327,098	116,591
Guidance:					
Salaries of Other Professional Staff	802,161	2,430	804,591	796,491	8,100
Salaries of Secret. & Clerical Assts.	190,053		190,053	189,476	577
Other Purchased Services	2,000		2,000	1,052	948
Supplies and Materials	11,735	(2,430)	9,305	6,426	2,879
Other Objects	4,925		4,925	3,569	1,356
Total - Guidance	1,010,874	-	1,010,874	997,014	13,860

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Undistributed Expenditures (Cont'd.):					
Child Study Teams:					
Salaries of Other Profess. Staff	\$ 765,472	\$	\$ 765,472	\$ 641,943	\$ 123,529
Salaries of Secret. & Clerical Assts.	70,801		70,801	70,801	
Purchased Profess./Educa. Services	2,200		2,200	1,217	983
Other Purchased Services	1,685	426	2,111	1,834	277
Supplies and Materials	7,750	(426)	7,324	4,198	3,126
Other Objects	2,972		2,972	1,906	1,066
Total - Child Study Teams	<u>850,880</u>	<u>-</u>	<u>850,880</u>	<u>721,899</u>	<u>128,981</u>
Improv. of Instruction Services:					
Salaries of Supervisor of Instruction	174,567	17,696	192,263	192,263	
Salaries of Other Professional Staff	134,928		134,928	133,128	1,800
Salaries of Secty. and Clerical Assts.	55,643	125	55,768	55,768	
Purch. Profess. Educ. Serv.	9,977	(6,817)	3,160	2,660	500
Other Purchased Services	2,500	(981)	1,519	298	1,221
Other Objects	2,000	590	2,590	2,590	
Total Improv. of Instruction Services	<u>379,615</u>	<u>10,613</u>	<u>390,228</u>	<u>386,707</u>	<u>3,521</u>
Educational Media Serv./School Library:					
Salaries	456,924		456,924	427,483	29,441
Purch. Profess. and Tech. Serv.	9,500		9,500	4,268	5,232
Supplies and Materials	32,839	(899)	31,940	20,821	11,119
Other Objects	350		350	338	12
Total Educa. Media Serv./School Library	<u>499,613</u>	<u>(899)</u>	<u>498,714</u>	<u>452,910</u>	<u>45,804</u>
Instructional Staff Training Services:					
Purch. Profess. Educ. Serv.	11,150	(802)	10,348	3,471	6,877
Other Purchased Services	43,948	229	44,177	19,418	24,759
Total Instr. Staff Training Serv.	<u>55,098</u>	<u>(573)</u>	<u>54,525</u>	<u>22,889</u>	<u>31,636</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	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	\$ 331,675	\$ 802	\$ 332,477	\$ 332,473	\$ 4
Legal Services	100,000	(7,731)	92,269	43,565	48,704
Audit Fees	35,000	38,929	73,929	38,929	35,000
Other Purch. Professional Services	91,453		91,453	60,004	31,449
Communications/Telephone	115,370	(300)	115,070	103,635	11,435
BOE Other Purchased Services	5,000	115	5,115	4,394	721
Misc. Purchased Services	9,800	(315)	9,485	5,436	4,049
General Supplies	2,000	(570)	1,430	984	446
Misc. Expenditures	3,634		3,634	3,634	
BOE Membership Dues and Fees	13,316	1,070	14,386	13,937	449
	<u>707,248</u>	<u>32,000</u>	<u>739,248</u>	<u>606,991</u>	<u>132,257</u>
Total Support Serv. General Administration					
Support Serv. School Administration:					
Salaries of Principals/Asst. Principals	516,557		516,557	516,557	
Salaries of Secty. and Clerical Assts.	138,394		138,394	138,394	
Other Purchased Services	3,500		3,500	422	3,078
Other Objects	4,000		4,000	3,015	985
	<u>662,451</u>	<u>-</u>	<u>662,451</u>	<u>658,388</u>	<u>4,063</u>
Total Support Serv. School Admin.					

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D.):					
Current Expense (Cont'd.):					
Central Services:					
Salaries	\$ 463,911	\$ 1,002	\$ 464,913	\$ 464,913	\$
Purch. Professional Services	9,120	350	9,470	9,470	
Purch. Technical Services	16,470	(1,773)	14,697	11,870	2,827
Other Purchased Services	3,000	552	3,552	3,551	1
Supplies and Materials	4,000	(141)	3,859	2,679	1,180
Miscellaneous Expenditures	2,900	10	2,910	2,908	2
Total Central Services	499,401	-	499,401	495,391	4,010
Required Maint. For School Facilities:					
Salaries	334,990		334,990	328,458	6,532
Cleaning, Repair & Maint. Services	149,800	20,953	170,753	169,815	938
Lead Testing of Drinking Water		1,955	1,955	1,955	
General Supplies	54,700	(2,320)	52,380	51,395	985
Total Required Maint. For School Facilities	539,490	20,588	560,078	551,623	8,455
Custodial Services:					
Salaries	697,392	(15,189)	682,203	680,357	1,846
Cleaning, Repair & Maint. Services	102,686	(26,706)	75,980	71,431	4,549
Lease Purchase Payments-ESIP	295,248		295,248	295,248	
Other Purchased Property Services	115,000	(11,580)	103,420	103,420	
Insurance	350,000	(1,760)	348,240	348,240	
General Supplies	83,500	(21,250)	62,250	55,104	7,146
Energy (Natural Gas)	150,000	44,098	194,098	187,077	7,021
Energy (Electricity)	250,000	49,495	299,495	298,729	766
Other Objects	12,365	3,170	15,535	15,450	85
Total Custodial Services	2,056,191	20,278	2,076,469	2,055,056	21,413

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	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	\$ 98,636	\$ 8,988	\$ 107,624	\$ 107,624	\$ 22,085
Cleaning, Repair & Maint. Services	132,610	13,827	146,437	124,352	22,085
General Supplies	57,350	(19,981)	37,369	32,430	4,939
Total Care & Upkeep of Grounds	288,596	2,834	291,430	264,406	27,024
Security:					
Salaries	96,396		96,396	82,575	13,821
Purch. Professional & Technical Serv.	60,800	(6,065)	54,735	46,216	8,519
General Supplies	15,000	(4,997)	10,003	1,708	8,295
Other Objects	1,500		1,500	1,274	226
Total Security	173,696	(11,062)	162,634	131,773	30,861
Total Operation & Maint. Of Plant Services	3,057,973	32,638	3,090,611	3,002,858	87,753
Student Transportation Services:					
Salaries for Pupil Transportation (Other Than Between Home & School)	297,322	34,667	331,989	331,989	
Cleaning, Repair & Maint. Services	39,500	2,176	41,676	23,987	17,689
Contracted Services - Aid in Lieu of Payments - Non-Pub Sch.	100,000	(22,477)	77,523	68,855	8,668
Contracted Services (Between Home & School) - Vendors	65,000	1,250	66,250	66,125	125
Contracted Services (Other Than Between Home & School) - Vendors	55,000	3,674	58,674	33,659	25,015
Contracted Services (Regular Students) - ESCs & CTSA	810,850		810,850	799,892	10,958
Contracted Services (Special Ed. Students) - ESCs & CTSA	828,700	(81,000)	747,700	707,209	40,491

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	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	\$ 168	\$ 668	\$ 668	\$ 5,682
Transportation Supplies	17,000		17,000	11,318	
Other Objects	8,450		8,450	7,227	1,223
Total Student Transportation Services	2,222,322	(61,542)	2,160,780	2,050,929	109,851
Unallocated Employee Benefits:					
Social Security Contributions	360,000		360,000	347,593	12,407
Other Retirement Contributions-PERS	445,877		445,877	421,488	24,389
Unemployment Compensation	500		500	444	56
Workmen's Compensation	90,000		90,000	68,276	21,724
Health Benefits	4,349,933	(21,042)	4,328,891	3,938,733	390,158
Tuition Reimbursements	44,000	8,776	52,776	52,776	
Other Employee Benefits	55,056	25,057	80,113	80,113	
Unused Sick Payments to Terminated/Retired Staff	150,000	(46,067)	103,933	63,766	40,167
Total Unallocated Employee Benefits	5,495,366	(33,276)	5,462,090	4,973,189	488,901
On-behalf TPAF Pension Contrib. (non-budgeted)				5,036,773	(5,036,773)
On-behalf TPAF OPEB Contrib. (non-budgeted)				1,471,749	(1,471,749)
On-behalf TPAF NCGI Contrib. (non-budgeted)				1,969	(1,969)
On-behalf TPAF Employer FICA Contrib. (non-budgeted)				1,070,843	(1,070,843)
Total On-behalf Contributions	-	-	-	7,581,334	(7,581,334)
Total Personal Services - Employee Benefits	5,495,366	(33,276)	5,462,090	12,554,523	(7,092,433)

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Undistributed Expenditures	\$ 19,173,642	\$ 3,717	\$ 19,177,359	\$ 25,043,366	\$ (5,866,007)
Total Expenditures - Current Expense	34,469,402	518,777	34,988,179	39,999,911	(5,011,732)
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	732,500	(525,749)	206,751	188,634	18,117
Athletic Equipment		7,333	7,333	7,333	
Undistributed Expenditures:					
School Buses- Regular	220,000		220,000		220,000
Custodial Services	15,000		15,000	5,712	9,288
Care and Upkeep of Grounds		19,100	19,100	19,100	
Required Maint. For School Fac.		44,353	44,353	44,353	
Total Equipment	967,500	(454,963)	512,537	265,132	247,405
Facilities Acquis. & Constr. Services:					
Construction Services	1,765,275	98,500	1,863,775	1,487,866	375,909
Assessment for Debt Service-SDA Funding	25,820		25,820	25,820	
Total Facil. Acquis. & Constr. Services	1,791,095	98,500	1,889,595	1,513,686	375,909
Total Capital Outlay	2,758,595	(356,463)	2,402,132	1,778,818	623,314
Total Expenditures	37,227,997	162,314	37,390,311	41,778,729	(4,388,418)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(2,913,408)	(162,314)	(3,075,722)	557,582	3,633,304

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources (Uses)					
Operating Transfers In/(Out):					
Transfer to Special Revenue Fund (Athletic Funds)	\$ (50,000)	\$	\$ (50,000)	\$ (50,000)	\$
Transfer to Cover Deficit - Enterprise Fund	(12,000)	(500)	(12,500)	(11,779)	721
Transfer from Capital Projects Fund				663,359	663,359
Total Other Financing Sources (Uses)	(62,000)	(500)	(62,500)	601,580	664,080
(Deficiency) Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Uses	(2,975,408)	(162,814)	(3,138,222)	1,159,162	4,297,384
Fund Balances, July 1	7,301,308		7,301,308	7,301,308	
Fund Balances, June 30	\$ 4,325,900	\$ (162,814)	\$ 4,163,086	\$ 8,460,470	\$ 4,297,384
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted general fund balance	\$ (1,262,593)	\$	\$ (1,262,593)	\$ 3,087,251	\$ 4,349,844
Budgeted withdrawal from capital reserve	(1,765,275)		(1,765,275)	(1,765,275)	
Interest Earned on Maintenance Reserve	2,400		2,400		(2,400)
Interest Earned on Emergency Reserve	60		60		(60)
Interest Earned on Capital Reserve	50,000		50,000		(50,000)
Adjustment for prior year encumbrances, net		(162,814)	(162,814)	(162,814)	
Total	\$ (2,975,408)	\$ (162,814)	\$ (3,138,222)	\$ 1,159,162	\$ 4,297,384
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year Expenditures				\$ 1,347,862	
Excess Surplus - Current Year				838,097	
Emergency Reserve				199,815	
Maintenance Reserve				553,029	
Capital Reserve				2,393,116	
Capital Reserve - Designated for Subsequent Year Expenditures				1,958,770	
Unemployment Reserve				87,109	
Assigned Fund Balance:					
Year-End Encumbrances				282,147	
Unassigned Fund Balance				800,525	
				8,460,470	
Reconciliation to Governmental Funds Statements (GAAP):					
Remaining State Aid Payments not recognized as Revenue on GAAP basis				(151,637)	
Fund Balance per Governmental Funds (GAAP)				\$ 8,308,833	

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

BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2025

	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local Sources					
Revenues from Local Sources	\$ 900,000	\$ 134,025	\$ 1,034,025	\$ 1,154,090	\$ 120,065
Total Local Revenues	900,000	134,025	1,034,025	1,154,090	120,065
State Sources					
Local Recreation Improvement - Reflection Garden		85,000	85,000	85,000	
Local Recreation Improvement - Infield Improvements		67,000	67,000	67,000	
Total State Revenues	-	152,000	152,000	152,000	-
Federal Sources					
Title I	55,131	(19,418)	35,713	35,333	(380)
Title II, Part A		10,426	10,426	10,407	(19)
Title IV		10,000	10,000	8,437	(1,563)
IDEA Part B	261,306	(9,128)	252,178	252,178	
ARP-ESSER III		20,633	20,633	20,633	
ESSER- Accelerated Learning		31,857	31,857	30,203	(1,654)
ESSER- Summer Learning and Enrichment		14,988	14,988	13,349	(1,639)
ESSER- Beyond the School Day		6,857	6,857	6,699	(158)
ESSER- Mental Health		27,482	27,482	27,482	
Total Federal Revenues	316,437	93,697	410,134	404,721	(5,413)
Total Revenues	1,216,437	379,722	1,596,159	1,710,811	114,652
EXPENDITURES:					
Instruction					
Salaries of Teachers	31,675	(20,465)	11,210	11,209	1
Other Purchased Services (400-500 series)	261,306	(5,046)	256,260	256,260	
General Supplies	13,508	72,406	85,914	83,734	2,180
Total Instruction	306,489	46,895	353,384	351,203	2,181
Support Services					
Salaries of Other Professional Staff	7,325	37,564	44,889	43,164	1,725
Personal Services - Employee Benefits	2,423	4,004	6,427	5,308	1,119
Purchased Professional and Technical Services		1,500	1,500	1,500	
Other Purchased Services (400-500 series)		2,996	2,996	2,632	364
General Supplies	200	738	938	914	24
Scholarships Awarded		34,903	34,903	3,769	31,134
Student/Athletic Activities	900,000	149,122	1,049,122	1,049,122	
Total Support Services	909,948	230,827	1,140,775	1,106,409	34,366
Facilities Acquisition and Construction Services:					
Construction Service		152,000	152,000	152,000	
Total Facilities Acquisition and Construction Services	-	152,000	152,000	152,000	-
Total Expenditures	1,216,437	429,722	1,646,159	1,609,612	36,547
Other Financing Sources (Uses)					
Transfer In from General Fund to Cover Deficit		50,000	50,000	50,000	
Total Other Financing Sources (Uses)	-	50,000	50,000	50,000	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ 151,199	\$ 151,199
Fund Balance, July 1				581,445	
Fund Balance, June 30				\$ 732,644	
Recapitulation:					
Restricted					
Scholarships				\$ 35,980	
Student Activities				696,664	
Total Fund Balance				\$ 732,644	

**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, 2025

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

	<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources:			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 42,336,311	(C-2) \$	1,710,811
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)			1,318
State aid payment recognized for budgetary purposes, not recognized for GAAP statements (Net)	<u>(29,308)</u>		
Total revenues as reported on the statement of revenues, expenditures and change in fund balances - governmental funds	(B-2) \$ <u>42,307,003</u>	(B-2) \$	<u>1,712,129</u>
Other Financing Sources/(Uses):			
Actual amounts (budgetary basis) "other financing sources" (uses) from the budgetary comparison schedule	(C-1) \$ <u>601,580</u>	(C-2) \$	<u>50,000</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds	(B-2) \$ <u>601,580</u>	(B-2) \$	<u>50,000</u>
Uses/outflows of resources:			
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedule	(C-1) \$ 41,778,729	(C-2) \$	1,609,612
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.			1,318
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) \$ <u>41,778,729</u>	(B-2) \$	<u>1,610,930</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, 2025

	I.D.E.A. PART B BASIC 2024-25	TITLE I 2024-25	TITLE II 2024-25	TITLE IV 2024-25	American Rescue Plan ESSER III 2024-25	ESSER Learning Acceleration 2024-25	ESSER Summer Learning 2024-25	ESSER Beyond the School Day 2024-25	ESSER Mental Health 2024-25	Local Recreational Improvement Grant Reflection Garden 2024-25	Local Recreational Improvement Grant Infield Improvements 2024-25	Scholarship Funds 2024-25	Student Activity Funds 2024-25	TOTALS 2024-25
REVENUES														
Local Sources	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
State Sources										85,000	67,000	7,808	1,146,282	1,154,090
Federal Sources	252,178	35,333	10,407	8,437	20,633	30,203	13,349	6,699	27,482					152,000
Total Revenues	252,178	35,333	10,407	8,437	20,633	30,203	13,349	6,699	27,482	85,000	67,000	7,808	1,146,282	1,710,811
EXPENDITURES														
Instruction:														
Salaries of Teachers							11,209							11,209
Other Purch. Services (400-500 series)	252,178				4,082									256,260
General Supplies		27,813			16,551	18,422	397	6,534	14,017					83,734
Total Instruction	252,178	27,813	-	-	20,633	18,422	11,606	6,534	14,017	-	-	-	-	351,203
Support Services:														
Salaries of Other Prof. Staff		7,325	9,000	8,299		7,425			11,115					43,164
Personal Services - Empl. Benefits			688	138		1,724	1,743	165	850					5,308
Purch. Professional and Technical Services									1,500					1,500
Other Purch. Services (400-500 series)						2,632								2,632
Supplies and Materials		195	719											914
Scholarships Awarded												3,769		3,769
Student/Athletic Activities													1,049,122	1,049,122
Total Support Services	-	7,520	10,407	8,437	-	11,781	1,743	165	13,465	-	-	3,769	1,049,122	1,106,409
Facilities Acquis. & Const. Serv.:														
Construction Services										85,000	67,000			152,000
Total Facil. Acquis. & Const. Serv.	-	-	-	-	-	-	-	-	-	85,000	67,000	-	-	152,000
Total Expenditures	252,178	35,333	10,407	8,437	20,633	30,203	13,349	6,699	27,482	85,000	67,000	3,769	1,049,122	1,609,612
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-	-	4,039	97,160	101,199
Other Financing Sources														
Transfer from General Fund to Cover Deficit													50,000	50,000
Total Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	50,000	50,000
Net Change in Fund Balance	-	-	-	-	-	-	-	-	-	-	-	4,039	147,160	151,199
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-	31,941	549,504	581,445
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,980	\$ 696,664	\$ 732,644

CAPITAL PROJECTS FUND

SECTION – F

NORTHERN HIGHLANDS REGIONAL SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2025

<u>ISSUE/PROJECT TITLE</u>	<u>APPROVAL DATE</u>	<u>APPROPRIATION</u>	<u>EXPENDITURES</u>		<u>TRANSFERS (OUT)</u>	<u>UNEXPENDED BALANCE</u>
			<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>		
Referendum Project	3/8/2022	\$ 10,615,050	\$ 8,322,193	\$ 1,623,198	\$ (663,359)	\$ 6,300
		<u>\$ 10,615,050</u>	<u>\$ 8,322,193</u>	<u>\$ 1,623,198</u>	<u>\$ (663,359)</u>	<u>\$ 6,300</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, 2025

Expenditures:	
Purchased Professional and Technical Services	\$ 64,809
Construction Services	<u>1,558,389</u>
Total Expenditures	<u>1,623,198</u>
 (Deficiency) of Revenues (Under) Expenditures	 <u>(1,623,198)</u>
Other Financing (Uses):	
Transfers Out to Capital Reserve	<u>(663,359)</u>
Total Other Financing (Uses)	<u>(663,359)</u>
Net Change in Fund Balance	(2,286,557)
Fund Balance - Beginning	<u>2,292,857</u>
Fund Balance - Ending	<u><u>\$ 6,300</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, 2025

	<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
Transfer from Capital Reserve	1,500,000		1,500,000	1,500,000
Transfer from Capital Outlay	288,050		288,050	288,050
Total Revenues & Other Financing Sources	10,615,050	-	10,615,050	10,615,050
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	622,260	64,809	687,069	
Construction Services	7,699,933	1,558,389	9,258,322	
Transfer to Capital Reserve		663,359	663,359	
Total Expenditures	8,322,193	2,286,557	10,608,750	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,292,857	\$ (2,286,557)	\$ 6,300	\$ 10,615,050

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
Adjustment to Authorized Cost	\$ 1,788,050
Revised Authorized Cost	\$ 10,615,050
Percentage Increase over Original Authorized Cost	20.26%
Percentage completion	99.94%
Original target completion date	August 31, 2025

LONG-TERM DEBT

SECTION – I

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
JUNE 30, 2025

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2024	RETIRED	BALANCE JUNE 30, 2025
			DATE	AMOUNT				
School Bonds, Series 2013	12/10/2013	\$ 2,760,000				\$ 360,000	\$ 360,000	\$ -
School Bonds, Series 2022	5/4/2022	8,827,000	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>7,475,000</u>	<u>595,000</u>	<u>6,880,000</u>
						<u>\$ 7,835,000</u>	<u>\$ 955,000</u>	<u>\$ 6,880,000</u>

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF FINANCED PURCHASE OBLIGATIONS
JUNE 30, 2025

PURPOSE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE	RETIRE	BALANCE
			DATE	AMOUNT		JUNE 30, 2024		JUNE 30, 2025
Energy Savings Improvement Program (ESIP)	12/22/2016	\$ 4,031,000	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%	\$ 2,590,000	\$ 234,000	\$ 2,356,000
			\$ 2,590,000	\$ 234,000	\$ 2,356,000			

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,004,461	\$ -	\$ 1,004,461	\$ 1,004,461	\$ -
Total Local Sources:	1,004,461	-	1,004,461	1,004,461	-
State Aid - Debt Service	187,927	-	187,927	187,927	-
Total - State Sources	187,927	-	187,927	187,927	-
Total Revenues	1,192,388	-	1,192,388	1,192,388	-
EXPENDITURES:					
Regular Debt Service:					
Redemption of Bond Principal	955,000	-	955,000	955,000	-
Bond Interest	237,388	-	237,388	237,388	-
Total Expenditures	1,192,388	-	1,192,388	1,192,388	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance - Beginning	-	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -

STATISTICAL SECTION

SECTION – J

Financial Trends

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

	Fiscal Year Ending June 30,									
	2025	2024	2023	2022	2021	2020 (Restated)	2019	2018	2017	2016
Governmental activities										
Net investment in capital assets	\$ 22,286,135	\$ 22,007,170	\$ 19,467,179	\$ 18,931,038	\$ 16,754,495	\$ 14,766,702	\$ 13,590,504	\$ 9,967,207	\$ 8,956,894	\$ 8,241,669
Restricted	8,110,442	6,845,161	8,051,320	6,268,498	5,748,750	6,098,553	4,291,375	6,031,608	7,104,851	4,225,527
Unrestricted	(7,196,534)	(4,263,863)	(4,875,994)	(4,174,794)	(4,754,958)	(6,349,474)	(6,078,598)	(6,055,847)	(6,422,279)	(5,531,838)
Total governmental activities net position/net assets	\$ 23,200,043	\$ 24,588,468	\$ 22,642,505	\$ 21,024,742	\$ 17,748,287	\$ 14,515,781	\$ 11,803,281	\$ 9,942,968	\$ 9,639,466	\$ 6,935,359
Business-type activities										
Investment in capital assets	\$ 358,062	\$ 317,012	\$ 311,245	\$ 323,449	\$ 375,173	\$ 389,869	\$ 255,001	\$ 232,078	\$ 198,488	\$ 215,405
Unrestricted	259,750	313,087	305,734	256,543	129,060	204,205	312,759	194,878	154,756	71,767
Total business-type activities net position/net assets	\$ 617,812	\$ 630,099	\$ 616,979	\$ 579,992	\$ 504,233	\$ 594,074	\$ 567,760	\$ 426,956	\$ 353,243	\$ 287,172
District-wide										
Net investment in capital assets	\$ 22,644,197	\$ 22,324,182	\$ 19,778,424	\$ 19,254,487	\$ 17,129,668	\$ 15,156,571	\$ 13,845,505	\$ 10,199,285	\$ 9,155,382	\$ 8,457,075
Restricted	8,110,442	6,845,161	8,051,320	6,268,498	5,748,750	6,098,553	4,291,375	6,031,608	7,104,851	4,225,527
Unrestricted	(6,936,784)	(3,950,776)	(4,570,260)	(3,918,251)	(4,625,898)	(6,145,269)	(5,765,839)	(5,860,969)	(6,267,524)	(5,460,071)
Total district net position/net assets	\$ 23,817,855	\$ 25,218,567	\$ 23,259,484	\$ 21,604,734	\$ 18,252,520	\$ 15,109,855	\$ 12,371,041	\$ 10,369,924	\$ 9,992,709	\$ 7,222,531

Source: ACFR Schedule A-1 and District records.

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.

Note: The increase in the governmental activities unrestricted deficit in 2025 is the result of the implementation of GASB Statement No. 101. The 2024 fiscal year column was not restated as a result of the implementation.

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 12,398,733	\$ 12,227,451	\$ 12,522,903	\$ 11,542,077	\$ 11,031,628	\$ 11,066,276	\$ 10,777,851	\$ 10,791,398	\$ 10,254,647	\$ 10,337,685
Special Education	1,521,682	1,522,402	1,457,935	1,416,817	1,289,379	1,297,529	1,292,447	1,283,361	1,148,455	1,131,261
Other Instruction	1,516,146	1,416,420	1,363,118	1,382,676	1,219,569	1,398,687	1,421,873	1,284,903	1,276,370	1,223,796
Support Services:										
Tuition	2,259,924	2,305,227	2,149,379	1,877,012	1,757,057	1,818,857	2,540,260	2,209,640	2,761,568	2,659,553
Student & Instruction Related Services	4,640,663	4,791,526	4,445,511	4,109,932	3,885,946	3,239,185	3,099,235	3,008,920	3,121,650	2,978,812
School Administrative Services	676,819	709,182	742,637	696,787	1,056,733	734,307	715,612	705,074	706,776	675,792
General and Business Administrative Services	1,098,755	567,918	562,012	893,971	579,185	975,681	1,052,613	915,361	1,170,843	1,210,130
Plant Operations and Maintenance	2,759,934	3,307,795	3,039,062	2,998,298	2,567,027	2,479,681	1,909,415	2,476,045	2,706,519	2,832,653
Pupil Transportation	2,092,450	2,315,430	2,031,495	1,426,806	1,097,459	1,288,232	1,385,248	1,163,155	1,057,504	969,528
Unallocated Benefits	7,605,371	8,443,148	8,048,446	8,720,754	12,786,504	10,287,339	10,380,057	7,797,649	7,265,608	6,366,911
Interest on Long-Term Debt	291,977	329,955	362,957	191,637	207,920	274,289	318,572	334,784	336,695	275,814
Unallocated Depreciation and Amortization	1,720,931	1,318,003	1,327,864	1,307,774	1,075,428	1,004,790	1,065,157	788,675	765,916	630,461
Total Governmental Activities Expenses	<u>38,583,385</u>	<u>39,254,457</u>	<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>
Business-Type Activities:										
Food Service	1,351,118	1,274,198	1,207,759	1,028,046	107,113	776,437	914,751	849,933	800,683	789,417
Shared Services				103,178	115,808	103,775	241,162	246,495	241,272	231,182
Total Business-Type Activities Expense	<u>1,351,118</u>	<u>1,274,198</u>	<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>
Total District Expenses	<u>\$ 39,934,503</u>	<u>\$ 40,528,655</u>	<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>
Program Revenues										
Governmental Activities:										
Charges for Services:										
Student & Instruction Related Services	\$ 1,154,090	\$ 1,036,395	\$ 964,289	\$ 902,527	\$ 596,127					
Operating Grants and Contributions	558,039	677,327	757,157	740,306	420,772	\$ 7,739,861	\$ 7,980,137	\$ 5,269,373	\$ 4,682,274	\$ 3,840,384
Capital Grants and Contributions										333,758
Total Governmental Activities Program Revenues	<u>1,712,129</u>	<u>1,713,722</u>	<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>
Business-Type Activities:										
Charges for Services										
Food Service	1,327,052	1,276,578	1,235,344	1,100,208	12,018	776,866	1,048,598	919,361	863,118	800,667
Shared Services				115,993	115,808	103,775	241,186	246,495	241,271	231,182
Total Business-Type Activities Program Revenues	<u>1,327,052</u>	<u>1,276,578</u>	<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>
Total District Program Revenues	<u>\$ 3,039,181</u>	<u>\$ 2,990,300</u>	<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>
Net (Expense)/Revenue										
Governmental Activities	\$ (36,871,256)	\$ (37,540,735)	\$ (36,331,873)	\$ (34,921,708)	\$ (37,536,936)	\$ (28,124,992)	\$ (27,978,203)	\$ (27,489,591)	\$ (27,890,276)	\$ (27,118,256)
Business-Type Activities	(24,066)	2,380	27,585	84,977	(95,095)	429	133,872	69,428	62,435	11,250
Total District-Wide Net Expense	<u>\$ (36,895,322)</u>	<u>\$ (37,538,355)</u>	<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>

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, net	\$ 25,661,961	\$ 24,999,507	\$ 24,104,816	\$ 23,545,802	\$ 22,942,968	\$ 22,395,067	\$ 21,955,948	\$ 21,525,439	\$ 21,103,372	\$ 20,547,424
Taxes Levied for Debt Service	1,004,461	1,101,537	1,092,316	1,436,671	1,433,137	1,428,668	1,427,408	1,399,948	1,403,976	1,393,214
Federal and State Aid not Restricted	5,005,205	6,165,230	5,987,607	7,167,680	10,517,659	204,987	378,124	214,645	107,123	550,097
Tuition	6,577,803	6,292,546	6,158,051	5,963,359	5,862,263	5,956,990	5,733,507	5,610,028	5,363,708	5,011,924
Investment Earnings	457,874	821,319	518,922	11,035	3,086	117,177	165,414	29,955	29,955	
Miscellaneous Income	175,219	117,299	97,326	77,212	14,225	174,357	185,047	394,197	162,917	178,562
Other Restricted Miscellaneous Income					94					
Transfers	(11,779)	(10,740)	(9,402)	(3,596)	(3,990)	(10,886)	(6,931)	(4,285)	(2,901)	(2,001)
Total Governmental Activities	38,870,744	39,486,698	37,949,636	38,198,163	40,769,442	30,266,360	29,838,516	29,169,926	28,168,149	27,679,219
Business-Type Activities:										
Investment Earnings										
Transfers	11,779	10,740	9,402	3,596	3,990	10,886	6,931	4,285	3,636	2,001
Other Financing (Uses)				(12,814)						
Miscellaneous Income					1,264	15,000				
Total Business-Type Activities	11,779	10,740	9,402	(9,218)	5,254	25,886	6,931	4,285	3,636	2,001
Total Government-Wide	\$ 38,882,523	\$ 39,497,438	\$ 37,959,038	\$ 38,188,945	\$ 40,774,696	\$ 30,292,246	\$ 29,845,448	\$ 29,174,211	\$ 28,171,785	\$ 27,681,221
Change in Net Position/Net Assets										
Governmental Activities	\$ 1,999,488	\$ 1,945,963	\$ 1,617,763	\$ 3,276,455	\$ 3,232,506	\$ 2,141,368	\$ 1,860,314	\$ 1,680,335	\$ 277,873	\$ 560,963
Business-Type Activities	(12,287)	13,120	36,987	75,759	(89,841)	26,315	140,803	73,713	66,071	13,252
Total District	\$ 1,987,201	\$ 1,959,083	\$ 1,654,750	\$ 3,352,214	\$ 3,142,665	\$ 2,167,683	\$ 2,001,117	\$ 1,754,049	\$ 343,944	\$ 574,215

Source: ACFR Schedule A-2 and District records.

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

	Fiscal Year Ending June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund						(Restated)				
Restricted/Committed/Assigned	\$ 7,659,945	\$ 6,426,530	\$ 7,630,682	\$ 6,593,449	\$ 6,087,091	\$ 5,792,325	\$ 4,508,323	\$ 4,614,840	\$ 4,116,977	\$ 4,317,502
Unreserved/Unassigned	648,888	752,449	600,035	1,207,766	1,350,277	633,834	577,836	541,366	548,839	221,602
Total General Fund	\$ 8,308,833	\$ 7,178,979	\$ 8,230,717	\$ 7,801,215	\$ 7,437,368	\$ 6,426,159	\$ 5,086,159	\$ 5,156,207	\$ 4,665,816	\$ 4,539,104
All Other Governmental Funds										
Restricted/Committed/Assigned										
Capital Projects Fund	\$ 6,300	\$ 2,292,857	\$ 7,346,918	\$ 8,827,000			\$ 546,169	\$ 1,834,944	\$ 2,967,456	\$ 433,240
Special Revenue Fund	732,644	581,445	581,368	564,944	\$ 573,671	\$ 464,577				
Debt Service Fund									20,419	24,411
Total All Other Governmental Funds	\$ 738,944	\$ 2,874,302	\$ 7,928,286	\$ 9,391,944	\$ 573,671	\$ 464,577	\$ 546,169	\$ 1,834,944	\$ 2,987,875	\$ 457,651
Total Governmental Fund Balances	\$ 9,047,777	\$ 10,053,281	\$ 16,159,003	\$ 17,193,159	\$ 8,011,039	\$ 6,890,736	\$ 5,632,328	\$ 6,991,150	\$ 7,653,690	\$ 4,996,755

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,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Tax Levy	\$ 26,666,422	\$ 26,101,044	\$ 25,197,132	\$ 24,982,473	\$ 24,376,105	\$ 23,823,735	\$ 23,383,356	\$ 22,925,387	\$ 22,507,348	\$ 21,940,638
Tuition Charges	6,577,803	6,292,546	6,158,051	5,963,359	5,862,263	5,956,990	5,733,507	5,610,028	5,363,708	5,011,924
Interest Earnings	457,874	493,346	518,922	9,892	7,224	117,177	165,414	29,955	29,955	
Miscellaneous	1,329,309	1,481,666	1,061,614	980,882	615,071	174,357	200,047	394,197	162,917	178,562
Other Restricted Miscellaneous					94					
State Sources	9,774,073	9,583,075	8,956,065	8,671,531	7,082,613	5,815,780	6,063,353	5,170,711	4,496,682	4,439,897
Federal Sources	406,039	606,391	750,497	702,346	411,916	330,585	317,365	313,307	292,715	310,162
Total Revenue	45,211,520	44,558,068	42,642,281	41,310,483	38,355,286	36,218,624	35,863,042	34,443,584	32,853,324	31,881,182
Expenditures										
Instruction:										
Regular Instruction	12,258,081	11,391,352	11,245,224	11,035,088	10,626,977	11,050,209	10,797,638	10,847,383	10,262,990	10,309,970
Special Education Instruction	1,528,286	1,520,704	1,455,183	1,502,621	1,410,776	1,414,256	1,399,621	1,283,361	1,148,455	1,131,261
Other Instruction	1,522,817	1,414,878	1,360,559	1,383,588	1,219,705	1,393,549	1,421,873	1,368,639	1,276,370	1,223,796
Undistributed:										
Tuition	2,259,924	2,305,227	2,149,379	1,877,012	1,757,057	1,818,857	2,540,260	2,209,640	2,761,568	2,659,553
Student & Instruction Related Services	4,520,653	4,692,201	4,350,746	4,050,357	3,826,704	3,134,656	3,085,209	3,014,159	3,036,837	2,899,927
School Administrative Services	658,388	686,440	699,137	689,742	1,049,275	714,693	699,479	696,318	698,020	667,036
General Administrative Services	1,102,382	633,919	627,792	927,859	612,535	1,039,616	1,167,747	1,194,115	1,260,824	1,270,455
Plant Operations and Maintenance	3,002,858	3,507,364	3,326,046	3,270,641	2,847,612	2,745,123	2,574,612	2,601,170	2,690,105	2,808,037
Pupil Transportation	2,050,929	2,232,713	1,996,190	1,391,501	1,099,666	1,290,533	1,401,194	1,179,597	1,084,793	968,350
Unallocated Benefits	12,554,523	12,264,435	11,679,352	10,946,428	9,470,932	8,433,784	8,280,759	7,451,308	6,688,493	6,188,440
Capital Outlay	3,554,016	8,633,279	3,540,238	2,318,955	1,758,254	936,310	2,618,412	1,837,247	2,688,641	2,179,442
Debt Service:										
Interest	955,000	1,100,000	942,000	1,480,000	1,420,000	173,875	222,129	264,904	307,354	339,391
Principal	237,388	270,538	295,189	77,975	131,500	1,375,000	1,327,000	1,275,000	1,215,000	1,170,000
Total Expenditures	46,205,245	50,653,050	43,667,035	40,951,767	37,230,993	35,520,462	37,535,932	35,222,840	35,119,450	33,815,660
Excess (Deficiency) of Revenues Over (Under) Expenditures	(993,725)	(6,094,982)	(1,024,754)	358,716	1,124,293	698,162	(1,672,891)	(779,255)	(2,266,126)	(1,934,477)
Other Financing Sources (Uses)										
Bond & Lease/Purchase Proceeds				8,827,000			321,000	121,000	4,925,963	
Transfers In	713,359	2,116,023	242,509	5,773		203,175	750,187	464,201	3,709	40,475
Transfers Out	(725,138)	(2,126,763)	(251,911)	(9,369)	(3,990)	(214,061)	(757,118)	(468,486)	(6,610)	(42,476)
Total Other Financing Sources (Uses)	(11,779)	(10,740)	(9,402)	8,823,404	(3,990)	(10,886)	314,069	116,715	4,923,061	(2,001)
Net Change in Fund Balances	\$ (1,005,504)	\$ (6,105,722)	\$ (1,034,156)	\$ 9,182,120	\$ 1,120,303	\$ 687,276	\$ (1,358,822)	\$ (662,540)	\$ 2,656,935	\$ (1,936,479)
Debt Service as a Percentage of Noncapital Expenditures	2.80%	3.26%	3.08%	4.03%	4.37%	4.48%	4.44%	4.61%	4.69%	4.77%

Source: District records

**NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS**

*(modified accrual basis of accounting)
(Unaudited)*

<u>FISCAL YEAR ENDED JUNE 30,</u>	<u>TUITION</u>	<u>INTEREST ON INVESTMENTS</u>	<u>RENTALS</u>	<u>REFUND</u>	<u>DONATION</u>	<u>MISCELLANEOUS</u>	<u>TOTAL</u>
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
2024	6,292,546	493,346	27,050	22,149		68,099	6,903,190
2025	6,577,803	457,874	16,600	28,986		129,633	7,210,896

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
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
2024	16,350,800	1,852,322,700	1,232,000	98,812,000	196,809,300	-	2,165,526,800	100,000	2,165,626,800	2,210,797,687	0.486
2025	19,729,700	1,989,726,300	1,249,700	101,994,900	211,765,000	-	2,324,465,600	100,000	2,324,565,600	2,394,094,311	0.470

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
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
2024	10,136,302	2,233,323,700	-	121,151,100	6,217,700	18,551,000	2,389,379,802	100,000	2,389,479,802	3,331,649,179	0.663
2025	9,586,502	2,271,216,200	-	122,046,000	6,217,700	18,551,000	2,427,617,402	100,000	2,427,717,402	3,592,195,375	0.657

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)

Allendale Borough

Calendar Year	Regional School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Municipality ^c	Local School District	County ^c	
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	0.520	0.020	0.540	0.575	0.925	0.257	2.297
2019	0.542	0.021	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
2024	0.465	0.026	0.486	0.549	0.837	0.237	2.109
2025	0.452	0.018	0.470	0.517	0.802	0.241	2.030

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 Service ^b	Total Direct School Tax Rate	Municipality ^c	Local School District	County ^c	
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	0.601	0.024	0.625	0.411	1.019	0.306	2.361
2019	0.602	0.024	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
2024	0.635	0.028	0.663	0.501	1.050	0.332	2.546
2025	0.632	0.025	0.657	0.527	1.060	0.346	2.590

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	2025		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Allendale Real Property LLC	\$ 28,116,700	1	1.30%
LPR Allendale	25,271,100	2	1.17%
NJ3 LLC	22,875,000	3	1.06%
Allendale Plaza	22,109,400	4	1.02%
Allendale Corporate Center LLC	21,414,300	5	0.99%
Allendale Corporate Center LLC	15,502,500	6	0.72%
Allendale Corporate Center LLC	13,624,300	7	0.63%
NJ3 LLC	12,546,100	8	0.58%
NJ3 LLC	10,838,100	9	0.50%
NJ3 LLC	10,392,100	10	0.48%
Total	\$ 182,689,600		8.44%

Source: Municipal Tax Assessor

Upper Saddle River Borough

Property Name	2025		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Viewstar, LLC	\$ 14,500,000	1	0.61%
Upper Saddle River Developers LLC	10,600,000	2	0.44%
Upper Saddle River Executive Center LLC	8,353,800	3	0.35%
USR Developers, LLC Pinnacle	7,950,400	4	0.33%
Pentak Management Corp.	6,500,000	5	0.27%
Porven Real Estate, Inc.	6,421,500	6	0.27%
Upper Saddle River Project LLC	6,071,000	7	0.25%
Birdie Investments, LLC	5,580,300	8	0.23%
Cedar Holding Assoc.	3,920,400	9	0.16%
2 Park Way Assoc. LLC	3,900,000	10	0.16%
Total	\$ 73,797,400		3.09%

Source: Municipal Tax Assessor

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

Allendale Borough

<u>Fiscal Year Ended December 31,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
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%
2023	44,837,740	44,425,558	99.08%
2024	45,777,245	45,507,355	99.41%

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.

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

Upper Saddle River Borough

<u>Fiscal Year Ended December 31,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
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%
2023	58,655,484	58,171,842	99.18%
2024	61,333,036	60,777,419	99.09%

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				Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Financed Purchase Obligations	Bond Anticipation Notes (BANs)			
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%	402
2022	9,877,000	-	3,196,191	-	13,073,191	0.96%	860
2023	8,935,000	-	2,877,897	-	11,812,897	0.87%	782
2024	7,835,000	-	2,590,000	-	10,425,000	0.67%	683
2025	6,880,000	-	2,356,000	-	9,236,000	0.58%	591

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 2025 utilizes 2024 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				
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%	592
2024	7,835,000	-		7,835,000	0.17%	513
2025	6,880,000	-		6,880,000	0.14%	440

Notes: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
 2025 Per Capita calculations utilize 2024 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, 2024
Unaudited

	Allendale Borough	Upper Saddle River Borough
	<u> </u>	<u> </u>
Overlapping Debt of School District:		
Municipal Net Debt(100%)	\$ 5,856,075	\$ 30,965,580
Local School (100%)	685,000	
County of Bergen Share (Statutory Net Debt))	<u>12,090,147</u>	<u>12,626,643</u>
Subtotal, overlapping debt	18,631,222	43,592,223
Northern Highlands Regional District Direct Debt	<u>3,656,375</u>	<u>3,818,625</u>
Total direct and overlapping debt	<u>\$ 22,287,597</u>	<u>\$ 47,410,848</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, 2024:

Average Equalized Valuation Basis:

	<u>State Equalized Values of Taxable Property</u>		
	<u>Allendale Borough</u>	<u>Upper Saddle River Borough</u>	<u>Equalized Valuation Basis</u>
2022	\$ 2,067,091,532	\$ 3,088,226,121	\$ 5,155,317,653
2023	2,210,697,687	3,331,649,179	5,542,346,866
2024	2,394,094,311	3,592,195,375	5,986,289,686
	<u>\$ 6,671,883,530</u>	<u>\$ 10,012,070,675</u>	<u>\$ 16,683,954,205</u>
			<u>\$ 5,561,318,068</u>
Legal Debt Limit			\$ 166,839,542
Total School Debt			7,475,000
Legal Debt Margin			<u>\$ 159,364,542</u>

	<u>Fiscal Year</u>									
	<u>2024</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>
Debt Limit-Dec. 31, Prior Year	\$ 166,839,542	\$ 144,032,756	\$ 129,637,959	\$ 135,383,832	\$ 136,081,092	\$ 135,430,530	\$ 135,555,942	\$ 134,892,665	\$ 134,061,988	\$ 132,995,173
Total Net School Debt Applicable to Limit	<u>7,475,000</u>	<u>8,585,000</u>	<u>9,537,000</u>	<u>2,205,000</u>	<u>3,640,000</u>	<u>5,015,000</u>	<u>6,452,000</u>	<u>7,727,000</u>	<u>8,957,000</u>	<u>10,132,000</u>
Legal Debt Margin	<u>\$ 159,364,542</u>	<u>\$ 135,447,756</u>	<u>\$ 120,100,959</u>	<u>\$ 133,178,832</u>	<u>\$ 132,441,092</u>	<u>\$ 130,415,530</u>	<u>\$ 129,103,942</u>	<u>\$ 127,165,665</u>	<u>\$ 125,104,988</u>	<u>\$ 122,863,173</u>
Net Debt as % of Debt Limit	4.48%	5.96%	7.36%	1.63%	2.67%	3.70%	4.76%	5.73%	6.68%	7.62%

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
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%
2023	6,791	694,237,139	102,229	3.40%
2024	6,928	708,242,512 *	102,229 *	3.50%

Upper Saddle River Borough

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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%
2023	8,480	866,901,920	102,229	3.20%
2024	8,696	888,983,384 *	102,229 *	3.20%

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

<u>Employer</u>	<u>2025</u>			<u>2014</u>		
	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>

Information Unavailable

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Instruction										
Teachers	118.9	118.4	118.7	120.3	120.4	120.9	118.3	118.3	116.5	115.9
Support Services:										
Tuition										
Student & Instruction Related Services	32.8	33.8	33.8	33.8	32.6	31.2	31.7	29.6	33.5	32.5
General Administration	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
School Administrative Services	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.34	5.3
Business Administrative Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.5	4.5
Administrative Information Technology										3.0
Plant operations and maintenance	18.0	18.0	18.0	18.0	17.5	19.5	20.5	21.5	17.5	14.5
Pupil transportation	2.5	2.5	2.5	4.5	3.5	3.5	3.5	3.5	4.0	3.5
Total	<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>	<u>184.3</u>	<u>182.2</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				
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	1:11.3	1,358.8	1,299.6	-3.02%	95.64%
2022	1,339	37,074,837	27,688	17.84%	118	1:11.1	1,308.0	1,235.0	-3.74%	94.42%
2023	1,306	38,889,608	29,778	19.74%	118	1:10.9	1,293.4	1,217.5	-1.12%	94.13%
2024	1,284	40,649,233	31,658	14.34%	116	1:10.9	1,260.2	1,190.8	-2.57%	94.49%
2025	1,274	41,458,841	32,542	9.28%	116	1:11.0	1,253.4	1,185.1	-0.54%	94.55%

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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</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	1,336	1,363	1,359	1,378	1,406	1,364	1,339	1,306	1,284	1,274
Number of Schools at June 30, 2025										
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>2025</u>	<u>2024</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>
High School	\$ 551,623	\$ 750,452	\$ 597,316	\$ 668,522	\$ 482,940	\$ 782,298	\$ 666,054	\$ 856,826	\$ 1,008,284	\$ 991,431
Grand Total	<u>\$ 551,623</u>	<u>\$ 750,452</u>	<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>

*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, 2025

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 2024-2025 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	\$ 20,000,000	50,000
Totally or Partially in Hazard Area	7,500,000	500,000
Earthquake Coverage (per occurrence & aggregate):	5,000,000	100,000
Extra Expense	5,000,000	
Contractor's Equipment	250,000	
Scheduled School Property	10,000/100,000	
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-Palomar Excess and Surplus Insurance Company & Great American Fidelity Insurance Company.		
Per Occurrence	2,000,000	20,000
Data Breach Response/Crisis Mgmt.	2,000,000	25,000
Aggregate	10,000,000	
Employee Benefits Liability		
Per Occurrence	1,000,000	10,000
Aggregate	2,000,000	
Business Automobile Coverage- National Union Fire		
Liability & Uninsured Motorist (CSL)	1,000,000	
Medical Expenses Limit (Any one person)	10,000	
Excess Liability Covers- National Union Fire	9,000,000	
Excess Liability Coverage – Hudson National Ins. Co.		
Per Occurrence & Aggregate	10,000,000	
Excess Liability Coverage – Allied World		
Per Occurrence & Aggregate	10,000,000	
Excess Liability Coverage – Great American		
Per Occurrence & Aggregate	10,000,000	
Excess Liability Coverage – Homesite		
Per Occurrence & Aggregate	5,000,000	
Excess Liability Coverage – Vantage		
Per Occurrence & Aggregate	5,000,000	

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2025
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Excess Liability Coverage – Vantage Per Occurrence & Aggregate	\$10,000,000	
Commercial Crime Coverage – National Union Fire		
Employee Theft	500,000	\$5,000
Forgery/Transfer Fraud	250,000	5,000
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	25,000
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	275,000	
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, 2025, 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, 2025.

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) as a basis for designing 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.

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

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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, 2025

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, 2025. 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, 2025.

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.

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.

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

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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

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

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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, 2025

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, 2025

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM/CLUSTER TITLE	FEDERAL A.L. NO.	FAIN NO.	GRANT PERIOD	AWARD AMOUNT	UNEARNED REVENUE/ (ACCTS. REC.) AT JUNE 30, 2024	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2025	UNEARNED REVENUE AT JUNE 30, 2025	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	H027A240100	10/1/24-9/30/25	\$ 252,178	\$	\$ 252,178	\$ (252,178)	\$	\$	\$
I.D.E.A. Part B	84.027	H027A230100	10/1/23-9/30/24	261,306	(22,007)	22,007				
Total Special Education Cluster					(22,007)	274,185	(252,178)	-	-	
ESEA Title I, Part A	84.010A	S010A240030	10/1/24-9/30/25	35,526		35,521	(35,333)		188	
ESEA Title I, Part A	84.010A	S010A240030	10/1/23-9/30/24	55,131	(2,119)	2,119				
Total ESEA Title I, Part A					(2,119)	37,640	(35,333)	-	188	
ESEA Title II, Part A	84.367A	S367A210029	10/1/24-9/30/25	10,426		9,758	(10,407)	(649)		
ESEA Title IV, Part A	84.424A	S424A210031	10/1/24-9/30/25	10,000			(8,437)	(8,437)		
Education Stabilization Fund										
American Rescue Plan- ESSER III	84.425U	S425U200027	4/23/21-9/30/24	406,874	(3,617)	24,250	(20,633)			
American Rescue Plan- ESSER III- Accelerated Learning Coaching and Educator Support	84.425U	S425U200027	4/23/21-9/30/24	74,664	(2,620)	32,823	(30,203)			
American Rescue Plan- ESSER III- Evidence Based Summer Learning and Enrichment Activities	84.425U	S425U200027	4/23/21-9/30/24	40,000	(1,637)	14,986	(13,349)			
American Rescue Plan- ESSER III- Evidence Based Comprehensive Beyond the School Day Activities	84.425U	S425U200027	4/23/21-9/30/24	40,000		6,699	(6,699)			
American Rescue Plan- ESSER III- NJTSS Mental Health Staffing Support	84.425U	S425U200027	4/23/21-9/30/24	45,000		27,482	(27,482)			
Total Education Stabilization Fund					(7,874)	106,240	(98,366)	-	-	
Total Special Revenue Fund:					(32,000)	427,823	(404,721)	(9,086)	188	
Total Federal Awards					\$ (32,000)	\$ 427,823	\$ (404,721)	\$ (9,086)	\$ 188	\$

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, 2025

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2024		CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE AT JUNE 30, 2025	MEMO	
				GAAP (ACCOUNTS RECEIVABLE)	MEMO (BUDGETARY RECEIVABLE)			GAAP (ACCOUNTS RECEIVABLE)	(BUDGETARY RECEIVABLE)	CUMULATIVE TOTAL EXPENDITURES
General Fund:										
State Department of Education:										
State Aid (Public Cluster):										
Special Education Categorical Aid	25-495-034-5120-089	\$ 1,011,058	7/1/24-6/30/25	\$	\$	\$ 913,159	\$ (1,011,058)	\$	(97,899)	\$ (1,011,058)
Special Education Categorical Aid	24-495-034-5120-089	990,199	7/1/23-6/30/24		(82,626)	82,626				
Security Aid	25-495-034-5120-084	83,524	7/1/24-6/30/25			75,437	(83,524)		(8,087)	(83,524)
Security Aid	24-495-034-5120-084	82,560	7/1/23-6/30/24		(6,889)	6,889				
Transportation Aid	25-495-034-5120-014	471,462	7/1/24-6/30/25			425,811	(471,462)		(45,651)	(471,462)
Transportation Aid	24-495-034-5120-014	393,242	7/1/23-6/30/24		(32,814)	32,814				
Nonpublic School Transportation	25-495-034-5120-014	38,073	7/1/24-6/30/25				(38,073)	(38,073)		(38,073)
Nonpublic School Transportation	24-495-034-5120-014	35,922	7/1/23-6/30/24	(35,992)		35,992				
Extraordinary Aid	25-495-034-5120-044	203,503	7/1/24-6/30/25				(203,503)	(203,503)		(203,503)
Extraordinary Aid	24-495-034-5120-044	263,156	7/1/23-6/30/24	(263,156)		263,156				
T.P.A.F. Social Security Aid	25-495-034-5094-003	1,070,843	7/1/24-6/30/25			1,018,039	(1,070,843)	(52,804)		(1,070,843)
T.P.A.F. Social Security Aid	24-495-034-5094-003	1,043,593	7/1/23-6/30/24	(51,478)		51,478				
T.P.A.F. Pension Contributions	24-495-034-5094-002	5,036,773	7/1/24-6/30/25			5,036,773	(5,036,773)			(5,036,773)
T.P.A.F. Post Retirement Medical	24-495-034-5094-001	1,471,749	7/1/24-6/30/25			1,471,749	(1,471,749)			(1,471,749)
T.P.A.F. Non-Contributory Insurance	24-495-034-5094-004	1,969	7/1/24-6/30/25			1,969	(1,969)			(1,969)
Total State Department of Education				(350,626)	(122,329)	9,415,892	(9,388,954)	(294,380)	(151,637)	(9,388,954)
State Department of Treasury:										
Division of Energy Planning Conservation										
Board of Public Utilities Initiative	23CLF008	100,000	5/1/23-5/1/25			74,500	(74,500)			(74,500)
Total State Department of Treasury						74,500	(74,500)			(74,500)
Total General Fund:				(350,626)	(122,329)	9,490,392	(9,463,454)	(294,380)	(151,637)	(9,463,454)
Special Revenue Fund:										
State Department of Community Affairs										
Division of Local Government Services										
Local Recreational Improvement Grant	2023-04960-0665-00	85,000	5/17/23-12/31/24			85,000	(85,000)			(85,000)
Local Recreational Improvement Grant	2024-04960-0932-01	67,000	4/25/24-4/30/26			67,000	(67,000)			(67,000)
Total Special Revenue Fund:				-	-	152,000	(152,000)	-	-	(152,000)
Debt Service Fund:										
Debt Service Aid										
Debt Service Aid	24-495-034-5120-075	187,927	7/1/24-6/30/25			187,927	(187,927)			(187,927)
Total Debt Service Fund:						187,927	(187,927)			(187,927)
Total State Financial Assistance				\$ (350,626)	\$ (122,329)	\$ 9,830,319	\$ (9,803,381)	\$ (294,380)	\$ (151,637)	\$ (9,803,381)
Less:										
T.P.A.F. Pension Contributions \$ (5,036,773)										
T.P.A.F. Post Retirement Medical (1,471,749)										
T.P.A.F. Non-Contributory Insurance (1,969)										
State Expenditures Subject to Single Audit \$ (3,292,890)										

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, 2025

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, 2025

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 (\$29,308) for the general fund and \$1,318 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		\$ 9,434,146	\$ 9,434,146
Special Revenue Fund	\$ 406,039	152,000	558,039
Debt Service Fund		187,927	187,927
Total Assistance	<u>\$ 406,039</u>	<u>\$ 9,774,073</u>	<u>\$ 10,180,112</u>

The federal accounts receivable presented on the budgetary basis in the schedule of federal awards includes \$118 in encumbrances and therefore differs from the GAAP basis federal accounts receivable of \$8,968.

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, 2025. 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, 2025 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, 2025

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

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
	State Aid Cluster:
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid

NORTHERN HIGHLANDS REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Section II - Financial Statement Findings

NONE

Section III - State Financial Assistance Findings and Questioned Costs

NONE